

REPORT AND VALUATION

Of

ONE Nine Elms, Nine Elms, London

As of

31st December 2023

Prepared for

**R&F One (UK) Ltd
c/o R&F Group UK
14 Carnation Way
London
SW8 5GZ**

Prepared by

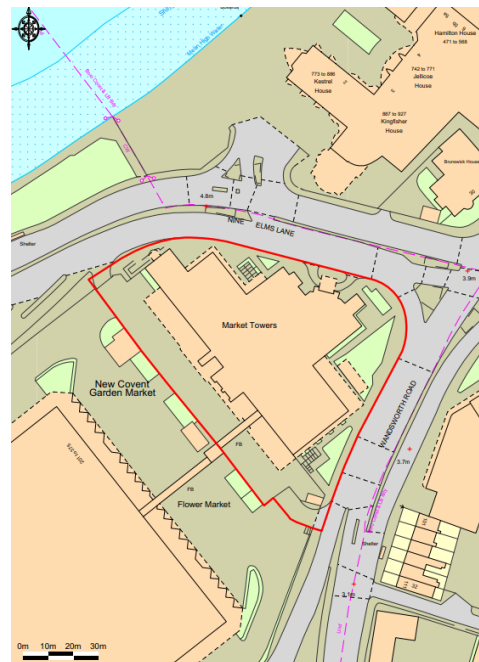
**Kroll Advisory Ltd
Real Estate Advisory Group**

Executive Summary

One Nine Elms, London, SW8 5NQ	
Description	<ul style="list-style-type: none"> ➤ The Property comprises a partially developed residentially led mixed use scheme. It comprises two new landmark residential towers, City Tower and River Tower providing an aggregate of 494 residential units and a 203-bedroom luxury 5 star hotel.
Location	<ul style="list-style-type: none"> ➤ One Nine Elms occupies a prominent location on London’s Riverside at the heart of a significant new cluster of buildings emerging at Vauxhall. The site lies at the eastern-most corner of Wandsworth.
Proposed Development	<ul style="list-style-type: none"> ➤ City Tower extends to 57 floors, with 334 private residential accommodation arranged over the 7th to 57th floors, 57 affordable accommodation on the 1st to 6th floors, and there is a retail unit on the ground floor. The private accommodation comprises a mix of one, two, three and four bedroom units, there are 4 x four bedroom units on the top four floors, the uppermost of which is the duplex penthouse apartment. ➤ River Tower extends to 42 floors, counting 103 luxury private residential units arranged over the 20th to 41st floors and a 203-bedroom luxury 5-star hotel on the ground to 19th floors as well as rooftop sky garden to be operated by Park Hyatt. There is no affordable accommodation in this building.
Tenure	Freehold
Asset Status	Development – PC May 2024
Planning Status	<p>Full planning permission (Ref: 2012/0380) was granted in October 2012 for the demolition of existing buildings and structures, erection of two new buildings of 58 storeys (up to 200m above ground) and 43 storeys (up to 161m above ground) high to include the following uses with floorspace of up to: 77,548 sq m of residential floorspace (up to 491 units); 721 sq m of retail uses (classes A1-A4); 11,617 sq m hotel (class C1) together with a high level viewing space provision of private and public open spaces.</p>



CGI of Proposed Development



Site Plan

Valuation Summary

Valuation Date:	31 December 2023
Market Value:	£1,009,300,000
Gross Development Value:	£1,341,600,000

Valuation Considerations

The key drivers of value at the subject property are:

- The Property is held freehold.
- The Property is located in Vauxhall in South-West London, within the London Borough of Wandsworth. The property benefits from excellent transport links due to its close proximity to Vauxhall Station. It is situated in Zone 1.
- The Property comprises a partially developed residentially led mixed use scheme. It comprises two new landmark residential towers, City Tower and River Tower providing an aggregate of 494 residential units and a 203-bedroom luxury 5 star hotel. Full planning permission (Ref: 2012/0380) was granted in October 2012.
- City Tower extends to 57 floors, with 334 private residential accommodation arranged over the 7th to 57th floors, 57 affordable accommodation on the 1st to 6th floors, and there is a retail unit on the ground floor. The private accommodation comprises a mix of one, two, three and four bedroom units, there are 4 x four bedroom units on the top four floors, the uppermost of which is the duplex penthouse apartment.
- River Tower extends to 42 floors, counting 103 luxury private residential units arranged over the 20th to 41st floors and a 203-bedroom luxury 5-star hotel on the ground to 19th floors as well as rooftop sky garden to be operated by Park Hyatt. There is no affordable accommodation in this building.
- Upon completion, the hotel will be operated by Hyatt International under a Hotel Services Agreement (HSA), which is regarded as a world renowned luxury hotel operator.
- The proposed development will provide a brand new 'best in class' high-quality mixed-use scheme offering some of the best residential accommodation in the area. The commercial (retail) units are well located and configured for a variety of potential occupiers and will complement the uses of the wider development.
- There area is undergoing a large scale regeneration with a series of completed and under construction projects adjacent to the site which will complement and enhance the sense of place. The establishment of the local area by various regeneration schemes, including the Battersea Power Station development, will help to further raise the rental tone of Nine Elms. The Nine Elms area is continuing to evolve but the scale of residential and commercial development has now created critical mass and a far more vibrant neighbourhood.
- There are approximately 4,000 private units under construction in Nine Elms, with a further 6,000 units in the development pipeline. These include the 2,525 units at Nine Elms Square (One Thames City), 3,603 units at Battersea Power Station and 1,632 units at Nine Elms Parkside.
- The overall proposal is a relatively large scale and the works are being advanced on a phased basis to mitigate the market risk.
- The quantum of the completed development would appeal to a range of institutional investors. There is an abundance of capital targeting residential-led developments in the UK, particularly where the investment fundamentals and rental growth prospects are attractive, which will help to drive value.
- In our opinion the subject Property offers a scaled mixed-use operation that would appeal to institutional investors given the location of the scheme in close proximity to excellent transport infrastructure.

Private and Confidential

31 December 2023

R&F One (UK) Ltd
c/o R&F Group UK
14 Carnation Way
London
SW8 5GZ

Direct line 020 7089 4700
Mark.whittingham@kroll.com

Dear Sirs

Addressee	R&F One (UK) Ltd, c/o R&F Group UK, 14 Carnation Way, London, SW8 5GZ
The Property	ONE Nine Elms, 1 Nine Elms Lane, Nine Elms, London, SW8 5NQ ("The Property")
Ownership Purpose	Development and Investment
Instruction	To value the Freehold interests in the Property on the basis of Market Value as at the valuation date in accordance with the terms of engagement entered into between Kroll Advisory Ltd and the addressees dated 31 October 2023.
Valuation Date	31 December 2023
Instruction Date	31 October 2023
Purpose of Valuation	Asset Pricing Purposes
Basis of Valuation	<p>Our valuation has been prepared in accordance with the current RICS Valuation – Global Standards as effective from 31st January 2022 (the RICS Red Book), incorporating the IVS (the RICS 'Red Book'), on the basis of Market Value.</p> <p>The report is subject to, and should be read in conjunction with, the attached General Terms and Conditions of Business and our General Principles Adopted in the Preparation of Valuations and Reports.</p> <p>No allowance has been made for any expenses of realisation, or for taxation (including VAT) which might arise in the event of a disposal and the property has been considered free and clear of all mortgages or other charges which may be secured thereon. We have assumed that in the event of a sale of the property, it would be marketed in an orderly manner.</p> <p>This Valuation is a professional opinion and is expressly not intended to serve as a warranty, assurance or guarantee of any particular value of the subject property. Other valuers may reach different conclusions as to the value of the subject property. This Valuation is for the sole purpose of providing the intended user with the Valuer's independent professional opinion of the value of the subject property as at the valuation date.</p>

The valuation has been prepared by Mark Whittingham MRICS (Managing Director), George Clarkson (Vice President), Charles Walker MRICS (Analyst), Marcus Letori (Analyst).

Personnel	We confirm that the personnel responsible for this valuation are in a position to provide an objective and unbiased valuation and are competent to undertake the valuation assignment in accordance with the RICS Valuation – Global Standards and are RICS Registered Valuers.
Capacity of Valuer	External Valuer, as defined in the current version of the RICS Valuation - Global Standards.
Inspection	The property was inspected specifically for this valuation on 16 th November 2023 by Mark Whittingham.
Disclosure	We are not aware of any conflicts of interest, either with the Property or yourselves, preventing us from providing you with an independent valuation of the Property in accordance with the RICS Red Book.
Standard Assumptions	<p>The property details on which each valuation is based are as set out in this report. We have made various assumptions as to tenure, letting, town planning, and the condition and repair of buildings and sites – including ground and groundwater contamination – as set out below and in our General Principles when undertaking Valuations.</p> <p>We have relied on information provided by the Borrower. If any of the information or assumptions on which the valuation is based are subsequently found to be incorrect, the valuation figures may also be incorrect and should be reconsidered.</p>
Variation form Standard Assumptions	None.
Special Assumptions	We have made no special assumptions as part of our valuation.
Sources of Information	<p>We have inspected the premises and carried out all the necessary enquiries with regard to rental and investment value, Rateable Value, planning issues and investment considerations. We have not carried out a building survey or environmental risk assessment.</p> <p>We have not measured the premises and have relied on the floor areas provided.</p> <p>RICS property measurement (incorporating International Property Measurement Standards) 2nd edition, January 2018, requires us to report IPMS measurements in the report for this Property.</p> <p>You have not instructed us to measure the Property and as IPMS areas are not available to us we have relied on Net Internal Areas (NIA) measured on the basis of the RICS Code of Measuring Practice 6th Edition 2015.</p> <p>We have been provided with the following reports, which we have relied upon:</p> <ul style="list-style-type: none">• Tenancy Schedules• Management Accounts• Accommodation Schedule for the developments• Development Cost Schedule

Market Value **£1,009,300,000**
(ONE BILLION NINE MILLION THREE HUNDRED THOUSAND POUNDS)

Gross Development Value **£1,341,600,000**
(ONE BILLION THREE HUNDRED AND FOURTY ONE MILLION SIX HUNDRED THOUSAND POUNDS)

Reliance We refer to our Engagement Letter in respect of Reliance and overall Liability.

Confidentiality and Publication

In accordance with our normal practice, we confirm that the Report is confidential to the party to whom it is addressed for the specific purpose to which it refers. no responsibility shall be accepted to any third party for the whole or any part of its contents. Our Report may be disclosed to third parties provided that such parties sign a release letter prior to being sent our Report. Neither the whole of the Report, nor any part, nor references thereto, may be published in any document, statement or circular, nor in any communication with third parties without our prior written approval of the form and context in which it will appear.

Yours faithfully,



Mark Whittingham MRICS, RICS Registered Valuer
Managing Director
For and on behalf of Kroll

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Section 1
Asset Summary

1. Location

1.1. General Location

The Property is Nine Elms, on the South side of the River Thames, in South west London; within close proximity to the areas of Battersea, Wandsworth and Vauxhall, with Chelsea and Pimlico directly opposite the site on the northern side of the river. The property falls within the jurisdiction of the London Borough of Wandsworth.

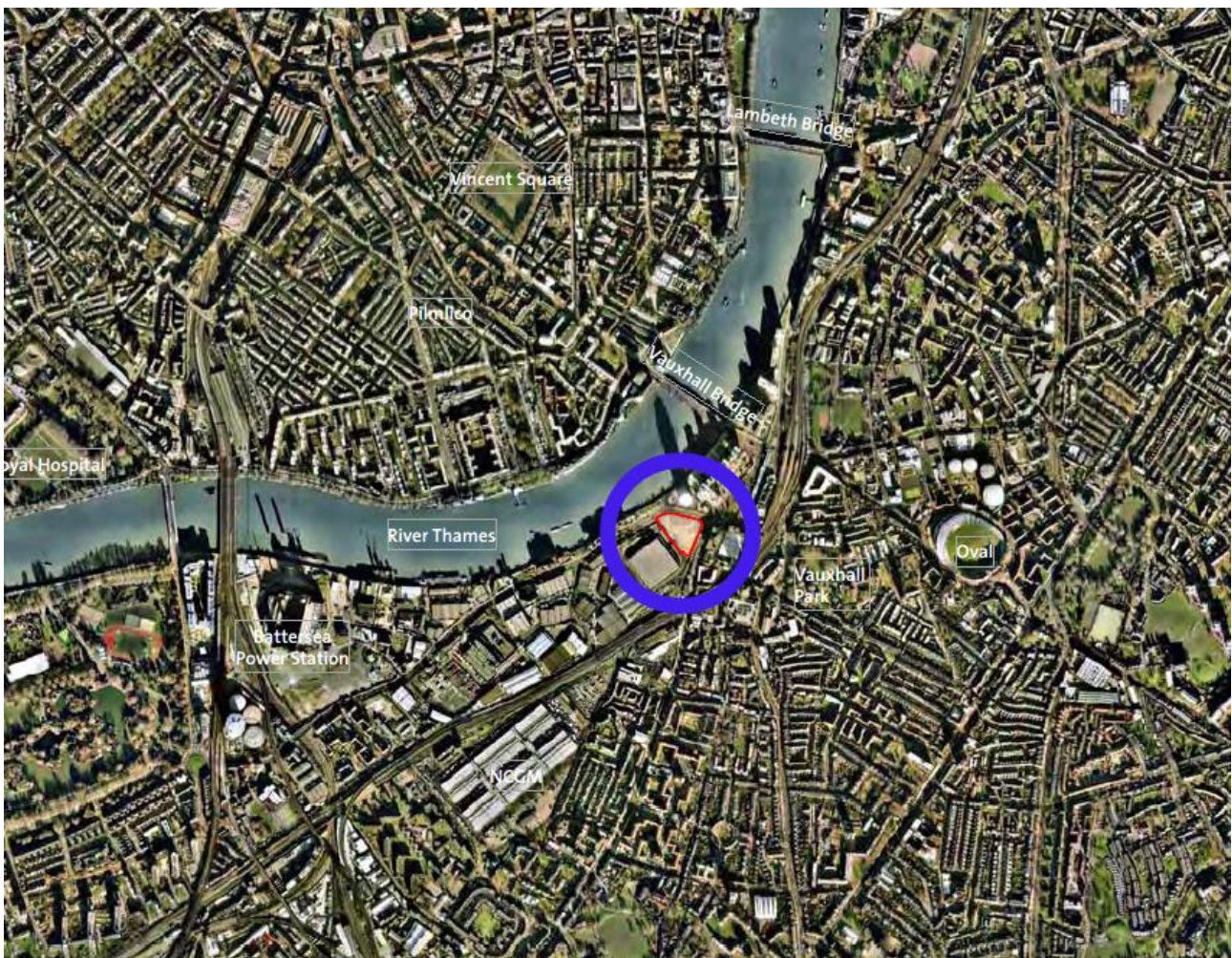
The site is located on north western corner of the former Royal Mail Sorting Office, positioned on the southern side of Nine Elms Lane approximately 0.3 miles to the west of Vauxhall and 1.1 miles to the east of Battersea Park; 0.6 miles east of Battersea Power Station, and 1.6 miles to the north of Clapham.

The site is notably located on the boundary with London Borough of Lambeth, close to the River Thames, the Vauxhall transport stations. The site lies at the edge of Zone 1 and marks an important transition when entering the heart of the city by rail.

The site itself is triangular in plan, defined at its apex by the intersection of 2 major roads, Nine Elms Lane to the north and Wandsworth Road to the South, which connect to the arterial gyratory at Vauxhall.

The Southwestern side of the site is bound by one of the few areas of opportunity in which north-south permeability is possible within the existing urban fabric, enabling a link from Vauxhall Park to the River front.

Looking further afield, the West End and City of London are located approximately 2.1 miles to the north and 2.9 miles to the northeast respectively.



1.2. Communications

As with most Zone 1 locations which are located close to central London, the subject property benefits from good links to public transport and road communications. The property is well positioned for access to the main routes around central London, lying just to the south of Nine Elms Lane (A3205) which runs from Vauxhall towards southwestern Battersea. A short distance to the south lies the A3, one of the main roads leading from central London through the southwestern suburbs and beyond to the south coast. This also gives access to the M25 London Orbital motorway and the wider motorway network, which can also be accessed via the A4 at Hammersmith, circa 4 miles to the west.

Being centrally located, a number of other nearby roads give access to the rest of central London and the surrounding suburbs, with Vauxhall Bridge and Chelsea Bridge both nearby and providing crossings over the Thames. As with much of central London the surrounding roads do get congested at peak times. Several bus routes serve the area. The property has reasonable access to the central London underground and over ground train networks providing links to the remainder of the city and commuter areas both north and south of the River Thames. The table below shows approximate walking distances from the property to various local stations.

Station	Distance from property (km)	Services
Battersea Power Station	2km	Underground – Northern Line
Nine Elms	0.4	Underground – Northern Line
Battersea Park	1.6	National Rail – Commuter services to south London and Surrey and in to Victoria.
Queenstown Road	1.9	National Rail – Commuter services to south west London and in to Waterloo.
Sloane Square	3.2	Underground – Circle and District lines.
Oval	0.8	Underground – Northern line.
Vauxhall	0.6	National Rail – Commuter services to south London and Surrey and services to the south coast and parts of Kent. Also Gatwick Express services to Gatwick Airport. Underground – Victoria line.
Pimlico	1.9	Underground – Victoria line.
Victoria	2.1	National Rail – Commuter services to south London and Surrey and services to the south coast and parts of Kent. Also Gatwick Express services to Gatwick Airport. Underground – Circle, District and Victoria lines

As the table above shows, there are a number of stations within walking distance of the property. However, public transport links at the property were recently significantly improved at the subject property since the opening of the extension to the Northern Line in 2021. The national motorway network is accessed via the A4 at Hammersmith, which links directly with the M4 to Heathrow Airport (30-minute journey time), Reading (51 minutes) and Bristol (2 hours) or the M25 at Junction 15. The area also has reasonable links to London's airports with the approximate journey times by both public transport and car shown below.

Airport	Approximately Journey Time (Public Transport)	Approximately Journey Time (Public Transport)
City	30 Minutes	50 Minutes
Gatwick	55 Minutes	1 Hour and 10 Minutes
Heathrow	55 Minutes	45 Minutes
Luton	60 Minutes	1 Hour and 20 Minutes
Stanstead	1 Hour and 15 Minutes	1 Hour and 20 Minutes

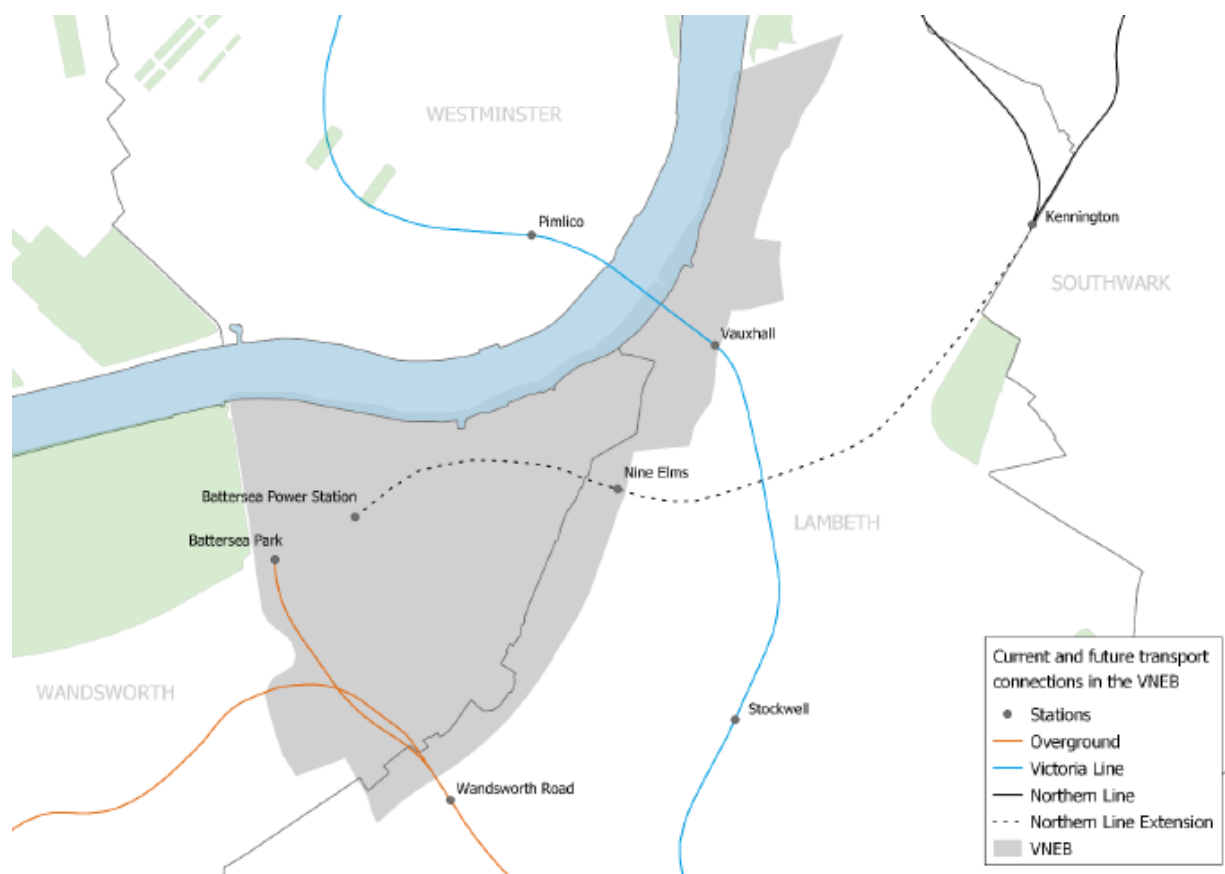
1.3. Vauxhall Nine Elms Battersea Opportunity Area

The Vauxhall Nine Elms Battersea Opportunity Area (VNEB) is the largest regeneration area in central London, spanning 561 acres along the South Bank of the Thames from Lambeth Bridge in the north, to Chelsea Bridge in the south. The focus of new development is the former industrial area of Nine Elms, which is being transformed into a fully integrated community designed to suit 21st century living and working requirements. The regeneration zone extends from Lambeth Bridge in the east to Battersea Park in the west and encompasses much of the SW8 postcode district.

In March 2012, a planning framework prepared by the Greater London Authority (GLA) for the VNEB Opportunity Area set out the conditions and vision for regeneration within the area. The planning framework articulates a number of key policy directions, strategic recommendations and proposed interventions for development in the VNEB. These include:

- The delivery of a high density mixed use development made up of 16,000 new homes and between 20,000-25,000 jobs.
- Strategic open space provision in the form of a linear park.
- Significant public realm improvements and substantial social infrastructure delivery.
- Key principles for tackling climate change and flood risk mitigation.
- Transport interventions including improvements to bus services and the delivery of the Northern Line Extension.

An analysis of the benefits of the NLE suggest that, as well as significant reductions to journey times, the new infrastructure links could generate substantial economic benefits for the local area.



Since the publication of the VNEB planning framework in 2012, regeneration and development has pushed values upwards in the local area. At the beginning of the Nine Elms transformation, when supply was limited, the value of existing stock averaged below £500,000.

Two major new pedestrian-friendly town centres are being created at Vauxhall and Battersea Power Station and, when complete, the area will contain around 20,000 new homes, 2.8 million sq ft of retail and leisure space and over 3 million sq ft of new offices, with occupiers including the US Embassy and Apple.

1.4. General Situation

The site is situated on 1 Nine Elms Lane at the edge of Wandsworth Borough boundary where it adjoins Wandsworth in the London borough of Wandsworth. The site is triangular in plan, defined at its apex by the intersection of 2 major roads, Nine Elms Lane to the north and Wandsworth Road to the South, which connect to the arterial gyratory at Vauxhall.

The South western side of the site is bound by one of the few areas of opportunity in which north-south permeability is possible within the existing urban fabric, enabling a link from Vauxhall Park to the River front.

The site lies at the edge of Zone 1 and marks an important transition when entering the heart of the city by rail next to one of London's major transport interchanges and is naturally suited as an area where planning policy has identified the potential to increase development density.

The area benefits from excellent access to railway, underground, road links, buses, cycle lanes, and a newly opened river bus services. The site is approximately a 35 minute walk away from Trafalgar Square, via Whitehall and the River and 30 minute walk to Sloane square. To the north is Nine Elms Lane, St Georges Tower and the River Thames beyond. To the west is the Flower Market area of the New Covent Garden Market site(s) for which there is planning consent (2011/4664) for redevelopment with buildings proposed up to a height of 157m. To the south is Wandsworth Road and beyond is a site known as Vauxhall Square, within London Borough of Lambeth, with consent for redevelopment including two towers up to 50-storeys high.

There are Grade II listed buildings to the south of the site at 101-109 (odd) Wandsworth Road and Grade II* Brunswick House to the northeast. To the east is the Vauxhall Island scheme also in the Lambeth Borough, which has consent for a mixed-use development (with proposed towers of 140m and 115m high).

The surrounding area has seen significant residential development over the last 5-10 years, as well as significant office development to include the American Embassy (which opened in 2018 and forms part of Ballymore's estate to the north east of the property) and Battersea Power Station which will be home to Apple's UK Corporate Headquarters from early 2022.

Residential developments of note within proximity of the property, includes Embassy Gardens by Ballymore, a 19-acre regeneration site of former industrial units, with approximately 2,000 residential units together with office, hotel and community uses. This development is situated to the north west of the subject property, as is Riverlight, a scheme of 813 residential units which was delivered in five pavilion buildings on the southern banks of the Thames. To the south east of the property is Bellway's The Residence development (formerly the Christies Auction House) which comprises over 500 residential units.

In addition, there has been significant development at the nearby Grade II* listed Battersea Power Station, which covers a 42 acre site neighbouring the subject property. The £9bn project will see the creation of a vibrant, mixed-use development, a new neighbourhood and business quarter for London, which is being delivered in eight phases. The first chapter of the development, Circus West Village, was completed in 2017 and is now home to over 1,800 residents, as well as an eclectic mix of bars, restaurants and leisure facilities, including a cinema and theatre. The Power Station will be the second phase to open to the public. This truly mixed-use building will be home to Apple's London Campus, hundreds of new shops housed in the historic turbines halls, a c.2000 capacity event venue, a 18,500 sq ft food hall, a glass chimney lift and hundreds of new homes. Battersea Power Station will be a new office district with over 3 million sq. ft of commercial space alongside new private and affordable homes.

In addition, there is significant development under construction to the west of the site including the Flower Market area of the New Covent Garden Market site(s) for which there is planning consent for redevelopment with buildings proposed up to a height of 157m.

1.5. Demographics

The subject property is situated in the London Borough of Wandsworth. On reviewing the neighbourhood statistics, the general overview for the postcode SW8 (London Borough of Wandsworth) reflects a local population where circa 65% primarily work in higher and intermediate positions, such as manager, director and professional occupations.

Data in respect of housing ownership and tenure within Wandsworth as defined by the Office for National Statistics advises that 45.5% are either mortgaged or owned outright, which is slightly greater than the average for Inner London of 33.5% and less than England (63%). The next highest housing ownership is private rented, reflecting 30%, which is equal to that of Inner London (29%) and more than England (15.4%). Social rented accommodation accounts for 20.3% with shared ownership accounting for 1.5% (21.8% total). Council housing in Inner London accounts for 34.3%, which is greater than England (18.5%).

On reviewing household space and accommodation type, the largest accommodation type is purpose built flat or maisonette properties, which reflects 43.8% of the total housing stock, which is less than that Inner London of 51.3% and greater than England (16.7%). The next largest accommodation type is terrace housing, reflecting 24.2%, which is more than Inner London (18.2%) and similar to England (24.5%). Detached and semi-detached houses only represent 9.9% of housing stock which is more than Inner London (8.6%) but less than England (53%).

In conclusion, having regard to the abovementioned socio-economic factors, this is a locality where the majority of properties are flats, maisonettes or apartments and where a significant number of the households are private rented. The majority of people within the area are between 20 – 44 years old (53.7%) which together with the socio-economic classification of higher / intermediate managerial, administrative and professional occupations implies that there is a demand for smaller apartments for young professionals.

2. Property Description

2.1. Site History

In 2008, property developer Green Property bought the One Nine Elms Lane site, which lies in Nine Elms just south of the River Thames within the London borough of Wandsworth, from Allied Irish Bank.

On 18 June 2012, Wandsworth Council granted planning permission to Green Property along with project managers CIT Group for a mixed-use scheme consisting of residential apartments, offices and shops to replace two 1970s buildings on the site known as the Market Towers. The approved proposals included two skyscrapers of 200 m (656 ft) and 161 m (528 ft).

In June 2013, Green Property sold the One Nine Elms site to Chinese developer Dalian Wanda. The scheme, which is Dalian Wanda's first development outside of China, was overseen by Wanda One - a UK subsidiary of Dalian Wanda. In April 2014, Wandsworth Council approved revisions for the scheme subject to support from the then London Mayor Boris Johnson. In May 2014, Johnson gave permission for the revised proposals to go ahead despite criticism of the removal of office space from the scheme in order to accommodate a larger hotel which will be Dalian Wanda's first luxury hotel outside of China. A total of 436 residential apartments were also be built.

The larger of the two skyscrapers will be known as City Tower and will reach a height of 199.4 m (654 ft), containing 57 floors. The smaller building, which will be known as River Tower and contain the hotel, will be 160.1 m (525 ft) tall with 42 floors.

In July 2016, Wanda One arranged financing for the development. As part of the scheme, Dalian Wanda were required to pay £20m to contribute to the London Underground extension of the Northern line and for affordable housing which will be built in another location.

2.2. Construction

The demolition of the Market Towers began in May 2014 by McGee Group and was completed in April 2015 and foundation works took place thereafter. In April 2015, it was announced that the developer had awarded the main contract for One Nine Elms to China's largest construction group China State Construction Engineering

Corporation (CSCEC) as well as Interserve in a joint venture known as CI-ONE. However, that deal collapsed in April 2016, with Balfour Beatty becoming the new contractor, signing a pre-construction agreement with Wanda One in July 2016. However, that contract came to an end in November 2016 after the two companies failed to agree terms for a new main build contract. In January 2017, Multiplex was announced as the new main contractor for the development. Then in January 2018, Wanda sold their interest in the project to R&F One (UK) Ltd for £59 million and since acquisition, a revised masterplan for the regeneration of the estate has been advanced.

2.3. Current Development

The development is a residential led mixed use scheme comprising two new residential towers, City Tower and River Tower, and a luxury 5 star hotel.

The property is divided into two main components, which we would briefly summarise as follows:

	City Tower	River Tower
Number of storeys:	57 floors	42 floors
Private Residential:	334 units	103 units
Affordable Residential:	57 units	-
Hotel:	-	203 rooms
Retail:	990 sq ft	-
Carpark:	72 spaces	

2.4. City Tower

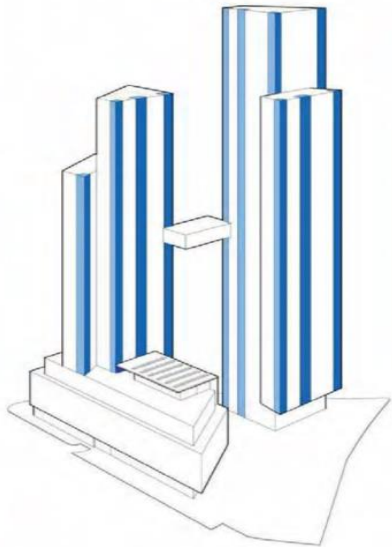
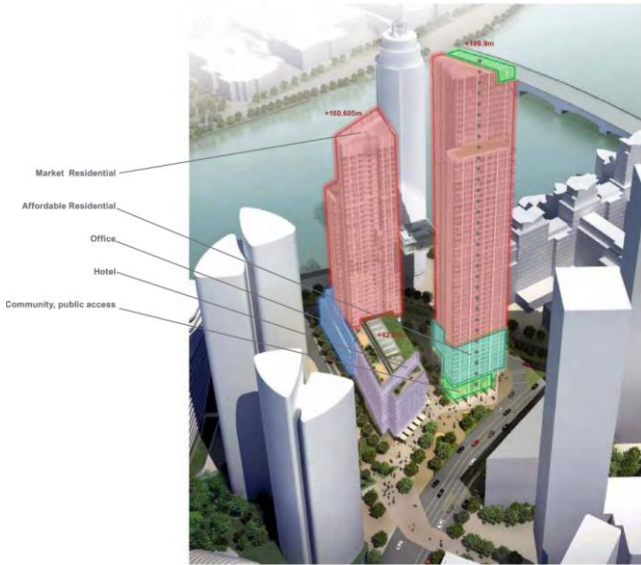
City Tower extends to 57 floors, with 334 private residential accommodation arranged over the 7th to 57th floors, 57 affordable accommodation on the 1st to 6th floors, and there is a retail unit on the ground floor. The private accommodation comprises a mix of one, two, three and four bedroom units, there are 4 x four bedroom units on the top four floors, the uppermost of which is the duplex penthouse apartment.

2.5. River Tower

River Tower extends to 42 floors, counting 103 luxury private residential units arranged over the 20th to 41st floors and a 203-bedroom luxury 5-star hotel on the ground to 19th floors as well as rooftop sky garden to be operated by Park Hyatt. There is no affordable accommodation in this building.

2.6. Overview

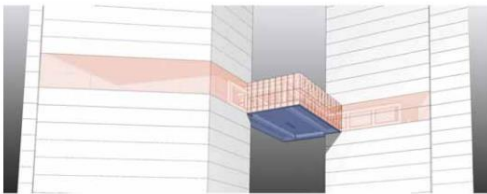
Retail functions are located at ground and mezzanine levels, facing the street in order to ensure active frontages. Hotel functions are located in a low 'bar', parallel to the south-western perimeter of the site. The hotel is set back from Wandsworth Road to allow for the continuation of the Linear Park and to avoid crowding the listed terrace across Wandsworth Road. Additionally, the orientation of the hotel acts as a wind break to the rest of the site. Public realm permeability across the site in both east -west and north-south directions is allowed for at grade.



There are roof terraces above the hotel and residential components of the proposal. These roof terraces and their associated interior spaces have an important role in the play space strategy. Winter gardens are also provided to all residential units (marked in blue), with the exception of studio apartments. In some cases, winter gardens are slightly smaller than required but this is offset by the provision of roof terraces.

In addition to external terraces an ‘amenity bridge’ is proposed connecting the two towers as part of the resident’s amenity area that forms part of a residence club. We note that this has been confirmed in writing from discussions with the Client. The area will include a fitness area with a swimming pool in the City tower whilst the bridge itself will contain a shared “living room” for entertainment.

The bridge and club is placed high enough to take advantage of river views but low enough not to have a major impact on any mid to distant views of the proposal. Private amenity space is supplemented with dedicated shared spaces on the tops of the lower bars of each tower with a publicly accessible vantage point at the uppermost level of the City Tower.



We have provided a detailed breakdown of the specification specific to the different components at the Property:

Element	Specification Details
City Tower (Overall)	<ul style="list-style-type: none"> City Tower extends to 57 floors, with 334 private residential accommodation arranged over the 7th to 57th floors, 57 affordable accommodation units on the 1st to 6th floors, and there and there is a retail unit on the ground floor. The private accommodation comprises a mix of one-, two-, three- and four-bedroom units, there are 4 x four-bedroom units on the top four floors, the uppermost of which is the duplex penthouse apartment.
River Tower (Overall)	<ul style="list-style-type: none"> River Tower extends to 42 floors, counting 103 luxury private residential units arranged over the 20th to 41st floors and a 203-bedroom luxury 5-star hotel on the ground to 19th floors as well as rooftop sky garden to be operated by Park Hyatt. There is no affordable accommodation in this building. The river tower will be built as Park Hyatt branded residences.
Hotel	<ul style="list-style-type: none"> A brand new five-star luxury hotel comprising 203 keys and a full service offering. The UK's first Park Hyatt Hotel. They are known for their unique design and expansive art collections. Luxury finishings curated by Angel O'Donnell including oak flooring. Floor to ceiling windows offering vistas of the Houses of Parliament, Big Ben and London eye. Amenities include a large ballroom, nail salon, children's play area fitness centre, swimming pool and luxury spa as well as 24 hour concierge services including valet parking, airport transfers, and 24-hour security. Club house restaurant and karaoke bar above the hotel room floors.
Retail	<ul style="list-style-type: none"> Newly refurbished Grade A retail, leisure and fitness accommodation. Sustainably designed prime retail with strong ESG credentials. Delivered to CAT A / B standard fitted out for incoming tenants. Retail units at ground level in order to activate street frontages. Flexible spaces to allow for a range of functions and should be sub dividable.
Parking	<ul style="list-style-type: none"> 72 parking spaces. 14 car parking spaces will have access to electric charging points. There will also be three car club bays provided on the adjacent Nine Elms Square site, as well as 5 motorcycle parking bays.

2.7. Car Parking, Cycle, Motorcycle & Servicing

The car parking is provided within a single two-level basement level with a parking management system with entrances. This area will also include the provision of cycle, motorcycle spaces as well as a servicing and energy centre.

Car parking is proposed in this basement level with a total of 72 parking spaces which are for allocated for the residents designated disabled spaces, separate disabled spaces for Hotel respectively, 3 spaces for the Car Club scheme and 4 van loading spaces for short term use.

Only approximately 14% of the residential units will have a car parking space which reflects the sustainable nature of the location. Coaches and taxis will be able to drop-off and pick-up passengers using the lay-by on Nine Elms Lane outside the main pedestrian access.

2.8. Cladding

The intention for this proposal is that the components of the building express their purpose: This intention manifests itself in layers: External structure, internal functions, such as the amenity level and the vantage point viewing room, enclosed balconies and cores are all subtly expressed, each forming a layer within the architecture. The architectural

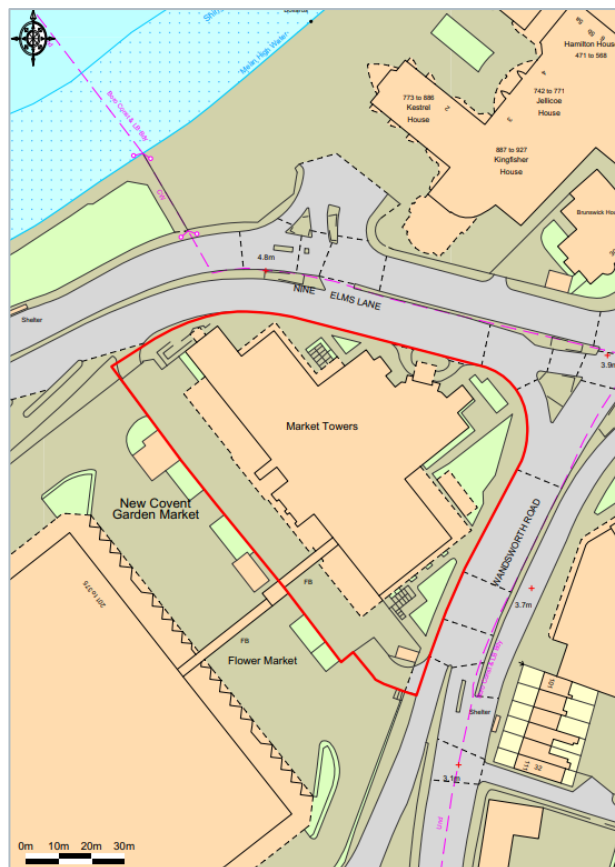
elements contrast rough and smooth materiality and express a crisp and balanced morphological composition. In contrast to the smooth facade treatment applied to the Tower at St. George Wharf, the facades at One Nine Elms are textured, making each facade read differently in shadow. Accentuating the form of the proposal through modelling will serve to visually break up the mass.

3. Site Area

The subject property occupies a 2.08 acre (0.84 hectare) site and is triangular in plan, defined at its apex by the intersection of 2 major roads, Nine Elms Lane to the north and Wandsworth Road to the South, which connect to the arterial gyratory at Vauxhall.

The South western side of the site is bound by one of the few areas of opportunity in which north- south permeability is possible within the existing urban fabric, enabling a link from Vauxhall Park to the River front.

The Property is shown for identification purposes in the plan below, with the extent of the site being outlined in red in accordance with our understanding of the site boundaries. Your solicitors should verify that we have correctly identified the extent of the site.



Site Area

4. Accommodation

We have not measured the Property, but instead we have relied upon the floor areas provided. We have assumed that the property has been measured in accordance with the RICS Code of Measuring Practice 6th Edition 2015. As agreed, we have relied upon these floor areas for the purposes of this valuation. RICS property measurement (incorporating International Property Measurement Standards) 2nd edition, January 2018, requires us to report IPMS measurements in the report for this Property. You have not instructed us to measure the Property and as IPMS areas are not available to us we have relied on Gross Internal Areas (GIA) provided. We understand that these areas were measured in accordance with the RICS Code of Measuring Practice 6th Edition 2015.

4.1. Proposed Accommodation – City Tower

The apartments proposed comprise a full mix of types from one-to-four-bedroom units. The unit sizes are relatively uniform, although there is some variation in terms of the two bed units with a mix of three person and four person apartments (including a penthouse) and some variation in terms of the four-person unit sizes.

We summarise the average areas for the residential, commercial and parking accommodation in the table below:

Unit Type	Units	Total Area	Average Size (sq ft)
Parking	72	N/A	N/A
Commercial - Retail	1	990	394
AF-1	1	790	459
AF-2	1	760	461
AF-3	5	4,455	460
AF-4	5	3,860	562
AF-5	5	3,270	459
AF-6	5	3,815	570
AF-7	5	4,265	460
AF-8	5	3,085	462
AF-9	5	3,605	566
AF-10	5	2,975	891
AF-11	5	3,015	460
AF-12	5	3,000	458
AF-13	5	3,045	655
1A	21	14,719	701
1B	21	13,940	664
1C	21	15,205	724
1D	42	26,491	631
2A	43	45,439	1,057
2B	42	43,231	1,029
2C	24	19,870	828
2D	24	23,030	960
2E	24	26,490	1,106
2F	3	3,383	1,128
2G	4	4,997	1,250
3A	24	36,430	1,518
3B	18	36,563	2,031
3C	21	45,657	2,111
3D	1	1,574	1,574
P	1	4,413	4,413
Total	334	361,432	£1,980

4.2. Proposed Accommodation – River Tower

We summarise the proposed floor areas by use in the table below:

Unit Type	Units	Total Area	Average Size (sq ft)
Hotel	203	N/A	N/A
R1A	11	7,711	£459
R2A	11	13,706	£461
R2B	11	13,530	£460
R2C	11	12,067	£562
R2D	11	14,641	£459
R3A-1	1	1,473	£570
R3A-2	10	14,730	£460
R3B	11	19,459	£462
R3C-1	1	2,115	£566
R3C-2	7	14,819	£891
R3D-1	7	15,407	£460
R3D-2	1	2,201	£458
R3E-1	1	2,268	£655
R3E-2	6	13,626	701
R3E-3	1	2,271	664
P1	4	14,700	724
Total	308	164,724	£1,980

5. State of Repair

We were not instructed to undertake any structural surveys, tests for services, or arrange for any investigations to be carried out to determine whether any deleterious materials have been used in the construction of the subject property or subsequent additions.

We have assumed that all building works will be carried out in accordance with best practice adhering to all necessary legislation. We have assumed that suitable collateral contractors and subcontractor's warranties would be made available, with all construction materials appropriately accredited and approved by the Council of Mortgage Lenders (CML).

Our valuation has been undertaken on the basis that the complete property will be finished to a good structural repair and condition and contains no deleterious materials and that the services function satisfactorily. From our inspection for valuation purposes, we did not see any obvious signs of serious structural issues. We have not been provided with any Building or Structural Survey on the property so cannot make further comment on the condition.

5.1. Deleterious Materials

We are not aware of any deleterious materials within the fabric of the buildings and would not expect these to be present due to the strip out works completed. We would expect any cladding on the proposed development to meet all required safety standards.

5.2. Obsolescence and Life Expectancy

Following the completion of the development, assuming normal routine maintenance and repair, as well as reasonable and prudent management of the property, we consider the life expectancy is in excess of 50 years.

6. Environmental Considerations

6.1. Contamination

In accordance with RICS Guidance Note 13/2010, we advise that we are not chartered environmental surveyors and our investigations are limited to observations of fact, obtained from sources as outlined below in the relevant sections. We can provide no warranties to the accuracy of the information and recommend that appropriately qualified and experienced specialists are instructed to provide advice in this regard.

We have not been instructed to make any investigations in relation to the presence or potential presence of contamination in land or buildings, and to assume that if investigations were made to an appropriate extent then nothing would be discovered sufficient to affect value. We have not carried out any investigation into past uses either of the property or any adjacent land, to establish whether there is any potential for contamination from such uses or sites and have therefore assumed that none exists. In practice, purchasers in the property market do require knowledge about contamination. A prudent purchaser of this property would be likely to require appropriate investigations to be made to assess any risk before completing a transaction. Should it be established that contamination does exist, this might reduce the value now reported.

No indications of past or present contaminative land uses were noted during the inspection. Our inspection was only of a limited visual nature and we cannot give any assurances that previous uses on the site or in the surrounding areas have not contaminated subsoils or ground waters. In the event of contamination being discovered, further specialist advice should be obtained.

We have valued the Property on the basis that it has not suffered any land contamination in the past, nor is it likely to become so contaminated in the foreseeable future. However, should it subsequently be established that contamination exists at the property, or on any neighbouring land, then we may wish to review our valuation advice.

6.2. Asbestos

The use of asbestos containing materials was banned in the United Kingdom in November 1999. Therefore, buildings constructed after this date will not contain asbestos. However, buildings constructed prior to this may contain asbestos. All commercial buildings that contain asbestos are required to have an Asbestos Management Plan

We have not been made aware of the presence of any asbestos in the existing buildings and so have not made any adjustment to our valuation in this regard.

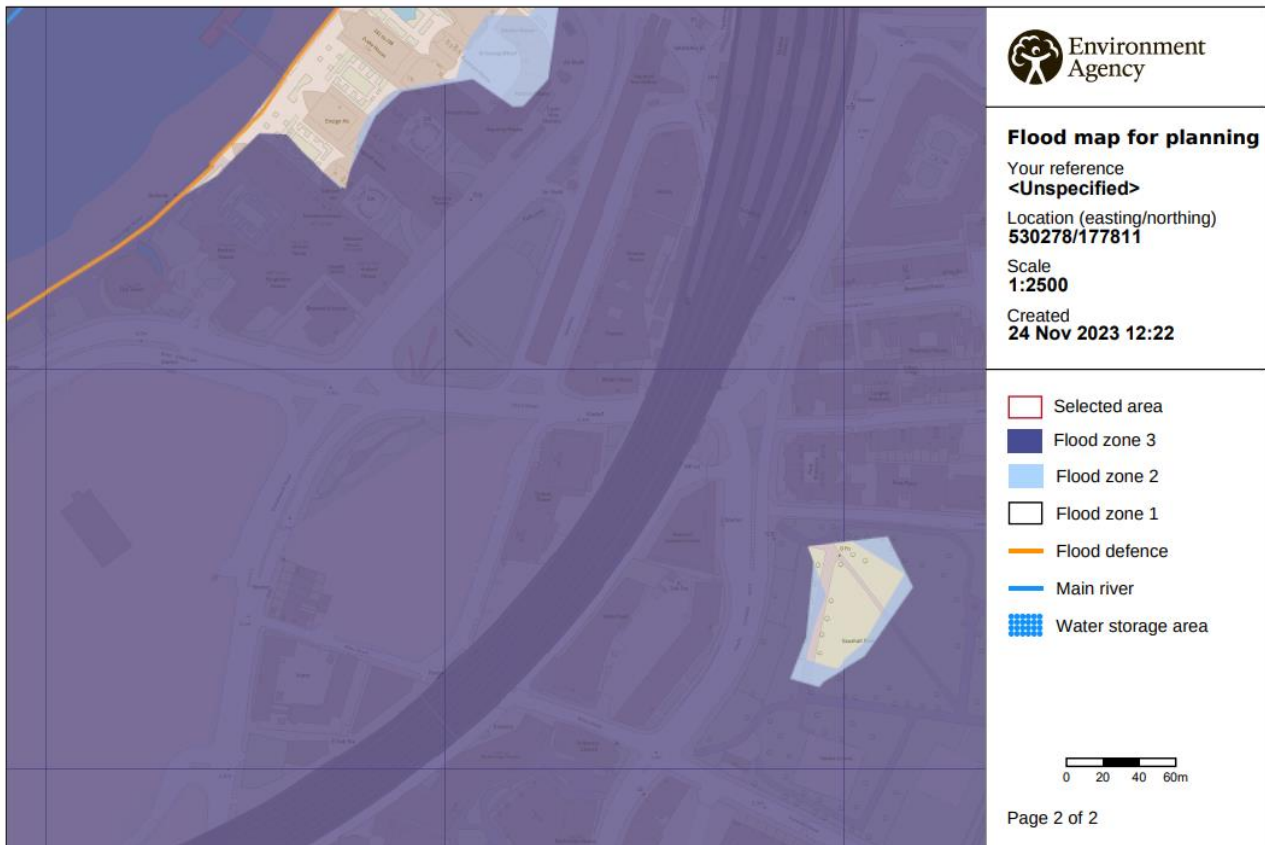
6.3. Ground Conditions

We have made the assumption that ground conditions are suitable for the current buildings and structures or any redevelopment. Since our normal enquiries and inspections did not suggest that there are likely to be unknown archaeological remains present in or on the Property, we have assumed that no abnormal constraints or costs would be imposed on the development of the Property by the need to investigate or preserve historic features.

6.4. Flood Risk

We have conducted a search of the Environment Agency's Flood Map. We understand that the Property is located in an area classified as Flood Zone 3, which is an area considered to be high risk in terms of flooding. This applies to both the risk from seas or rivers, as well as surface water and reservoirs.

The Property therefore requires a flood risk assessment and will consist of reviewing the risk of flooding to the suite as well as possible options for flood mitigation.



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7. Sustainability Considerations

The issue of sustainability is becoming increasingly important to participants in the property market. There is a general expectation that buildings that minimise environmental impact through all parts of the building life cycle and focus on improved health for their occupiers may retain value over a longer term than those that do not. The Government has set itself a target to reduce CO² emissions by 80% by 2050. With property representing around 50% of total emissions, the sector has become an obvious target for legislation. It is likely that, as we move towards 2050, energy efficiency legislation for property will become increasingly stringent.

7.1. Energy Performance

All properties within the UK require an Energy Performance Certificate (EPC) when bought, sold, built or rented. An EPC measures the asset rating of a building in relation to its energy performance. The Energy Act 2011 introduced legislation that has made it unlawful to rent a property which has an “F or G” energy efficiency rating. This minimum energy efficiency rating could be made more stringent in the future. Additionally, residential landlords are not be able to unreasonably refuse consent for certain types of energy efficiency improvements.

We have been unable to obtain any EPC’s for the development. We have assumed that the units in the proposed development will achieve a rating of C or better given the comprehensive conversion/new build status.

We recommend that upon completion of the development, EPC assessments are undertaken.

7.2. Sustainability Commentary

From a value perspective, sustainability is likely to be a long term issue and its relative importance will change over time. Our valuation provides our opinion of value at the valuation date based on market related factors at that date.

8. Planning

Local Authority:	London Borough of Wandsworth
Conservation Area:	One Nine Elms is outside of any conservation areas but is a direct neighbour of a listed building to the northeast and a group of listed terraces to the southeast: a. Brunswick House: Listing NGR: TQ301817786 A red stock brick house built in 1758, this is a fine example of Georgian Architecture. b. Listed terraces: Listing NGR: TQ301737773 Three red stock brick terraced houses.
Listed status:	No

8.1. National Planning Policy

The National Planning Policy Framework (NPPF) was updated on 5 September 2023 and sets out the government planning policies for England and how these are expected to be applied. This revised Framework replaces the previous National Planning Policy Framework published in March 2012, revised in July 2018, updated in February 2019 and revised in July 2021.

The NPPF provides a framework within which locally prepared plans for housing and other development can be produced. Planning law requires that applications for planning permission be determined in accordance with the development plan unless material considerations indicate otherwise.

The NPPF must be taken into account in preparing the development plan and is a material consideration in planning decisions. Planning policies and decisions much also reflect relevant international obligations and statutory requirements.

Strategic policies should set out an overall strategy for the pattern, scale and design of places, and make sufficient provision for:

- a) Housing (including affordable housing), employment, retail, leisure and other commercial development;
- b) Infrastructure for transport, telecommunications, security, waste management, water supply, wastewater, flood risk and coastal change management, and the provision of minerals and energy (including heat);
- c) Community facilities (such as health, education and infrastructure);
- d) Conservation and enhancement of the natural, built and historic environment, including landscapes and green infrastructure, and planning measures to address climate change mitigation and adaptation.

8.2. Local Planning Policy

The Subject Property is located within the jurisdiction of the London Borough of Wandsworth. Planning Policy in the borough consists of the Local Plan and the National Planning Policy Framework. Together, along with the London Plan, these documents provide spatial policies, development management policies and site allocations to guide and manage development in the borough.

Historical Local Plans and Policies

Previously, The Vauxhall Nine Elms Battersea Opportunity Area Planning Framework (OAPF) Consultation Draft November 2009 as a spatial planning document, was produced in partnership with the Greater London Authority (GLA), London Development Agency (LDA), Transport for London (TfL), London Boroughs (LBs) of Lambeth and Wandsworth, and English Heritage.

The VNEB Opportunity Planning Framework sought to balance the development of this emerging cluster within the CAZ at Vauxhall, in support of regeneration in Lambeth and Wandsworth, with the protected views from the Westminster World Heritage Site (WWHS) and surrounding conservation areas and listed buildings whilst at the same time integrating tall buildings with the public realm.

This previous planning framework supported an emerging cluster at Vauxhall within the Central Activities Zone (CAZ). It considered that the form and height of the emerging cluster at Vauxhall as defined in the OAPF tall buildings strategy would not be detrimental to the setting of the Westminster World Heritage Site (WWHS) from the river prospect views as defined in the London Views Management Framework (LVMF). The OAPF further acknowledged that tall buildings would play a key part in defining the public realm, that tall buildings could help with orientation, way finding and landmark particular uses.

Key principles promoted in terms of views within the Opportunity Area were as follows:

- That taller buildings should be located to signpost routes through the OA, for instance, along the length of the park and at key locations along links between existing residential areas to the river.
- That views into the OA from the north bank of the River Thames should be maintained and a solid wall of development avoided. Similarly views from the residential hinterland into the OA from the south should be developed to ensure visual permeability.

Emerging Cluster

The Vauxhall Nine Elms Battersea Opportunity Area Planning Framework (OAPF) Consultation Draft November 2009 for Vauxhall Nine Elms Battersea (VNEB) defines the form of the emerging cluster as a series of tall buildings coming forward as separate elements on the skyline to 150m with the pinnacle being marked by the consented Vauxhall Tower at 180m on the riverside. The potential implications of this guidance were investigated during the design process.

In 2009, the potential and the vision for the Vauxhall Battersea Nine Elms Area was supported by the GLA and Wandsworth which informed the “Opportunity Area Planning Framework”. The site lies within an area which in the Planning Framework is clearly identified as “High density, mixed use, suitable for higher buildings and the enhancement of Vauxhall as local centre”.

The site fell within the Core Strategy (2016) and complied with the Development Management Policies Document (March, 2016). Under SSAD Map A1, Tall Building Policy Areas, the Property is located within Area A, categorised as Town centres, focal points of activity and Nine Elms near Vauxhall and was in a permissible area designated for the development of tall buildings. The development also complies with the Core Strategy Policies IS3d and IS3e for the application made as a tall building.

Current Local Plan

The new Wandsworth Local Plan and Policies Map was adopted on 19 July 2023 which supersedes the following documentation adopted between 2016 and 2018; the Core Strategy (March 2016), Development Management Policies (March 2016), Site Specific Allocations (March 2016), and the Employment and Industry documents.

The new local Plan sets out a 15-year strategic vision, objectives and the spatial strategy as well as the planning policies and site allocations that will guide future development of the borough. The Plan looks ahead to 2038 and identifies where the main developments will take place, and how places within the borough will change, or be protected from change, over that period. The new Local Plan will shape and guide decisions on the location, amount and type of development the borough requires to meet local needs. This includes buildings and how they're used, as well as supporting infrastructure and accessibility while ensuring that growth and renewal happens in a sustainable and co-ordinated way.

Within this documentation, we have had particular regard to the area strategies and performance, vision statement and smart growth strategies:

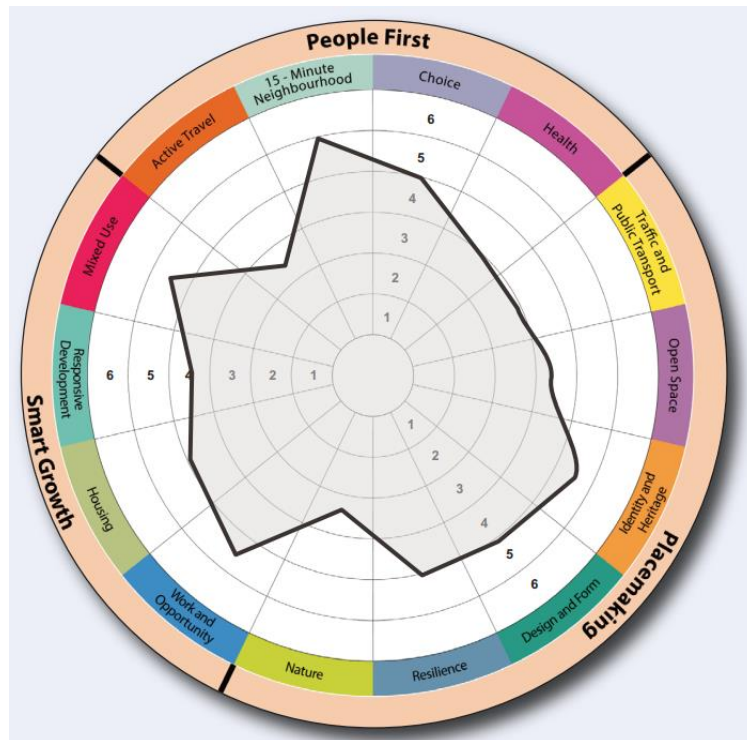
Area Strategies

- A place-based approach aims to prioritise people to create more sustainable, sociable and healthier communities that maximise wellbeing and quality of life.
- Recognises that buildings, roads, parks and spaces all blend to create something called ‘place’.

- Concentrates on managing development to deliver economic, social and environmental outcomes. It supports a vibrant local economy that creates jobs and opportunity, and emphasises the provision of inclusive, affordable housing.

Area Performance

- Area performance considers the 14 elements that make up the People First, Placemaking and Smart Growth criteria to provide a simple framework to help guide placemaking objectives as set out in the Area Strategies of the Plan. There's no right outcome for area performance as each place is unique. However, it allows you to think about the 14 elements of a place and the complex issues within places, allowing local people, decision-makers and others a common platform to assess needs and potential.
- The 14 elements are highlighted in the diagram and explained further in the draft Local Plan. Wandsworth Town performs well against our criteria for 'Placemaking'. Access to health and services (15-minute neighbourhood) and access to Work and Opportunity (Smart Growth) score well. However, choice can be limited in relation to housing and active travel requires improvements. Opportunities lie in Smart Growth where local jobs for residents are important through mixed use development. As Wandsworth Town covers a wide area there is varied character and the issues identified around traffic, health and open space are to be expected.



Area Performance

Vision

- Maximise the opportunities to enable people to live and work in the area through mixed use developments.
- Provide an inclusive, connected and enhanced public realm that puts people first. This should deliver enhancements to the pedestrian environment, building on the benefits that the changes to the Wandsworth Gyratory could offer.
- Create a safe and coherent pedestrian and cycling network.
- Deliver improvements to the River Wandle and Bell Lane Creek to support the health and wellbeing of residents and to enhance local biodiversity.
- Support town centre vitality and viability by enhancing the role of Southside and embracing redevelopment opportunities, especially which improve the connectivity of Wandsworth Town Hall and provide modern office facilities.

- Enhance and celebrate local heritage.
- Support responsiveness and resilience by using urban spaces flexibly.

Smart Growth

- Provide at least 4,199 homes between 2023 and 2038, in addition to those already completed and those which will be completed prior to 2023.
- Proposals for larger format retail and leisure should be prioritised in Southside. Smaller-scale retail should be focused on Wandsworth High Street and Old York Road.
- Growth locations will deliver new flexible economic floorspace, including affordable workspace.
- New development should connect to a future district heating network and development at growth locations should include sustainable urban drainage.

8.3. Planning History

The Planning Application 2012/0380 was approved on 6th February 2012 by the local planning authority for the demolition of existing buildings and structures. Erection of two new buildings of 58 storeys (up to 200m above ground) and 43 storeys (up to 161m above ground) high to include the following uses with floorspace of up to: 77,548 sq m of residential floorspace (up to 491 units); 721 sq m of retail uses (classes A1-A4); 10,986 sq m of office space (class B1); 11,617 sq m hotel (class C1) together with a high level viewing space; provision of private and public open spaces; vehicular access and reconfigured vehicular access routes; provision of cycle, motorcycle and car parking, servicing and energy centre within two level basement; landscaping; excavation works; and other associated works. An Environmental Statement has been submitted with the planning application under the Town and Country Planning (Environmental Impact Assessment) (England and Wales) Regulations 2011.

With reference to the Design and Access Statement (February, 2012), the design takes into consideration both the proposed master plan for the VNEBOA area and other proposals developed for the surrounding sites. Therefore, it addresses some important issues:

- Provides civic presence within a private development.
- Creates high quality urban space harmoniously related to the other high rise developments and their own public spaces.
- Helps realise the potential for high density development of the area promoted by the Master plan, taking advantage of the proximity of the site to good transport links.
- Provides the opportunity for the site to go beyond the mere allocation of functions inside buildings but become a “heart” for the local community; a vibrant, pleasant, safe public space for all to share and enjoy.
- Provides an opportunity to form a gateway to the wider OA and linear park.

Based upon enquiries made with the planning portal of the London Borough of Wandsworth’s website, and our understanding of the planning history of the subject site, we detail the principal planning applications concerning the subject property: We set out below the relevant planning history of the Property:

Application No.	Description	Status
2022/5130	Internal updates to Level 17, 18, and 19 layouts	Approved (10/01/23)
2023/1116	Removal of Green Wall and Creation of Eco-Corridor	Approved (25/05/2023)
2023/4074	Matters relating to a S106 Agreement pursuant to the Cultural Implementation Plan required under Schedule 4, Part 8 of the S106 Agreement associated with planning permission ref: 2022/1343 dated 19/07/23 (Deed of Variation to the S106 Legal Agreement of the planning permission 2014/0871 (as amended) dated 26th August 2014 for minor-material amendments, under Section 73 of the Town and Country Planning Act, to planning permission 2012/0380 "Demolition of existing buildings and structures. Erection of two new buildings of 58 storeys (up to 200m above ground) and 43 storeys (up to	Registered (01/11/2023)

	161m above ground) high to provide up to 494 residential units, retail uses (classes A1-A4); a hotel (class C1) together with a high level viewing space; provision of private and public open spaces; vehicular access and reconfigured vehicular access routes; provision of cycle, motorcycle and car parking, servicing and energy centre within the two level basement; landscaping; excavation works; and other associated works".).	
2023/2993	Matters relating to a S106 Agreement pursuant to the public open space works plan required under Schedule 4, Part 4, Paragraph 1.1.1 of the S106 Agreement dated 26th August 2014 as varied by the Deed of Variation dated 19th July 2023, associated with planning permission ref: 2014/0871 (as amended).	Approved (17/08/2023)
2023/1299	Details pursuant to the discharge of Condition 32 (Flood Management Plan) of planning permission 2014/0871 dated 26/08/14 (Minor-material amendments, under Section 73 of the Town and Country Planning Act, to pp 2012/0380 for demolition of existing buildings and structures. Erection of two new buildings of 58 storeys (up to 200m above ground) and 43 storeys (up to 161m above ground) high to provide up to 491 residential units, retail uses (classes A1-A4); office space (class B1); a hotel (class C1) together with a high level viewing space; provision of private and public open spaces; vehicular access and reconfigured vehicular access routes; provision of cycle, motorcycle and car parking, servicing and energy centre within the two level basement; landscaping; excavation works; and other associated works. Minor amendments include: i. removal of office floorspace and enlargement of the hotel; ii. redistribution of residential and hotel uses.; iii. reduction in the height of podium building.; iv. removal of the high level 'Skybridge' and re-provision of leisure facilities in podium building v. re-articulation of the top of the towers and amendments to external facade. vi. redistribution of residential amenity areas vii. increase in size of basement level 2 from 11,331 sqm to 12,627 sqm. viii amendments to site access, servicing and drop-off arrangements. ix. changes to the landscaping strategy.x increase in car parking spaces from 109 to 124. An Environmental Statement has been submitted with the planning application under the Town and Country Planning (Environmental Impact Assessment) (England and Wales) Regulations 2011)).	Approved (04/04/2023)
2022/3471	Details pursuant to condition 26 (Delivery and Servicing Plan) of the planning permission 2014/0871 dated 26th August 2014 for minor-material amendments, under Section 73 of the Town and Country Planning Act, to planning permission 2012/0380 "Demolition of existing buildings and structures. Erection of two new buildings of 58 storeys (up to 200m above ground) and 43 storeys (up to 161m above ground) high to provide up to 494 residential units, retail uses (classes A1-A4); a hotel (class C1) together with a high level viewing space; provision of private and public open spaces; vehicular access and reconfigured vehicular access routes; provision of cycle, motorcycle and car parking, servicing and energy centre within the two level basement; landscaping; excavation works; and other associated works".	Approved (29/03/2023)
2022/3778	Matters relating to Paragraph 1.1 Part 6 (Travel Plans) Schedule 4 of the Section 106 Agreement of the planning permission 2014/0871 (as amended) dated 26th August 2014 for minor-material amendments, under Section 73 of the Town and Country Planning Act, to planning permission 2012/0380 "Demolition of existing buildings and structures. Erection of two new buildings of 58 storeys (up to 200m above ground) and 43 storeys (up to 161m above ground) high to provide up to 494 residential units, retail uses (classes A1-A4); a hotel (class C1) together with a high level viewing space; provision of private and public open spaces; vehicular access and reconfigured vehicular access routes; provision of cycle, motorcycle and car parking, servicing and energy centre within the two level basement; landscaping; excavation works; and other associated works".	Approved (21/09/2022)

2022/3678	Details pursuant to condition 34 (Development Management Plan) of the planning permission 2014/0871 dated 26th August 2014 for minor-material amendments, under Section 73 of the Town and Country Planning Act, to planning permission 2012/0380 "Demolition of existing buildings and structures. Erection of two new buildings of 58 storeys (up to 200m above ground) and 43 storeys (up to 161m above ground) high to provide up to 494 residential units, retail uses (classes A1-A4); a hotel (class C1) together with a high level viewing space; provision of private and public open spaces; vehicular access and reconfigured vehicular access routes; provision of cycle, motorcycle and car parking, servicing and energy centre within the two level basement; landscaping; excavation works; and other associated works".	Approved (21/09/2022)
2022/3561	Details pursuant to condition 27 (Parking Management Strategy and Car Park Management Plan) of the planning permission 2014/0871 dated 26th August 2014 for minor-material amendments, under Section 73 of the Town and Country Planning Act, to planning permission 2012/0380 "Demolition of existing buildings and structures. Erection of two new buildings of 58 storeys (up to 200m above ground) and 43 storeys (up to 161m above ground) high to provide up to 494 residential units, retail uses (classes A1-A4); a hotel (class C1) together with a high level viewing space; provision of private and public open spaces; vehicular access and reconfigured vehicular access routes; provision of cycle, motorcycle and car parking, servicing and energy centre within the two level basement; landscaping; excavation works; and other associated works".	Approved (01/09/2022)
2022/3411	Details pursuant to condition 40 (Accessibility Management Plan) of the planning permission 2014/0871 dated 26th August 2014 for minor-material amendments, under Section 73 of the Town and Country Planning Act, to planning permission 2012/0380 "Demolition of existing buildings and structures. Erection of two new buildings of 58 storeys (up to 200m above ground) and 43 storeys (up to 161m above ground) high to provide up to 494 residential units, retail uses (classes A1-A4); a hotel (class C1) together with a high level viewing space; provision of private and public open spaces; vehicular access and reconfigured vehicular access routes; provision of cycle, motorcycle and car parking, servicing and energy centre within the two level basement; landscaping; excavation works; and other associated works".	Approved (22/08/2022)
2022/3061	Details pursuant to condition 9 (Noise Insulation) of the planning permission 2014/0871 dated 26th August 2014 for minor-material amendments, under Section 73 of the Town and Country Planning Act, to planning permission 2012/0380 "Demolition of existing buildings and structures. Erection of two new buildings of 58 storeys (up to 200m above ground) and 43 storeys (up to 161m above ground) high to provide up to 494 residential units, retail uses (classes A1-A4); a hotel (class C1) together with a high level viewing space; provision of private and public open spaces; vehicular access and reconfigured vehicular access routes; provision of cycle, motorcycle and car parking, servicing and energy centre within the two level basement; landscaping; excavation works; and other associated works".	Approved (03/08/2022)
2022/1129	Details pursuant to condition 12 (Low Emission Strategy) of the planning permission 2014/0871 dated 26th August 2014 for minor-material amendments, under Section 73 of the Town and Country Planning Act, to planning permission 2012/0380 "Demolition of existing buildings and structures. Erection of two new buildings of 58 storeys (up to 200m above ground) and 43 storeys (up to 161m above ground) high to provide up to 494 residential units, retail uses (classes A1-A4); a hotel (class C1) together with a high level viewing space; provision of private and public open spaces; vehicular access and reconfigured vehicular access routes; provision of cycle, motorcycle	Approved (29/03/2022)

	and car parking, servicing and energy centre within the two level basement; landscaping; excavation works; and other associated works".	
2021/5417	Details pursuant to condition 43 (Lighting) of the planning permission 2014/0871 dated 26th August 2014 for minor-material amendments, under Section 73 of the Town and Country Planning Act, to planning permission 2012/0380 "Demolition of existing buildings and structures. Erection of two new buildings of 58 storeys (up to 200m above ground) and 43 storeys (up to 161m above ground) high to provide up to 494 residential units, retail uses (classes A1-A4); a hotel (class C1) together with a high level viewing space; provision of private and public open spaces; vehicular access and reconfigured vehicular access routes; provision of cycle, motorcycle and car parking, servicing and energy centre within the two level basement; landscaping; excavation works; and other associated works".	Approved (10/12/2021)
2021/4385	Details pursuant to Condition 3C (Winter Gardens) of the planning permission 2014/0871 dated 26th August 2014 for minor-material amendments, under Section 73 of the Town and Country Planning Act, to planning permission 2012/0380 "Demolition of existing buildings and structures. Erection of two new buildings of 58 storeys (up to 200m above ground) and 43 storeys (up to 161m above ground) high to provide up to 494 residential units, retail uses (classes A1-A4); a hotel (class C1) together with a high level viewing space; provision of private and public open spaces; vehicular access and reconfigured vehicular access routes; provision of cycle, motorcycle and car parking, servicing and energy centre within the two level basement; landscaping; excavation works; and other associated works".	(Approved) 17/11/2021
2012/0380	Demolition of existing buildings and structures. Erection of two new buildings of 58 storeys (up to 200m above ground) and 43 storeys (up to 161m above ground) high to include the following uses with floorspace of up to: 77,548 sq.m. of residential floorspace (up to 491 units); 721 sq.m. of retail uses (classes A1-A4); 10,986 sq.m. of office space (class B1); 11,617 sq.m. hotel (class C1) together with a high level viewing space; provision of private and public open spaces; vehicular access and reconfigured vehicular access routes; provision of cycle, motorcycle and car parking, servicing and energy centre within two level basement; landscaping; excavation works; and other associated works. An Environmental Statement has been submitted with the planning application under the Town and Country Planning (Environmental Impact Assessment) (England and Wales) Regulations 2011.	Approved (06/02/2012)

We have based our valuation on the planning information obtained. Should there be any planning information that we were unaware of at the time of our valuation, we recognise that this could have a material impact on the valuation property.

8.4. Restrictive Covenants

From our analysis of the land registry title there appear to be no restrictive covenants or third party interests that are onerous to our valuation.

8.5. Listed Building Consent and Conservation Area

The property is not listed, nor is it located within a Conservation Area.

8.6. Highways, Pathways, Drainage, Sewage and Public Services

We are unaware of any proposals which are likely to have an adverse effect on the value of the Property.

9. Council Tax

From informal enquiries of Valuation Office Agency Internet Rating List www.voa.gov.uk, we have not been able to obtain the Council Tax bandings for the residential units. We highlight below the current rates payable for 2022/23 by the London Borough of Wandsworth.

Band	Rate Payable
A	£598.80
B	£698.59
C	£798.40
D	£898.19
E	£1,097.90
F	£1,297.39
G	£1,496.99
H	£1,796.39

10. Business Rates

The annual sum of rates payable is arrived at by applying a multiplier to the rateable value. The Uniform Business Rate for England for the year 2022/23 is fixed at 51.2 pence in the pound for larger business, for those businesses that qualify for Small Business Rates Relief the lower Uniform Business Rate of 49.9 pence in the pound will apply. However, the rates liability may also be affected by a number of reliefs and supplements. It is, thus, not simply a product of the rateable value and the UBR multiplier. If all or part of the subject premises should become vacant then your borrower will be liable for the payment of business rates on the vacant commercial accommodation. The current allowance is for three months of empty rate relief with full rates payable thereafter.

We have accessed the Valuation Office Agency's rating list to obtain the rateable values of the hereditaments which make up the subject Property.

The property is currently under development and will have to be assessed for rating purposes at practical completion, with the tenants responsible for the payment of rates on their own premises. Business rates will be payable by the landlord for any elements of the scheme that will be owner occupied. Normally rates would also be payable by the landlord on vacant space but as the property is Listed, it is exempt from empty property rates.

11. Tenure

The Property is held freehold and is known as ONE Nine Elms, 1 Nine Elms Lane, Nine Elms, SW8 5NQ and is registered with Land Registry title number SGL504521.

We have not examined nor had access to the deeds or other formal documents relating to title/tenure under which the Property is held. We should emphasize, however that the interpretation of the documents of title is the responsibility of your legal adviser and we therefore recommend that they should be asked to verify the current position.

We understand that the Property is not subject to any unusual or especially onerous restrictions, encumbrances or outgoing contained in the freehold title. Our valuation has been carried out on the assumption that full rights of access are enjoyed, and that no third parties enjoy any rights over the subject property and that there are no onerous restrictions or obligations. If any matters come to light as a result of your legal adviser's review of these issues, we request that these matters are referred back to us as this information may have an important bearing upon the values reported.

12. Occupational Leases, Sales and Transaction Status

12.1. Occupational Leases

There are currently no occupational leases in place.

12.2. Residential Pre-Sales

As at our valuation date there are currently no pre-sold or reserved units.

12.3. Commercial Pre-let Tenancy Agreement

As at our valuation date there are currently no pre-let agreements on the commercial units.

12.4. Proposed Transaction as at the Valuation Date

We are not aware of any agreement or proposals, as at the Valuation Date, regarding any sales process of the Property.

13. Hotel Management Agreement

The hotel will be operated by Park Hyatt. We have seen a copy of the unsigned Hotel Management Agreement, but it is customary for this to remain unsigned until the development achieves practical completion. We have undertaken our valuation on the assumption that this will be signed upon practical completion.

13.1. Park Hyatt Hotels

Park Hyatt is a luxury hotel brand under the Hyatt Hotels Corporation. Known for its sophisticated design and exceptional service, Park Hyatt hotels are situated in prime locations worldwide, offering high-end accommodations, fine dining, and luxurious amenities. Each property reflects the local culture, providing a unique and immersive experience for guests seeking an elevated stay. Park Hyatt hotels are characterized by their elegant and contemporary design, often featuring distinctive architecture and upscale interiors. The brand is committed to providing personalized and discreet service, catering to the needs of discerning travellers. Guests can expect spacious rooms and suites with modern amenities, along with exclusive facilities such as gourmet restaurants, spa services, and well-equipped fitness centres. The locations of Park Hyatt hotels are carefully chosen to offer a sense of exclusivity, whether in bustling urban centres or serene resort destinations. The brand aims to create a tranquil and refined atmosphere, allowing guests to unwind in style. From business travellers to those seeking a luxurious leisure retreat, Park Hyatt caters to a diverse range of clientele with a focus on delivering an unparalleled hospitality experience.

Park Hyatt hotels often feature signature restaurants led by renowned chefs, offering a culinary experience that complements the overall luxury stay. The attention to detail extends to the design of public spaces, emphasizing a sophisticated ambiance that combines comfort with aesthetics. In addition to the usual amenities, some Park Hyatt properties may offer unique experiences, such as art exhibitions, cultural programs, or partnerships with local artists. This adds an extra layer of enrichment for guests looking to immerse themselves in the destination's culture. Whether overlooking city skylines or nestled in scenic landscapes, Park Hyatt hotels strive to provide a haven of tranquillity, allowing guests to escape the hustle and bustle while enjoying top-notch service and accommodations. Each property's individuality contributes to the brand's reputation for offering a refined and memorable hospitality experience.

Park Hyatt's commitment to excellence extends to its spa and wellness offerings, often featuring world-class facilities and a range of rejuvenating treatments. Guests can indulge in spa experiences designed to promote relaxation and well-being, complementing the overall luxury experience. For business travellers, Park Hyatt hotels frequently provide state-of-the-art meeting and event spaces, equipped with the latest technology and supported by professional staff to ensure successful gatherings and conferences. The brand's loyalty program, World of Hyatt, offers members exclusive benefits, including room upgrades, late check-out, and points that can be redeemed for future stays. This program enhances the overall value and loyalty for guests who frequent Park Hyatt properties. Overall, Park Hyatt remains dedicated to delivering a sophisticated and personalized hospitality experience, making it a preferred choice for those seeking a combination of luxury, comfort, and cultural immersion.

Park Hotels, including Park Hyatt, is owned by Hyatt Hotels Corporation. Hyatt is a global hospitality company that operates various brands, including Hyatt Regency, Grand Hyatt, Andaz, and others. The ownership structure involves shareholders who own shares in the publicly traded company, and it is led by a management team and a board of directors, Mark S. Hoplamazian is the President and CEO of Hyatt Hotels Corporation.

14. Operational Structure

The Property is managed by Standard UK Management Limited under the terms of a management agreement dated 16 January 2019.

We would summarise the principal provisions as follows:

Summary of Management Agreement
<p>Term</p> <ul style="list-style-type: none"> • 20 years from the opening date of the hotel. • Renewal Term: Option to extend for successive terms at the end of the initial term.
<p>Base Management Fees</p> <ul style="list-style-type: none"> • Base Fee: 1.2% of Gross Revenue.
<p>Performance Fee</p> <ul style="list-style-type: none"> • 4.0% - 8.0% of Gross Revenue.
<p>Royalty Fee</p> <ul style="list-style-type: none"> • 0.8% of the Gross Revenue.
<p>Key Money</p> <ul style="list-style-type: none"> • None.
<p>Replacement of FF&E</p> <ul style="list-style-type: none"> • 3% until 8th fiscal year. • 4.0% thereafter.

Section 2
Market Commentary

15. UK Economy

15.1. Overview

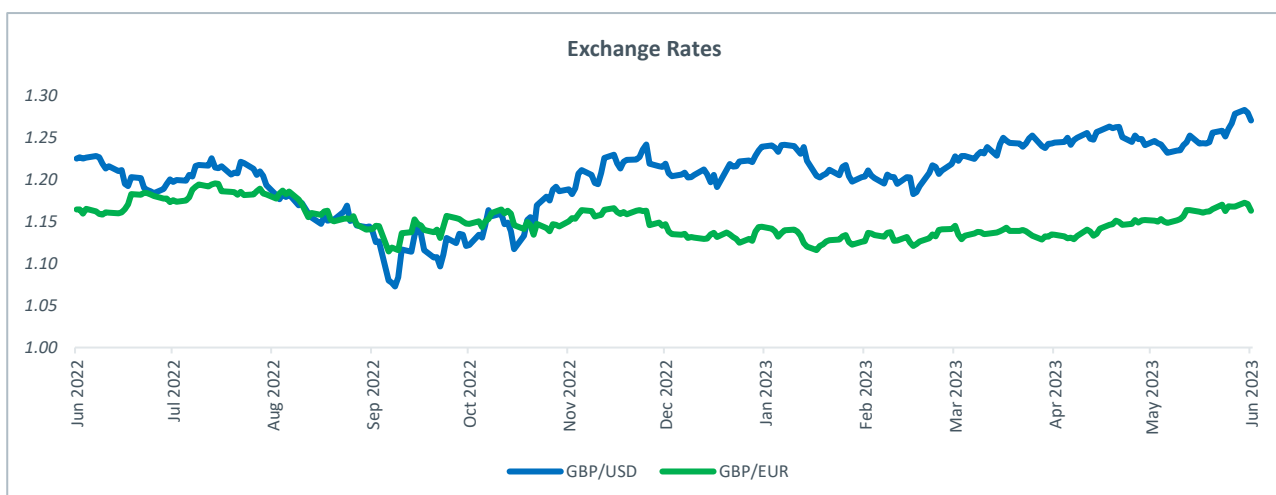
Category	UK Metrics	Q2 2022	Q4 2022	Latest	Q2 2024
Econ. Growth	Real GDP Growth (YoY%)	4.00%	0.60%	0.20%	0.70%
Labor	Unemployment rate (%)	3.80%	3.70%	4.00%	4.50%
Inflation	CPI (YoY%)	9.20%	10.80%	8.30%	2.50%
National Accounts	Current Account (% of GDP)	(4.30%)	(3.80%)	(2.70%)	(3.00%)
	Government Spending (YoY %)	(0.30%)	(0.80%)	0.10%	1.30%
Consumer Activity	Household Consumption (YoY%)	5.10%	1.40%	0.10%	1.00%
	UK Metrics	Q2 2022	Q4 2022	Latest	Q2 2024
Interest Rates &	BoE Funds Rate (%)	1.25%	3.50%	4.75%	4.50%
	10-year Note (%)	2.23%	3.66%	4.04%	3.54%

The UK economy growth was at 0.1% for the first quarter of 2023 the same as the previous quarter. Forecasts suggest that real YoY GDP growth will remain very low, between 0.2% and 0.4% throughout 2023 and into Q1 of 2023 followed by a very gradual recovery in 2024. Household consumption YoY and gross fixed investment YoY have declined throughout 2022 and expected to remain very low throughout 2023 and 2024.

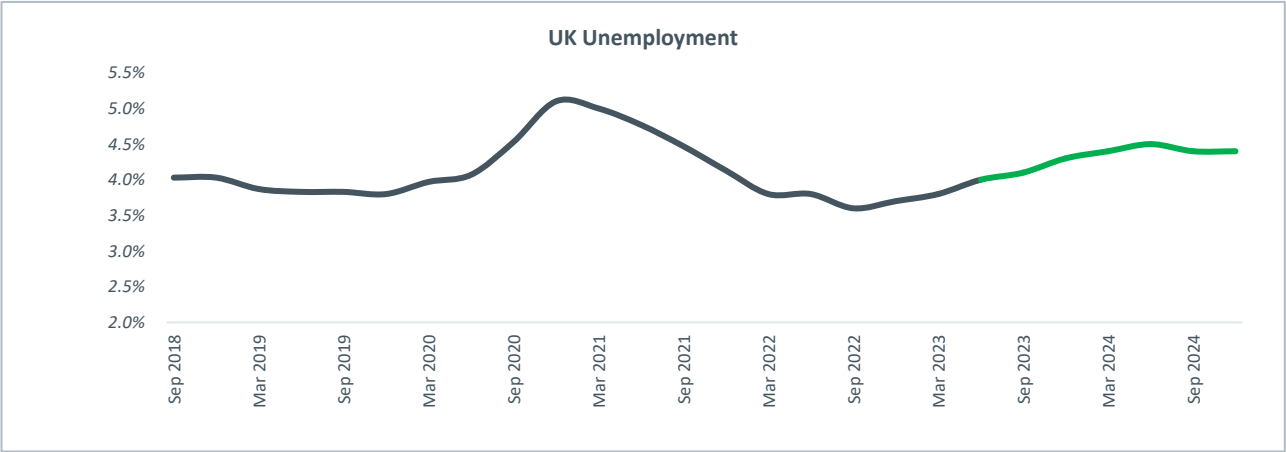
The BoE raised interest rates by 50 basis points from 4.50% to 5.00% on the 22nd of June 2023 after an earlier 25 basis point hike on the 10th of May. This has been the central bank's thirteenth consecutive rate hike to tackle inflation. These levels are highest policymakers have pushed rates since the 2008 financial crisis and currently reflect the 2008 historic level of 5.00%. Interest rates look to remain at elevated levels throughout 2023 and gradually come down in 2024 as inflation has been more resilient than expected.

Inflation continues to be more resilient in the UK than expected. Inflation peaked at 11.1% in October 2022, but is has jumped down to 8.7% as of April 2023 after it unexpectedly rose again to 10.4% in February from 10.1% in January. This has added concerns to the stickiness of inflation and placed additional pressure on the BoE. Headline inflation dropped down both in energy costs and food. Fuel costs fell from negative 8.9% to negative 13.1% and food inflation slowed slightly from 19.0% to 18.3%. However, core inflation rose to 7.1%, the highest it has been since March 1992. Forecasts suggest that by mid to late 2024 we should expect more normalized inflation rates, but still above the target 2%.

The Sterling appreciated against the Dollar from its September 2022 an exchange rate of \$1.07 up until June 2023 where it currently sits around \$1.27. A warmer winter, energy saving policies and the US announcing a slowdown in rate hikes has allowed the Sterling to appreciate. Furthermore, the UK inflation data shows that interest rates may have to remain higher for longer leading to greater demand in UK GILTs. However, this appreciation has not been as strong against the Euro given that the UK suffers from the lingering effects of Brexit as well as political risk demonstrated during the September 2022 'mini budget'. The GBP/EUR exchange rate has reached levels around those seen in August 2022 at around €1.16.



The unemployment rate came to 3.8% as of April 2023, and is expected to gradually stabilise in 2024. Although the UK economy hasn't entered a technical recession like its European counterpart it still faces higher and more persistent inflation than either the US or EU at 8.7% compared to 4.0% and 5.5% respectively. There is reasonable evidence to support that Brexit has been a contributing factor to the higher inflation that the UK is facing. However, in recent months, the Sterling has begun appreciating against both the Dollar and Euro. But this appreciation is more reflective to the fact that the BoE will be holding rates higher for longer than the US and EU, meaning that UK GILTs are more attractive.



16. Residential Market Overview

16.1. UK Housing Market

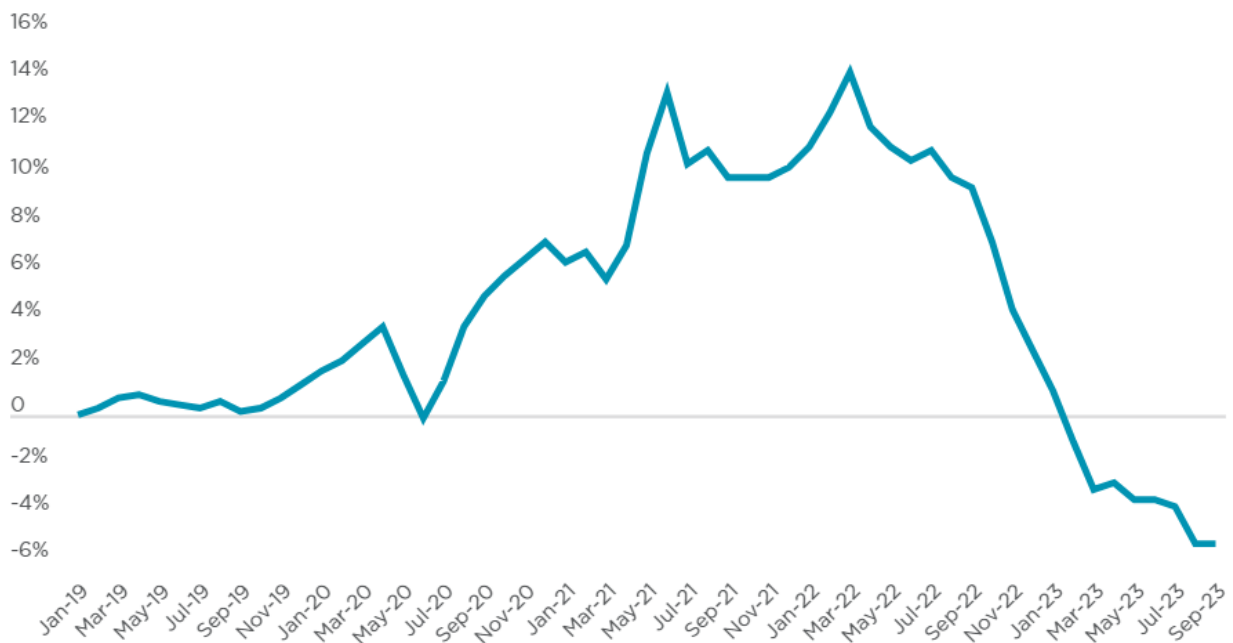
The inflationary pressures that have been weighing on consumers, and resulted in consecutive interest rate hikes, seem to be easing. CPI remained at 6.7% in the 12 months to September, the same as the previous month, and below 6.8% in July 2023. On 21st September, the MPC voted 5-4 to keep the base rate stable at 5.25%, which, if this were to mark the peak, as market pricing now seems to suggest, would be much lower than previous market expectations of above 6%. This pause in interest rate hikes was driven by weakening economic data. The most recent economic data shows a 0.2% increase in monthly GDP in August, following a 0.6% fall in the previous month. Nevertheless, the economy has still grown by 0.3% over the last three months. Housing market activity has continued to slow, as rising interest rates, high inflation, and a weaker economy impact buyers' confidence.

Mortgage interest rates increased throughout 2022. For example, a 2-year fixed mortgage rate on a 90% LTV was 1.95% in January 2022, peaking at 6.28% in November 2022. Rates had improved slightly, declining to 5.07% in April 2023. However, with inflation remaining stickier than expected, mortgage rates increased to an average of 6.59% in August 2023. Monthly mortgage payments have or will become more expensive for many households as the wider cost of living crisis continues to bite.

45,354 mortgages were approved in August 2023, 8.4% below last month, 37.3% below the same time last year and 32% below the pre-pandemic average (August 2017-2019 average).

An estimated 87,010 sales completed in August 2023. Sales were 1.1% above last month, reflecting sales agreed earlier in the year when mortgage rates were slightly lower. Sales remained 15.6% below the same time last year and 13.0% below pre-pandemic levels (August 2017-2019 average).

Nationwide External Link reported annual house price growth at -5.3% in September 2023, unchanged from the previous month. Halifax reported annual house price growth at -4.7% in September 2023, down 0.4% on last month.



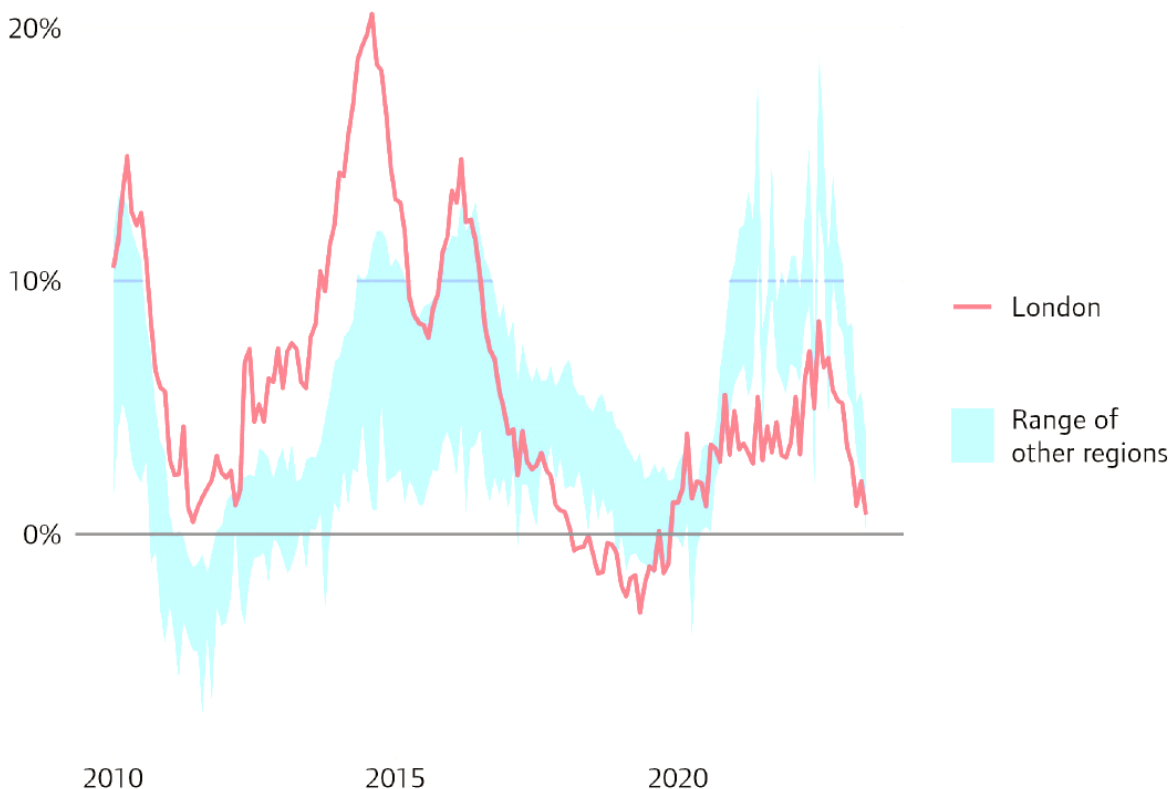
Annual House Price Growth

16.2. London Residential Market

The air continued to slowly come out of the prime London property market in the second quarter of 2023. It is a process that began last summer as inflation approached double digits and it became clear that interest rates were heading back towards their long-term average of closer to 5% than 1%. The UK's return to more normal lending conditions after 14 years of near-zero rates was not unexpected. However, the journey was not supposed to be this volatile. While the previous government went too far, too fast for financial markets, the Bank of England has been accused of doing too little, too late. The result has been a chaotic lending market over the last eleven months that has unsettled buyers, sellers and anyone re-mortgaging. Mortgage lenders have cut rates following July's better-than-expected inflation reading and the cycle of 14 consecutive rate hikes may be nearing its conclusion.

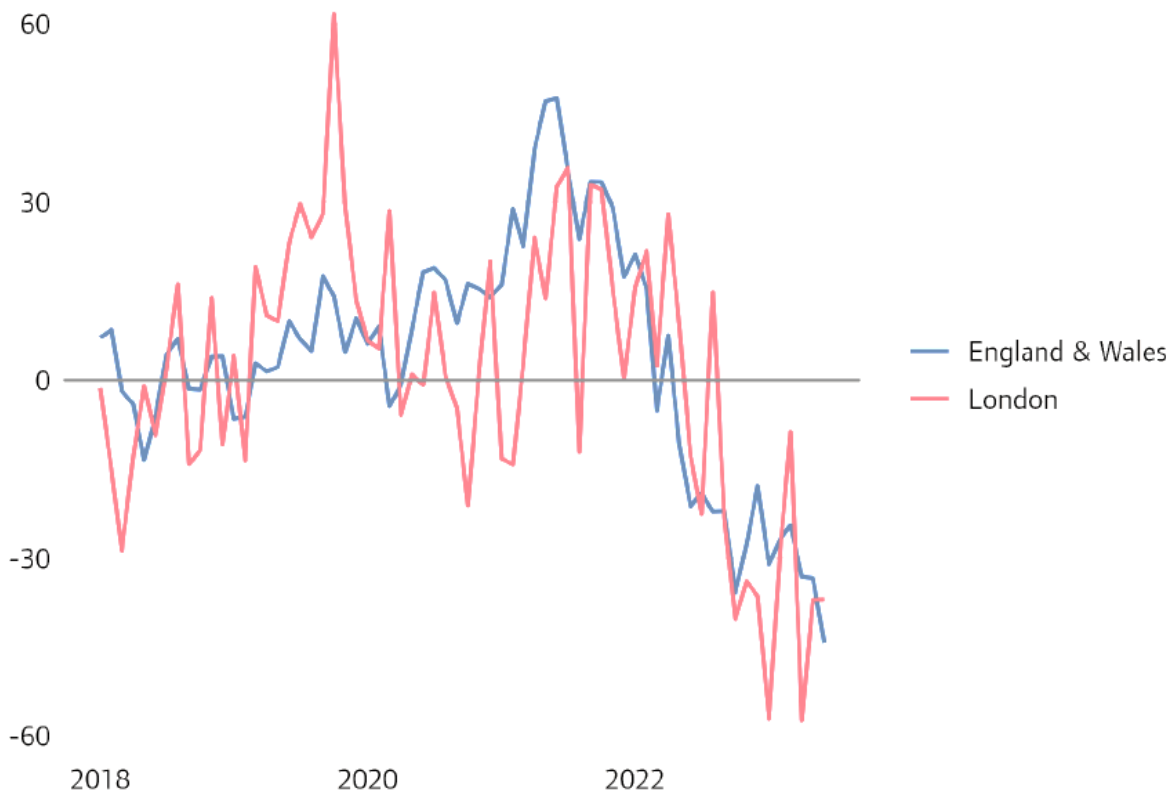
According to the ONS House Price Index, the average house price from completed sales in London fell to £525,600 in June, from a peak of £544,500 in September 2022. London prices rose 0.8% in the last year, but all regions are showing sharp slowdowns in price growth.

More recent data from Rightmove shows that the average price of London homes coming to market fell by 0.6% over the last year. The average asking price in London (not adjusted to account for the mix of homes sold as the ONS figure is) in July was £688,500, down from a peak of £692,800 in July 2022. At borough level, Rightmove reported the fastest growth in asking prices in Inner London boroughs, led by Haringey and Tower Hamlets (both around 3%). The biggest drops were in Outer London boroughs, led by Barnet at -4% and Merton at -3%.



Annual House Price Growth in London and other Regions

This chart combines the monthly change in buyer enquiries and the change in the number of new homes listed for sale (as reported by RICS survey respondents) to show whether demand is rising or falling more than supply. In recent months demand has fallen sharply while supply has increased, resulting in a net decrease in demand both in London and across England and Wales as a whole. The sales market looks likely to remain weak in at least the short term. The Bank of England raised its base rate to 5.25% in early August and is expected to keep rates 'restrictive' into 2024 in an effort to bring down stubbornly high rates of inflation.



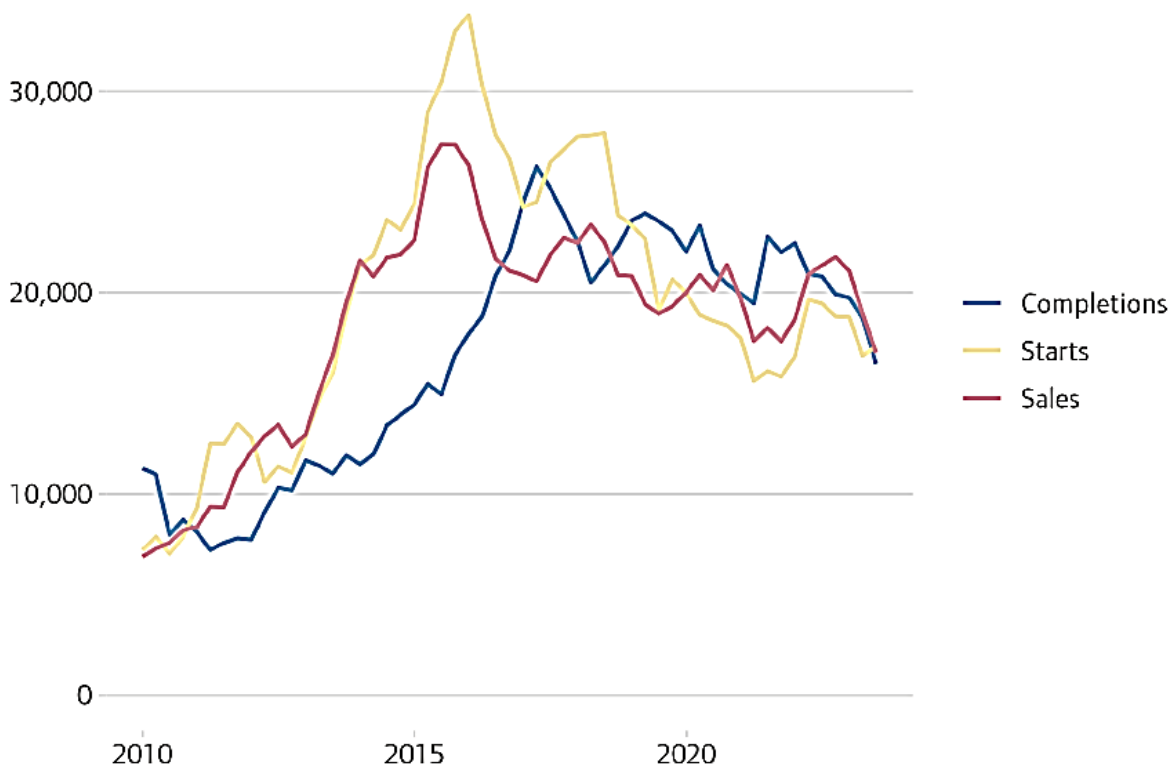
Change in buyer enquiries minus change in sales instruction

Starts, completions and sales of private units on large schemes in London have fallen in recent months, affected by factors including construction costs, high interest rates and the ending of the Help to Buy scheme.

Molior monitors data on the supply of homes on schemes with at least 20 private units in London. Their figures for the second quarter of 2023 show a fall in the numbers of starts, completions and sales over the last year. Compared to the year to June 2022, starts in the last 12 months have fallen by 11%, completions by 21% and sales by 20%.

One key reason for the fall in sales is the end of the Help to Buy scheme, which had been one of the largest drivers of sales over recent years. Molior report that sales to overseas buyers have increased in the last six months, while Build to Rent development remains the largest source of demand for new homes.

Some housebuilders have responded to falling market demand by selling new homes to affordable housing providers. According to Molior there were around 1,150 market homes switched to affordable housing in the first six months of 2023.



Annualised quarterly Molier data on starts, sales and Completions

The prices of construction materials in the UK fell between May and June 2023, but the stabilisation of prices since spring 2022 continues to hold.

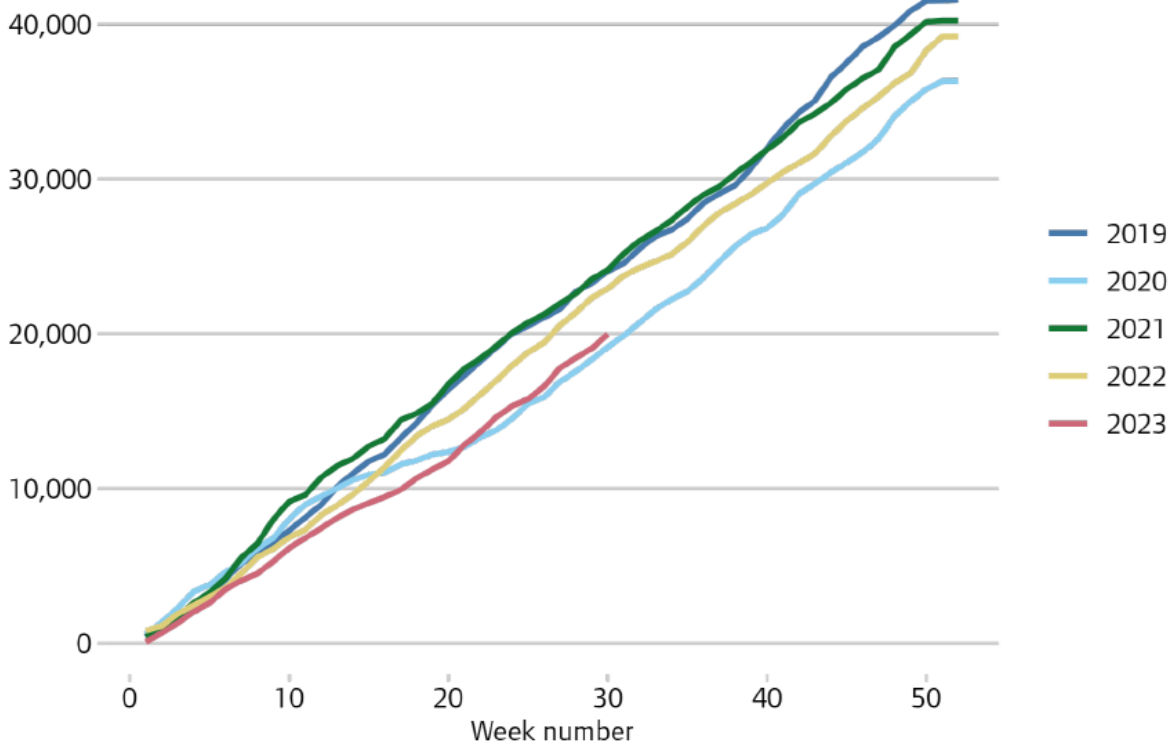
Latest BEIS data shows a fall of 0.5% in the prices of materials used in new housing between May and June 2023, and an increase of 0.1% over the last year. This is the smallest annual increase since December 2020 and the monthly change indicates that there is still little sign of construction material prices rising again in the near future.

Despite this, the main concerns for construction firms in July continued to be inflation of goods and services prices, falling demand and taxation, according to the ONS Business Insights Survey. In the labour market, 20% of construction firms reported experiencing a shortage of workers in mid-July, up from 16% in June. This shortage is impacting businesses by requiring an increase in the number of employees working longer hours since June, and the number of firms having to pause trading in some parts of the business has more than doubled to 12%.

New housebuilding in London is running at a slower pace than in the last two years. DLUHC data showing the number of EPCs recorded weekly in London gives a good indication of completions, and recent figures point to a lower number of homes completed so far this year compared to the previous two years.

The July CIPS UK construction PMI reported another sharp decline in housebuilding across the country, while commercial and civil engineering construction activity increased. Respondents to their survey again pointed to high borrowing costs as a key constraint to demand for new homes.

In its August Monetary Policy Report, the Bank of England forecast that housing investment (which includes new construction, house improvements and spending associated with house purchases) would fall sharply by 6% in 2023, by another 6% in 2024 and by 3% in 2025, reflecting the impact of sustained high interest rates.



Cumulative number of EPC's for newly completed homes in London by Year, 2019 to 2023

16.3. London Prime Residential Market

The prime London property market has not been immune to this uncertainty, and price growth has flattened. The economic mood has darkened but the market is far from grinding to a halt. The number of new prospective buyers in London in Q2 was 30% above the five-year average (excluding 2020). The resilience is perhaps no surprise given that around half of sales inside zone 1 are typically in cash. The market will also be supported by greater levels of affluence, the relatively weak pound and the fact overseas travel is returning to pre-Covid levels. Higher price-brackets have certainly proven more robust due to less reliance on mortgage debt.

Average achieved sold prices fell by 3.3% in October on an annual basis, the largest fall since May 2021. Average values across prime London are approximately in line with their early 2014 level. There were 29.5% fewer transactions in October compared to the same month a year earlier, and 8.2% fewer than the 2017-2019 (pre-pandemic) October average. The number of properties going under offer bounced back after a challenging September, with 9.7% more than in October 2022. The number of new sales instructions fell by 7.2% on an annual basis. However, a fall in new instructions, combined with slower sales activity has meant the volume of stock available for sale at the end of October is only 1.5% lower than a year earlier.

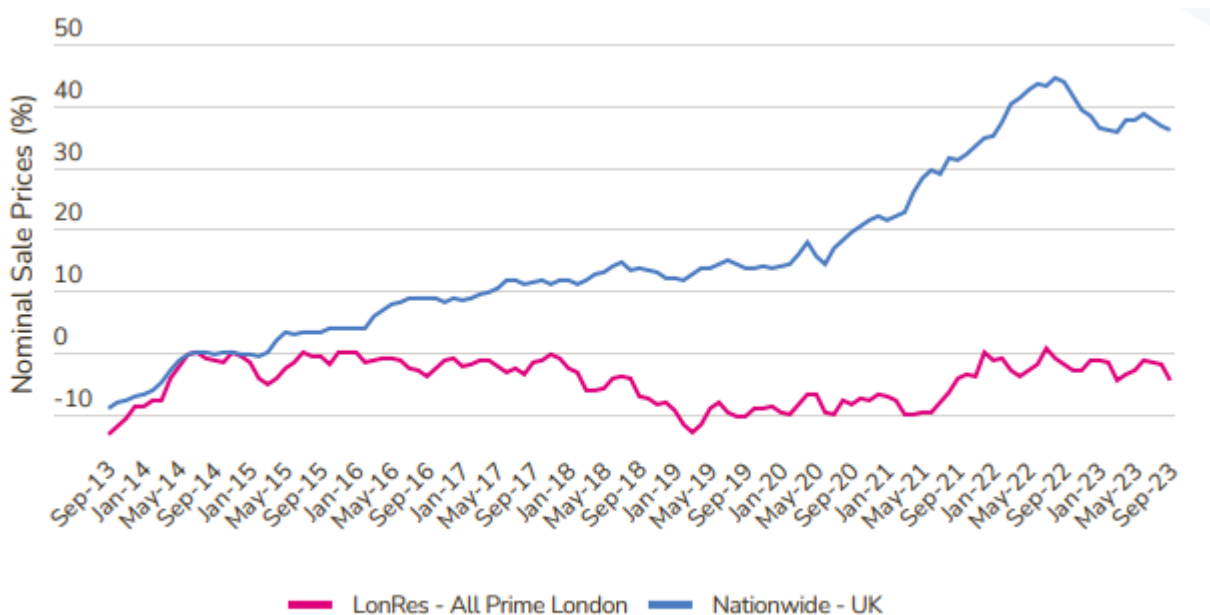
The trajectory of the prime London market has been very different to that of the wider UK one over the past decade. Insights suggest that whatever path the UK housing market takes from this point, the one for prime London could diverge significantly. Sensitivity around asking prices is higher than it was at the start of the year and nervousness among lenders is rising. We expect average prices to decline by 3% in prime central London (PCL) and 4% in prime outer London (POL) this year. That said, this will be by less than mainstream UK markets as the capital continues to benefit from the fact its housing market experienced a relatively subdued period during the pandemic, with prices flat.

The £5 million plus market continued its return to more normal activity levels after a strong two years. Sales in October were 31.6% down on a year earlier but ahead of the 2017-2019 (pre-pandemic) October average. New instructions in this market rose in October by 20.4% annually and the number of properties going under offer increased by 3.6% on the same basis.

LonRes data for October showed an annual fall of 3.7% in lets agreed and a 17.2% increase in new instructions, with activity on both measures remaining at around half of pre-pandemic levels. These results come with the caveat that rental demand is so strong that a significant proportion of properties are being let without listing, so are not captured in the data.

16.4. Historic Comparisons

Values across all prime London peaked in November 2014, according to LonRes average achieved sale price data. In the almost nine years since, they have never been more than 1% above that peak level, and the latest data from September has them 4.6% below it. These figures are of course in nominal terms, and the Consumer Prices Index shows that inflation in the UK over that period is around 31%. By contrast, Nationwide’s national index shows that the average UK house price has grown by 36% over the same period. Much of this growth came between early 2020 and the peak (at +45%) last August. Again, these figures are in nominal terms. Nationwide’s Greater London index (not shown, only available quarterly), representing a wider range of property transactions across the whole capital, recorded growth of around 27% over a comparable period, i.e. broadly in line with inflation.



Source: LonRes, Nationwide House Price Index

Nominal Sale Prices Relative to 2014/15 Peak - All Prime London vs. UK

While these data series are not directly comparable, due to different measurement methodologies, the gap in performance is clear. There are various drivers for this divergence, with tax and policy changes, buyer behaviour, and economic trends all playing a part.

The prime London market is an international one, with buyers from around the globe. The combination of the value trend shown above and the devaluation of sterling compared to other major currencies over this period, means that the effective total ‘discount’ for a dollar buyer is around 27% since late 2014. However, this figure peaked at over 35% in the second half of 2020, so the point of maximum opportunity for dollar-denominated buyers may have been missed. The picture for other currencies is similar – if not quite so stark – with effective discounts of around 17% in Euros and 16% in Chinese Yuan.

These insights suggest that whatever path the UK housing market takes from this point, the one for prime London could diverge significantly. The motivations of buyers and sellers in the prime markets can be very different, and the value offered both in national and international contexts appears to indicate that the prime London property of today is less tied to the UK market than in previous cycles. Prime London markets will outperform the UK over the next several years due to the higher proportion of cash buyers, as well as the return of international travel. The currency discount and the fact average prices in prime central London are 15% down from the last peak in mid-2015 will also play their part.

16.5. Nine Elms Residential Market Overview

Because of the number of rental investors that bought into the area in its early stages, there is already a large and established market in Nine Elms that is increasing in size as more new buildings are completed. The combination of new luxury apartments, often with onsite facilities such as residents' gyms and swimming pools, and the growing choice of convenience stores, bars, restaurants and cafes is attracting a young professional demographic and creating a lively and fashionable environment. Over half (54%) of residents are aged between 20 and 44, compared to the Greater London average of 43%, and there is a good mix of profiles which means that developers and landlords are not overly reliant on any one particular source of demand. The major renter types include:

- UK professional singletons and couples
- Overseas higher education students
- UK higher education students
- Corporate relocations
- Young professional families

The larger and more expensive apartments are often taken by corporate executives and professionals relocating from overseas, notably from Asia, Russia, the Middle East and Europe, with some North Americans also in evidence. There is also good demand from High Net Worth Individuals (HNWIs) and their families looking for a luxury pied-a-terre close to central London.

16.6. Local Development Pipeline and Overview

Vauxhall and Nine Elms offers mixed-use urban development on an unprecedented scale in Central London, opening up new public spaces and creating diverse opportunities for people to make their home, build their business or enjoy the best of London's shopping, entertainment and culture.

The district will offer over 6.5 million sq ft of commercial space and high-quality locations to accommodate new and existing businesses in the heart of London's Central Activities Zone - one of the most productive commercial areas in the world. Home to iconic buildings, innovative enterprise and with a real vitality throughout the day and night, Vauxhall and Nine Elms is at the heart of the story of the world's greatest city.

The development maps on the following page illustrates the local development pipeline.



Vauxhall and Nine Elms Development Map



Vauxhall and Nine Elms Commercial Development Map

Site No.	Site and Phase	Use Class	Floor Space (sq m)
1	One Nine Elms	A1-A3	437
		C1	22,783
2	Nine Elms Square	A1	1,758
		B1	11,423
5&6	Embassy Gardens – Phase 3	B1	19,000
7	US Embassy	B1	51,350
9	Embassy Gardens – Phase 2	A1-A5	1,120
		B1	1,718
		D1	750
10	The Residence	A1-A5	1,014
		B1	338
		D1-D2	1,122
11	Lexington Gardens	A1-A5	369
		B1	123
		D1	433
14	Embassy Gardens – Phase 1	A1-A5	4,412
		B1-D2	1,497
15	Nine Elms Parkside	A1-A5	7,213
		D1-D2	2,886
18	New Covent Garden Market – Temporary Flower Market	Sui Generis	5,574
19	New Covent Garden Market – Food Exchange and IDU	B1, Sui Generis	9,886
20	New Covent Garden Market – Phase 3	A1-A5	3,924
		B1	1,042
20	New Covent Garden Market – Phase 5–6	A1-A5	438
		B1	158
		Sui Generis	61,550
23	Battersea Power Station – Phase 4a	B1	952
		D1-D2	1,847
		A1, A3, B1	312
		B1, D1	153
24	Battersea Exchange	A1-A3	
		B1	6,992
		D1	
27	Nine Elms Point	A1	13,624
		B1	1,075
29	Sky Gardens	B1	2,219
31	Keybridge	A1	789
		B1	3,517
		TBC	4,505
33	Vista	A1-A3, B1	1,100
34	Prince of Wales Drive – Phase 2	A2, A3	924
		B1, D1	1,754
34	Prince of Wales Drive – Phase 3	B1	1,213
35	Battersea Power Station – Phase 3b	A1-A2	27,101
		A3-A5	6,820
		C1	10,876
		D1-D2	9,500
36a	Battersea Power Station – Phase 1	A1-A2	1,964
		A3-A5	3,261
		B1	2,822
		D1-D2	1,615

36b	Battersea Power Station – Phase 2	A1-A5 B1 D1-D2	46,004 58,706 9,086
36c	Battersea Power Station – Phase 3a	A1-A2 A3-A5 C1 D1-D2	27,107 6,820 10,876 9,500
36d	Battersea Power Station – Phase 6	A3-A5 B1 C1 D1-D2	6,707 48,567 27,504 9,879
36e	Battersea Power Station – Phase 4	A1-A2 A3-A5 B1 D1-D2	6,853 640 40,637 3,325
39	Battersea Power Station – Phase 5	D1-D2	1,565
41	Battersea Power Station – Phase 7	A3-A5	852
43	Riverlight	A1-A4, B1, D1	2,192
54	Aykon	A1 B1	1,043 6,023
55	Vauxhall Square	A1-A5 B1 C1	3,697 32,820 6,952
57a	Atlas	D2 Leisure Student Accommodation	1,831 19,459
57b	Rudolf Place	B1 D2 Leisure Student Accommodation	3,583 435 26,678
61a	Spring Mews – Phase 1	B1, C1, C2	18,000
61b	Spring Mews – Phase 2	B1, C2/C3	2,414
62	Merano Residences	A3-A5 B1	116 686
63	The Dumont	A3-A5 B1	367 765
64	The Corniche	A3-A5 B1	440 1,016
66	10 Albert Embankment	A3-A5 D2	TBC 1,678
67	81 Black Prince Road	B1	2,764
70	London Fire Brigade HQ	A1 B1	696 8,554
72	Westminster Tower	B1	1,440
73	Palace View	A1, A2, B1	711
74	Palmerston Court	A1-A4 B1 Sui Generis	1,088 5,138 390

16.7. Residential Pipeline

Since development of the Nine Elms area started, it is estimated that 6,685 homes have been built, with a further 4,960 currently under construction and 462 awaiting planning consent.

Scheme	Planned	Completed	Under Construction	Sold
Battersea Exchange	230	230	0	228
Battersea Power Station (Phase 1 Circus West)	865	865	0	863
Battersea Power Station (Phase 2 Power Station Building)	254	0	253	228
Battersea Power Station (Phase 3 Prospect Place)	1,363	0	539	428
Belmont Tower	220	0	0	Not Launched
Booker & BMW Sites	230	0	0	Not Launched
Chelsea Bridge Wharf (Phase 5)	148	148	0	148
Chelsea Bridge Wharf (Phase 6)	59	59	0	59
Cringle Dock Battersea	422	0	0	Not Launched
Damac Tower (Aykon London One)	360	0	360	198
Embassy Gardens (Phase 1)	541	541	0	541
Embassy Gardens (Phase 2)	709	434	313	450
Embassy Gardens (Phase 3)	207	0	0	Not Launched
Keybridge House (Phase 1)	435	435	435	434
Keybridge House (Phase 2)	112	0	112	110
Lexington Gardens	264	0	264	111
Nine Elms Over Station	248	0	0	Not Launched
Nine Elms Parkside (C1)	196	0	196	196
Nine Elms Parkside (F/G)	391	0	0	Awaiting Consent
Nine Elms Parkside (B/D)	733	0	733	733
Nine Elms Parkside (Sainsbury's)	595	595	0	595
One Thames City (Phase 1a)	298	0	298	80%+ sold
One Thames City (Phase 1b)	546	0	542	Not Launched
One Thames City (Phase 2a)	374	0	0	Not Launched
Palmerston Court	122	0	0	Not Launched
Prince of Wales Drive	726	262	464	387
Riverlight (Tideway Wharf)	699	699	0	699
St. George Wharf (Acquarius + Kestrel)	199	199	0	199
St. George Wharf (L The Tower)	223	223	0	223
The Residence (Christie's Warehouse)	438	438	0	438
This Space (South Bank Uni)	173	173	0	173
Vauxhall Cross Island Site	234	0	0	Not Launched
Vauxhall Sky Gardens	198	198	0	198
Vauxhall Square	454	0	0	Not Launched
Vista (Marco Polo House)	386	386	0	386
Westbury Estate (Phases 2 & 3)	181	0	0	Not Launched

17. Hospitality Market

17.1. UK Hospitality Operational Performance

Revenue per Available Room (RevPAR) has been very quick to recover in the UK, driven by a strong uplift in average daily rates (ADR). The UK regions led the initial recovery, fueled by strong performance in ‘staycation’ markets in 2021 and 2022, but London lagged due to a slower recovery in international arrivals.

As the upward trend in ADR has continued into 2023, London has now seen its performance accelerate, as international arrivals return. London Hotel RevPAR for the first five months of 2023 was 21.6% above the equivalent period in 2019, driven by a 28.0% increase in ADR. Similarly, we have seen regional hotels, staycation markets and serviced apartments also continue to perform well into 2023.

The degree of ADR growth we have seen recently is not sustainable. But, overall, we do believe that ADRs have reached a new normal, and it is highly unlikely there will be a correction to pre-Covid levels. The current levels are being underpinned by the strength of demand, which has accelerated post-pandemic, despite the squeeze placed on real disposable incomes. This is because households are prioritising holiday (experience) spend, supported in part by excess savings. Rising costs and the subsequent impact on operator margins are also playing a part, with some operators preferring to prioritise rates over occupancy in order to protect their bottom line. These revenue/cost dynamics, combined with resilience in demand, will sustain rates and occupancy going forward. As always, there are certain geographies and segments that are better placed than others to maintain and even grow top-line performance.

The return of international travel has meant that London and Edinburgh were the strongest city performers over the first five months of 2023. ADRs were up 19% and 20% YoY, respectively, despite occupancy recovery lagging some other UK markets.

A faster-than-expected recovery in international travel has been forecast over the next 18 months, with global air passenger numbers set to be 19% higher than pre-Covid levels by 2025, so we expect London and Edinburgh will continue to be lead performers going forward. This would be a continuation of a pre-pandemic trend, where both cities saw RevPARs grow by an average of 3.4% and 2.7% per annum, respectively, between 2016 and 2019, against a backdrop of rising supply (+2.3% and +4.9% per annum) - highlighting the ability of both markets to absorb new supply without negatively impacting wider market performance.

There is more risk to the sustainability of current rates and occupancy in the UK regional market. A number of regional cities have posted robust performance to date this year, particularly those with a strong corporate and leisure demand base. The concern, however, is that this performance is being underpinned by reduced levels of supply, due to a proportion of stock being let on government contracts. As and when this supply returns to standard Hotel use, wider market performance will no doubt be impacted, as there will be a reduced ability to maintain and drive rates. The effect of this is likely to be more pronounced for mid-market product in smaller regional markets, which are more reliant on corporate demand. A slowing economy, forecast for 2024, would exacerbate this, as there is historically a correlation between regional hotel performance and GDP.

17.2. UK Staycation Performance

There are potential signs of rate instability in the ‘staycation’ markets. The strong ADRs and, in turn, RevPAR levels that were seen over the latter part of 2021 had already softened last year, with these markets reporting year-on-year average ADR declines of 6.7% from June through to September. ADR decline, on a year-on-year basis, continued over the first quarter of this year, offset by improving occupancy, which helped to drive RevPAR.

17.3. UK Hospitality Segmentation

Geography is not the only determinant of future performance. Increasingly, segmentation and brand have been key to maintaining and driving performance. In the case of London, pre-Covid, the luxury segment was the lead performer, with RevPAR increasing by an average of 5.4% per annum (2017–19), driven by a 4.0% per annum uplift in ADR. Over

the last 18 months, we have seen a similar trend, with FY 2022 ADR in the ultra-luxury segment 31.9% ahead of that reported in 2019. This is more than double the level of growth seen for other London segments.

Looking ahead, the London luxury segment will continue to be a lead performer. Occupancy recovery will be the core driver of growth over the next six months, given there is a current 14% occupancy differential to 2019 levels. Beyond 2023 there is some risk of ADR softening in the wider market, due to the 10% increase in new luxury supply through to end of 2025. The first UK outposts for The Peninsula, St Regis, Raffles, and Six Senses are all scheduled to open over the next two years, as well as Rosewood's second London outpost, The Chancery Rosewood, at Grosvenor Square.

Any potential dampening to ADR next year will be offset by further occupancy improvements, meaning top-line RevPAR will continue to improve. This challenge to rates will be more pronounced for luxury assets in peripheral locations, particularly where branding and quality are more compromised. Core ultra-luxury offerings in prime West End locations will be more insulated. In fact, the nature of the suite-type product that will be delivered by a number of those luxury hotels in the pipeline will elevate London's luxury offering and further enhance the city's appeal to super-wealthy travellers, supporting future operational growth.

The more interesting story in the limited-service part of the market is the rise in serviced apartments. It is a segment for which the market drivers have accelerated post-pandemic, as evidenced in its YTD performance against 2019 levels. Perhaps its biggest appeal, alongside that for economy-grade hotels, is its typically lower costs and higher margins.

Notwithstanding differences between operators, there are some segments that are fundamentally more resilient to cost pressures. Economy hotels, serviced apartments and hostels are all segments where the limited-service offering has insulated them (to some extent) from the recent upward pressures on costs.

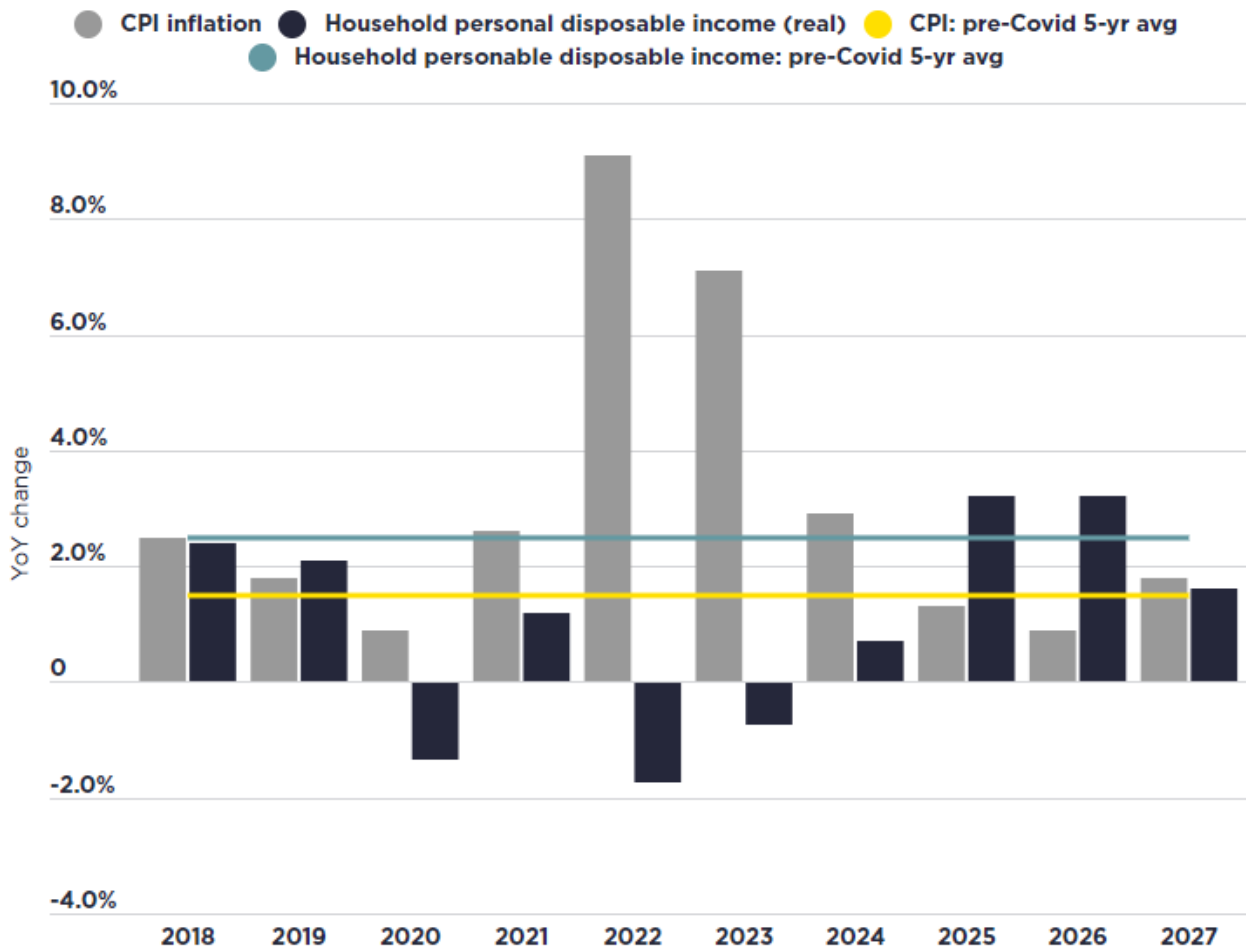
They are also segments where EBITDA margins tend to be higher, providing a greater 'cushion' to cost challenges, a key attraction when lenders are scrutinising ICR. Serviced apartments have emerged as a segment that can deliver in terms of both operational and profitability resilience.

17.4. Hospitality Economic Factors

Upward cost pressures look to be abating. Inflationary costs are proving quite sticky, but forecasts suggest these cost pressures will soften. It is predicted that UK CPI will slow to 3.8% by the end of this year, while food inflation – which is already slowing from its March peak – is expected to reach 9.8% by year end. Similarly, wholesale gas prices for the coming winter period have fallen back 81% from their peak in August 2022, albeit they remain some 142% above pre-Ukraine war levels. Slowing inflation also means real disposable incomes moving back into positive territory, which bodes well from a demand perspective.

The recent business rate revaluation is also playing a part in offsetting some of these upward pressures. Nationally, on average, there has been a 28% reduction in hotel ratable values, with the greatest beneficiaries being large London hotels. For example, central London hotels with over 500 rooms have seen their rates bill reduce by an average of £1 million, with some reporting as much as a £2.7 million saving.

By contrast, there is a small number of hotels in 'staycation' markets that have seen their rates bill increase, as the date of the revaluation in April 2021 was when staycation markets were performing strongly, whereas international visitor-driven markets like London were floundering. While the next revaluation date of 01 April 2024 is likely to result in an increase in rates, effective from April 2026, the current rate reduction is delivering an important respite to operators at a time when their other costs remain relatively high.



Inflation Forecasts and Real Disposable Incomes

17.5. UK Hospitality Investment Market Overview

Hotels have not been immune to the headwinds facing the wider commercial real estate investment market. The rising cost of debt and the resultant mismatch between seller and buyer expectations have significantly reduced deal activity year to date, with estimated volumes for H1 2023 totaling £825 million, some 66% below the ten-year H1 average.

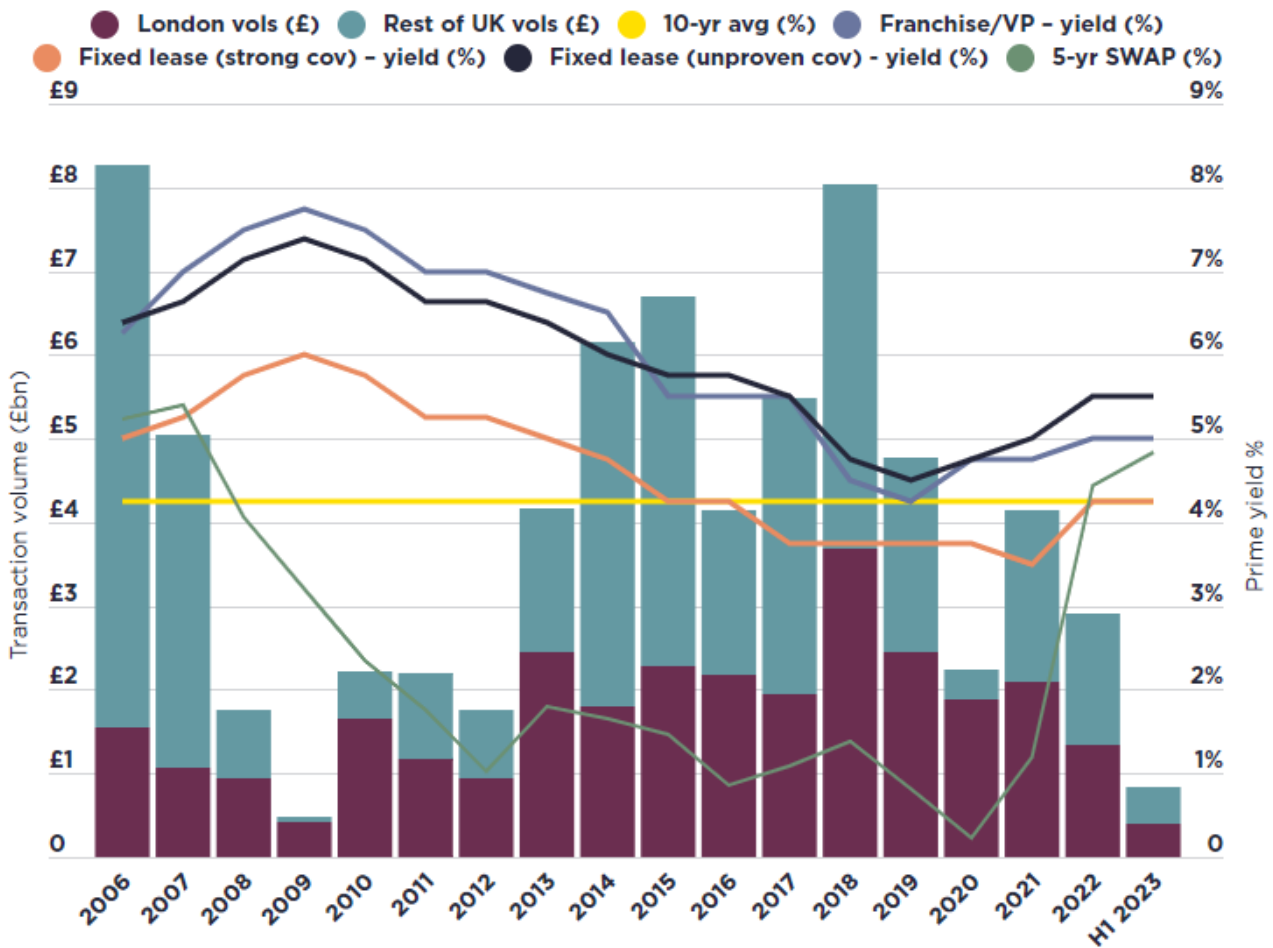
Activity continues to be dominated by private investors, who are taking advantage of reduced buyer competition. As a group, their decisions are less debt-driven, with wealth preservation and the inflation hedge offered by hotels being key drivers. The active buyer pool beyond these private investors is thin, but there is a willingness to do deals where the specifics stack up, as demonstrated by Dalata’s recent acquisition of the long leasehold interest in the Apex London Wall Hotel, which they have subsequently rebranded as Clayton Hotel London Wall.

Indicative prime yields continue to hold at end of 2022 levels, supported by investor appetite and lack of stock. The recent acceleration in debt costs following the 50 bps increase in the Bank of England base rate in June, on the back of ‘sticky’ inflation numbers, may generate the ‘soft’ pressure needed to bring more motivated sellers to the market and move yields out. We are already aware of approximately £10 billion of assets being prepped for sale, with a number of IRR-motivated owners looking to bring assets to the market, essentially clearing the decks to start again.

While we do expect yields to soften over the coming months, we are not looking at a return to the pricing seen in 2006, when debt costs were at a similar level, or even to the levels seen during the peak of the 2008/09 global financial crisis (GFC). Things are very different now.

Firstly, there is not a debt availability crisis. Secondly, investor appetite for Hotel assets is much greater, supported by global demographics and shifts in consumer spending, and attracted by the inflation hedge offered by Hotels, particularly non-leased assets. Reduced investor confidence in some parts of the Office market will also accelerate the evolution in the buyer profile for hotel assets as real estate investors look to pivot into better-performing sectors.

Hotel's relative yield/debt cost spread, when benchmarked against other asset classes, will also keep yield decompression to a minimum, as it's been those sectors with the keenest yields that have seen the greatest degree of yield softening since early 2022.



Transaction Volumes and Prime Yields

17.6. London Hospitality Market

London has seen an influx of overseas visitors this year, namely those from the U.S. and Middle East, a trend that started to take shape in 2022. The latest figures from Heathrow Airport reinforce this trend, with passenger arrivals from North America and the Middle East on par or ahead of 2019 levels, as of October, while visitors from Asia Pacific are starting to make a stronger return, with VisitBritain recently upgrading its inbound forecast due to better-than-expected results from U.S. visitation.

London is the UK's largest hotel market, with approximately 160,000 rooms, and a renowned global destination that attracted around 20 million international visitors annually in the years prior to 2020. International visitation to London was down by around 26% on 2019 numbers in 2022.

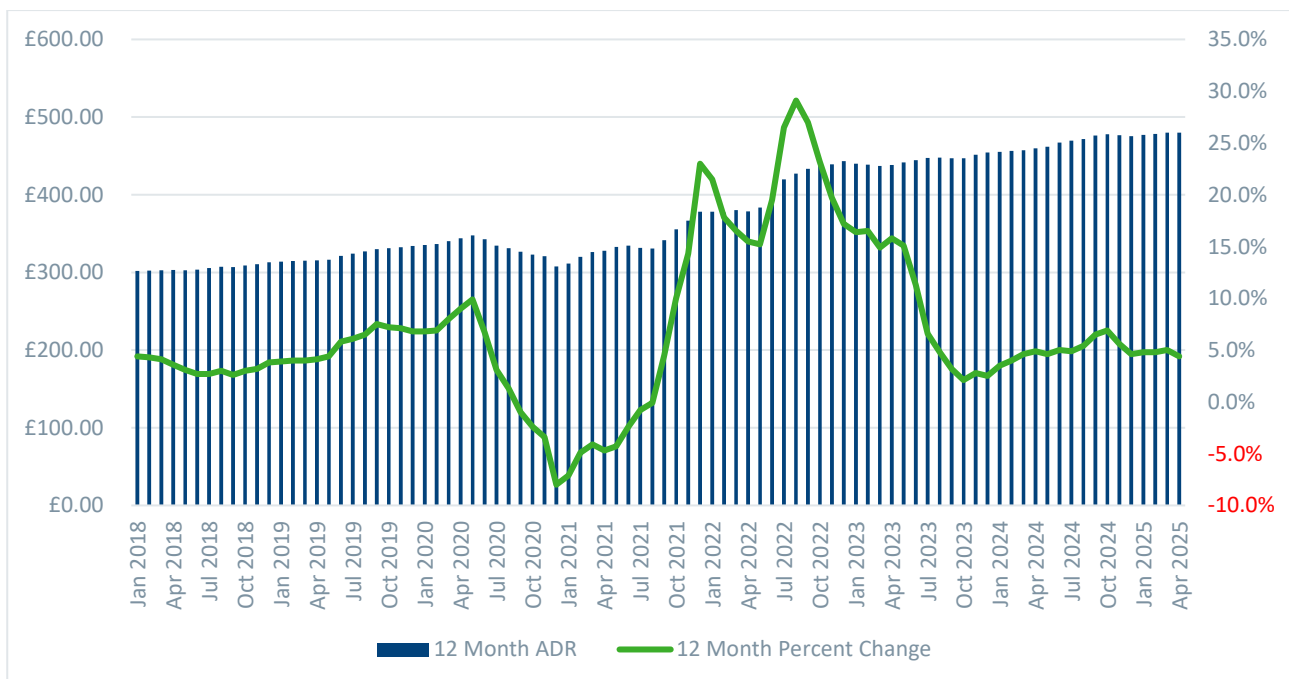
Such a rebound in overseas visitors is evident from London's hotel performance. Key metrics accelerated from the second half of 2022 onwards, with RevPAR seeing an increase in performance due to events around the late Queen

Elizabeth II's funeral and a weaker currency following the mini budget announcement, fuelling inbound visitation. This year, such a trend has continued, supported by events such as King Charles III's Coronation in early May, while sporting events such as Wimbledon and the cricket competition The Hundred and The Ashes have also drawn visitors during the summer. Business on the books, as of mid-November, is broadly positive for the upcoming months and into the new year, trending ahead of the prior year's patterns despite concerns of a possible slowdown.

With a greater proportion of Luxury rooms, central London hotels have fared better with regard to room rates, and the Luxury sector has been a key driver for rate growth. Longer stays, coupled with increased visitation from overseas tourists, have also enabled hoteliers to drive pricing at the upper end of the market as these travellers tend to book suites, commanding higher rates. Luxury room rate growth has slowed significantly this year, however, and over the past few months. September has shown a slight decrease on last year's performance, driven by a sharp decline in group demand and a slowdown in weekend business, while competition in the luxury space also grew. Pricing towards the latter part of last year was partly affected upwards due to increased demand to the capital following Queen Elizabeth II's mourning period and funeral.

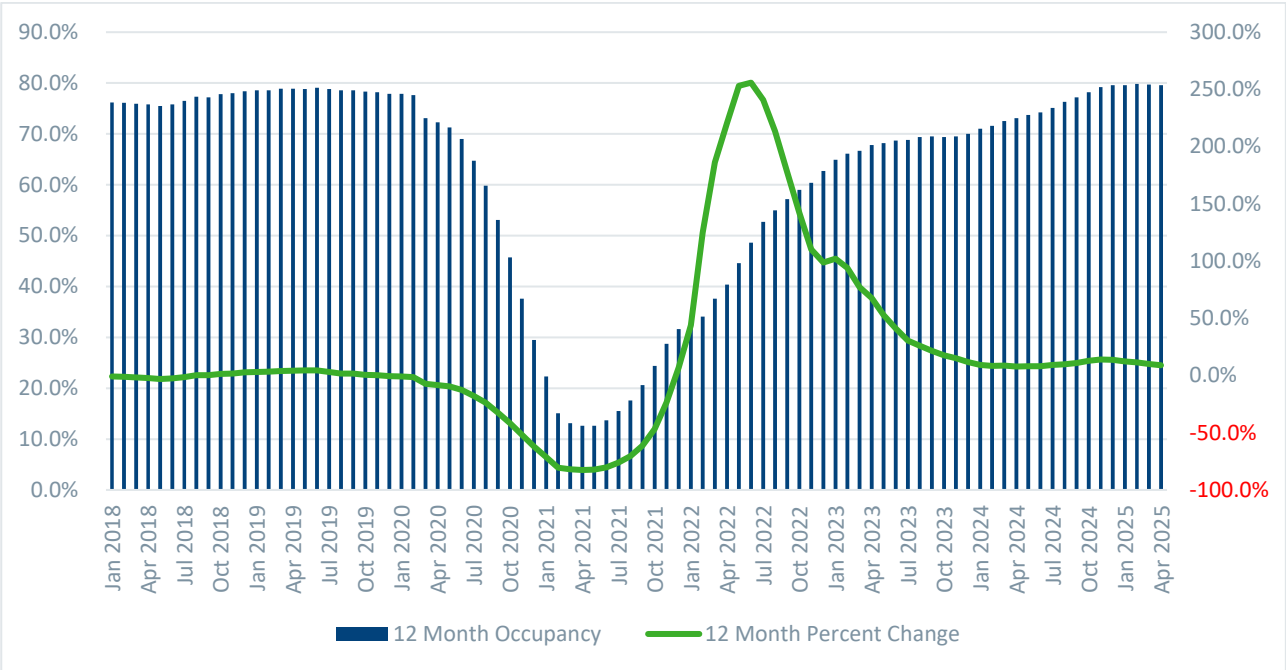
17.7. London Hotel Performance

London's hotel performance to date continues to reinforce consumers' desire to travel and spend on hospitality. Average rates continued to outperform as occupancy closes in on 2019 levels, leading to growth in RevPAR results. With the UK now expected to avoid a technical recession this year, the capital's global positioning should positively impact the hotel industry. Its renowned reputation as a destination attracts tourists from all over the world. Being the country's financial, political, and cultural centre, the capital attracts year-round visitation and a balanced segmentation mix including leisure, corporate and MICE. London's transport links and connectivity via five airports as well as numerous train stations across the capital provides good accessibility to domestic and overseas visitors, attracting people to come here for tourism and business.



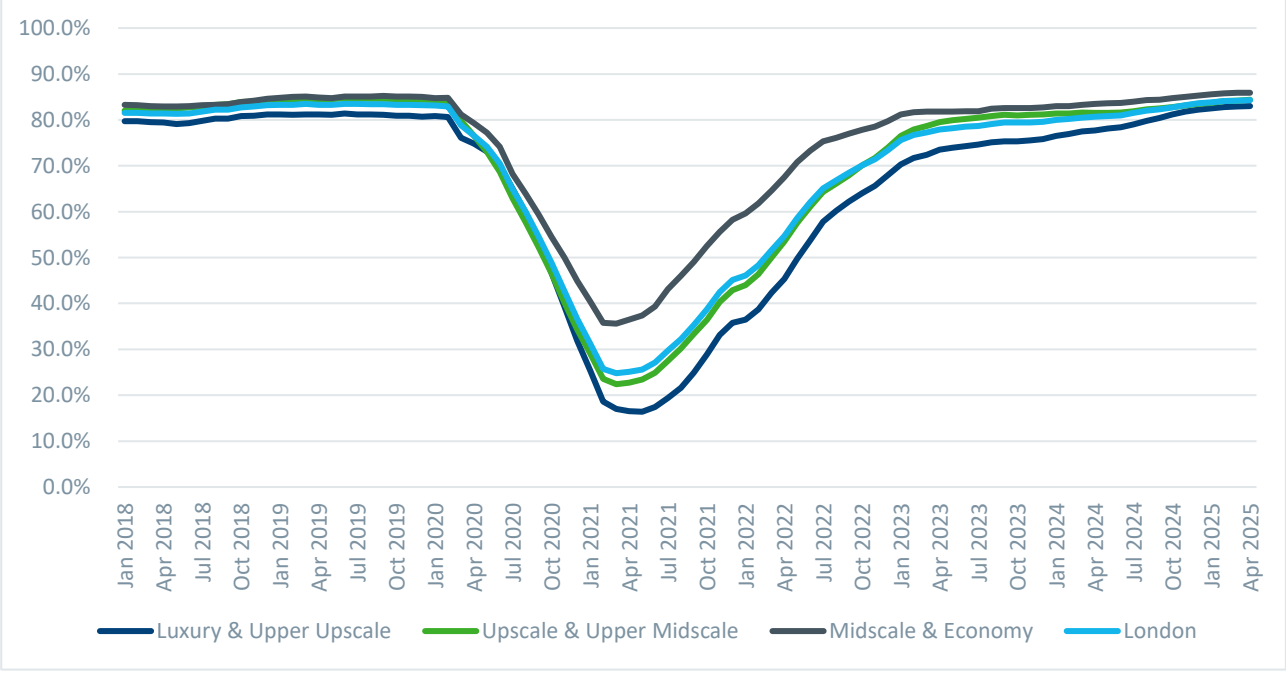
ADR

Transient leisure demand has been a key driver of room night growth. This segment is still trending ahead of pre-pandemic levels, while groups continue to lag, potentially influenced by the higher prices being asked by hotels in the capital. Owners and operators have been mostly positive about the return of group demand this year, as most businesses prefer face-to-face interactions, particularly through meetings and events, likely to boost group room nights in the next 12 months. Short booking windows, however, are translating into last-minute bookings, making it harder to forecast business further than three months ahead.



Occupancy

Recovery has been somewhat uneven across hotel classes. Economy and Midscale hotels have led in occupancy terms, while Luxury class's average room rates have soared as high-paying guests returned to the city's high-end hotels, including suite demand. The top end of the market is now slowing as trading is beginning to normalise, while Upscale and Upper Upscale classes, which tend to be more reliant on corporate room nights and have lagged in comparison, have been catching up this year and seen greater improvements, thanks to stronger midweek business. As the leisure market is expected to trade down on accommodation options, especially domestic visitors, low- to mid-range properties are expected to continue leading the way while at the other end of the spectrum, wealthy travellers, less affected by increasing cost pressures, will continue to drive the Luxury sector, namely those at the 'ultra-luxury' level.

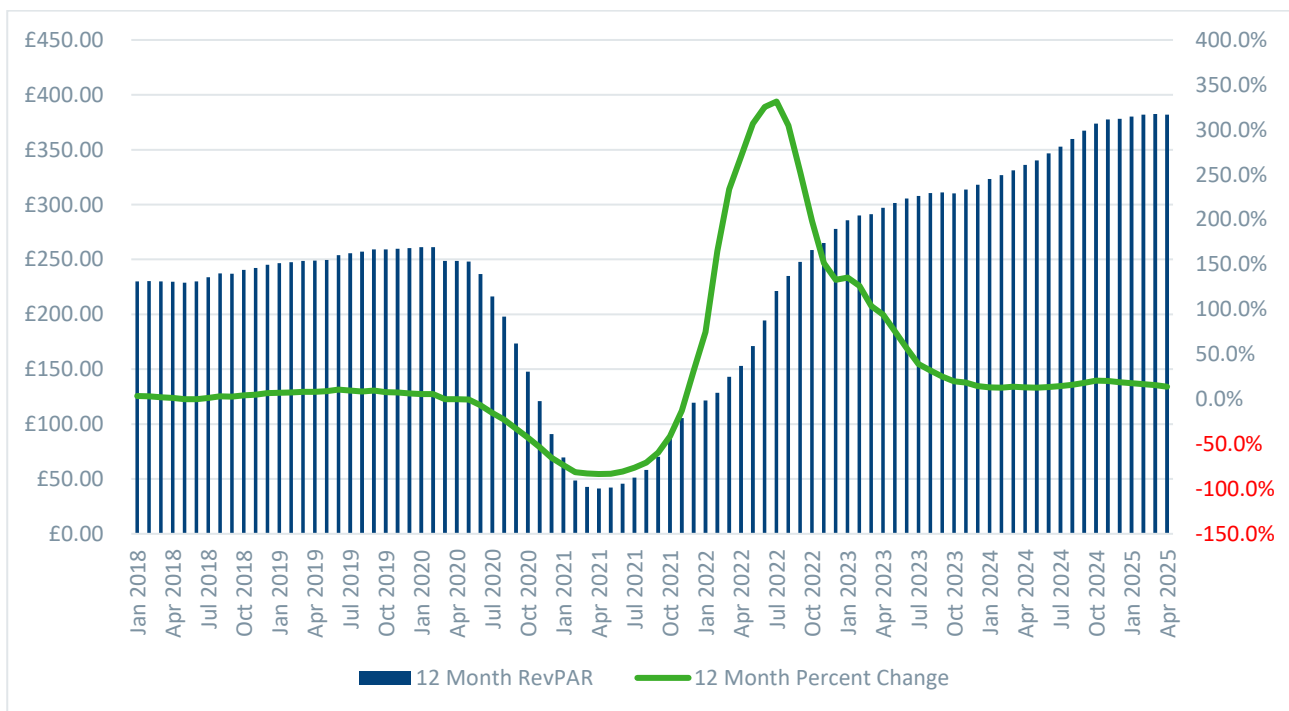


London Occupancy by Class

Across the submarkets, performance growth has been uneven too. London surrounding areas have rebounded quicker than central London, thanks to a higher proportion of rooms at the lower end of the market, coupled with greater accessibility via the road network and public transport links. Midweek trade from workers who tend to be on the road, such as contractors, has helped support hotels in these parts of the city, too. Although, more centrally located areas have caught up now. Submarkets such as The City and Clerkenwell/Shoreditch/Whitechapel have been top performers in terms of occupancy while rates have also seen robust uplifts, despite having supply additions over the past couple of years.

Weekend performance has been a driver of performance growth so far, while weekday business saw significant improvements from September 2022 onwards. Domestic and local corporates continue to be major contributors, while international corporate nights remain more challenging, given efficiencies made through technology and increasing efforts to achieve sustainability targets, namely by larger global corporations. Midweek transient room nights have returned more strongly than group nights, nevertheless, indicating potential shifts in the business segment, especially as individuals have started to blend business and leisure trips.

Despite strong top line performance metrics, hoteliers still face several challenges. Operational pressures due to staffing issues; inflation, including higher energy and food bills; and other cost pressures, as well as added stresses from rises to interest rates, could still impact many in the industry in the next 12 months. The government's extension of the business rate relief until April 2024 has been welcomed by many in the industry that continue to grapple with ongoing difficulties and are finding it hard to remain operational.

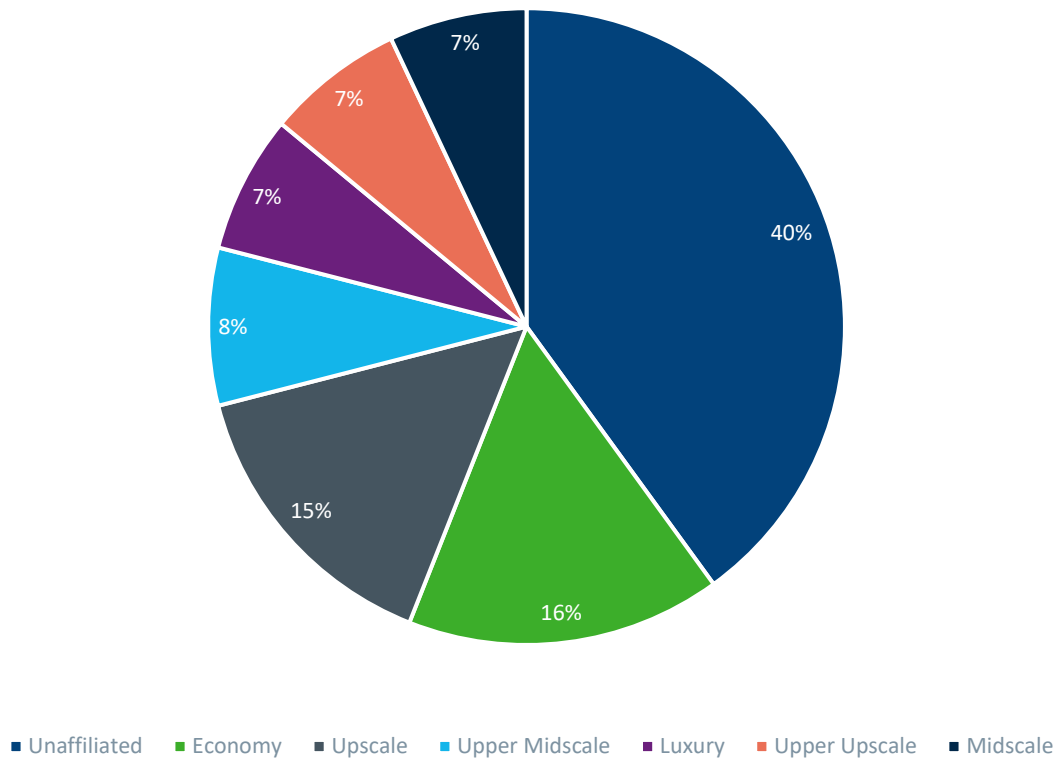


RevPAR

17.8. London Hotel Supply

Despite challenges with development financing and construction costs, hotel development has not stalled completely, as 3,500 rooms entered the market over the past 12 months. However, most recent openings have been delayed schemes which started pre-pandemic or as the pandemic set in and, therefore, have experienced shifts to opening dates given the challenges around increased costs, staffing and supply chain issues, which have now mostly eased. Approximately 9,900 rooms are under construction still, representing a 6% rise on the existing stock over the next two to three years, with the pace of new development slowing, while conversion activity is on the rise. In addition to under-construction rooms, there are over 2,800 rooms that are temporarily closed and under renovation, many of which are repositioning and rebranding schemes, and are mostly due to open by the end of 2024.

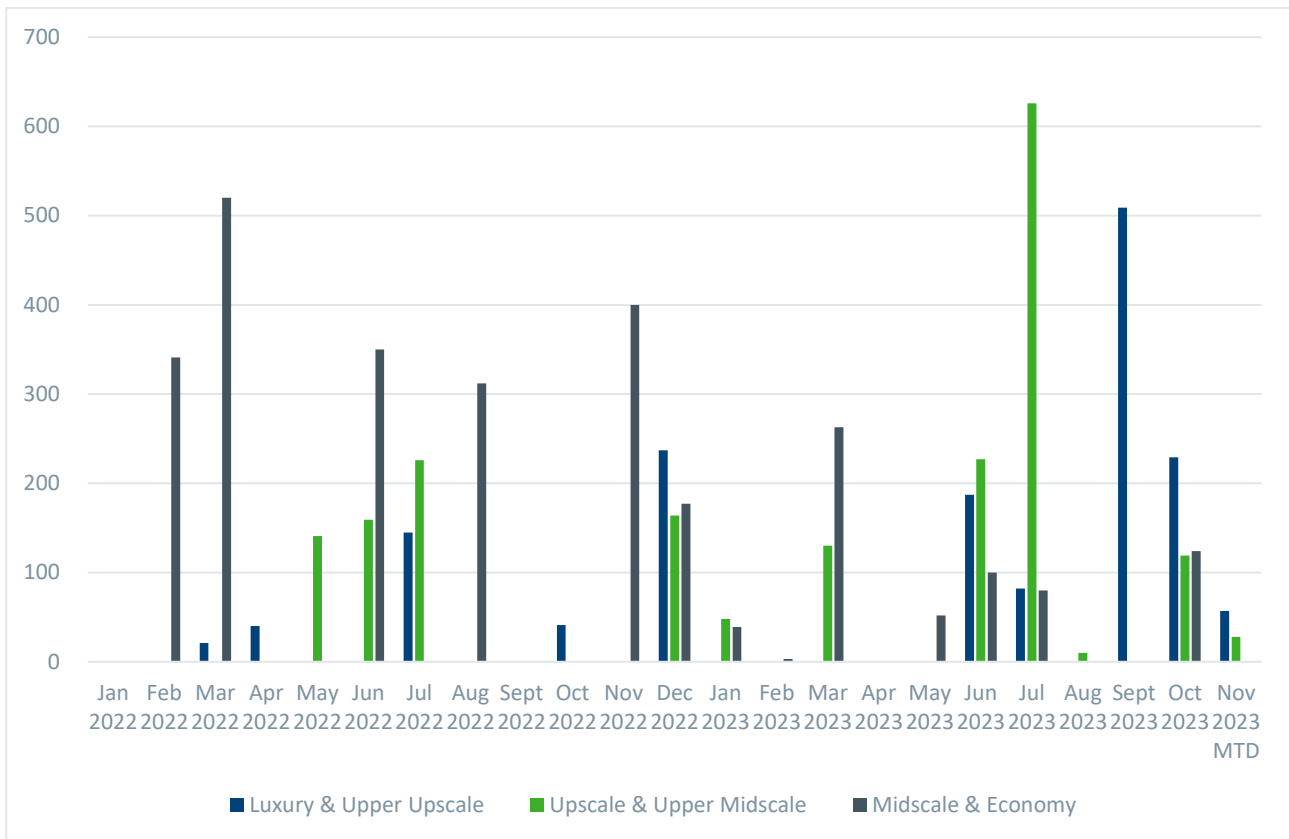
An evolving Luxury hotel landscape is driving new supply in the capital. High-end hotels are seeing some of the greatest growth rates in rooms with a number of properties opening in recent months, including two highly anticipated hotels – The Peninsula and the Raffles at the Old War Office.. Various new entrants will be opening over the next 12 months, including the Marriott's St Regis and Six Senses brands, further adding to the expansion of the Luxury landscape, which has seen significant changes over the past decade.



Total Rooms Under Construction by Scale

Higher barriers to entry in central boroughs have led to a shift in development eastwards and south of the river. Submarkets such as The City, London Centre South and Clerkenwell/Shoreditch/Whitechapel have seen some of the greatest additions to supply over the past decade, further supported by ongoing regeneration around these areas. Areas like Stratford, which have been undergoing redevelopment, benefitted from the construction of the Olympic Park and the 2012 London Olympics while the addition of the Westfield Shopping Centre and improved connectivity through the overground and high-speed rail network has attracted demand to the area as well as interest from developers.

New hotel development could slow once under construction rooms are completed. Many projects currently underway started either pre-2020 or just as the pandemic hit and have been largely delayed, with opening dates being pushed out further. Construction was initially impacted by the pandemic and has since seen further challenges due to supply chain issues, rising material costs as well as staffing shortages, all impacting project timelines and potential viability. Although supply chain issues have largely eased, increased cost pressures, coupled with higher interest rates, might be affecting new development funding with some projects no longer being viable and thus those in planning and final planning may not materialise.



Rooms Delivered by Class

17.9. Luxury Hospitality Market Key Performance Metrics

We identify some key metrics in the table below which highlight the growing strength of the London hospitality market, in luxury and Upscale classifications.

Metric	Q3 2022	Q3 2023	Trend
ADR Luxury	£284	£311	Stronger
ADR Upscale	£138	£160	Stronger
RevPAR Luxury	£177	£234	Stronger
RevPAR Upscale	£94	£129	Stronger
Occupancy Luxury	62.2%	75.0%	Stronger
Occupancy Upscale	79.1%	80.7%	Stronger

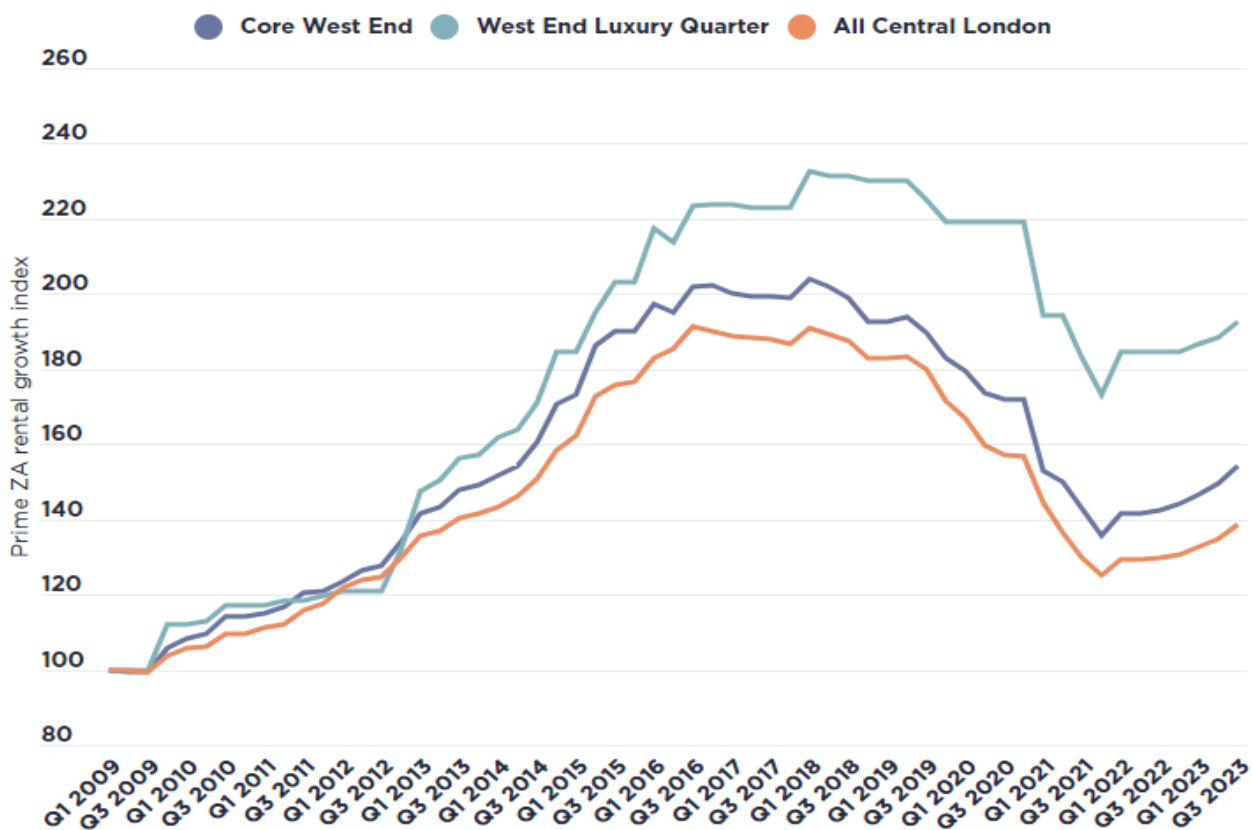
18. Retail Market Overview

18.1. Retail Occupational Market

The Central London retail market is poised to continue its recovery trajectory, with the outlook remaining positive for the upcoming festive season. According to the New West End Company (NWEC), spending in the West End is expected to outperform the same period in 2022, which is particularly good news for Central London retailers who have had to contend with adverse weather, including one of the wettest summers on record. The optimistic outlook for spend over the festive season can be attributed to an anticipated increase in international visitors to London, with the Capital expected to see an average increase in arrivals of 22% compared to last year. Albeit there remain concerns over the

strength of this international spend in the absence of tax-free shopping. While the outlook for headline spend in the West End is positive, there are some headwinds facing domestic spend in response to the cost of living squeeze and the rising cost of debt, which was reflected in a contraction in spend in the West End over the summer months compared to equivalent 2019 levels. It is important to note that this trend was exacerbated by unseasonably poor weather. Despite this, with forecasts suggesting that inflation will continue to slow over the course of 2024 and into 2025, supporting positive real disposable incomes, we believe these headwinds to domestic spend in the West End will be relatively short-lived.

There has been strong momentum in leasing activity across Central London in Q3, particularly on key retail streets. For example, PSG and Dr Martens both secured units on Oxford Street East in Quarter 3. This trend is also reflected in the number of international brands securing their first ever site in London. For instance, American fashion retailer Varley opened its inaugural European store on Kings Road in August this year, Greek F&B provider Nammos opened its first restaurant in Knightsbridge in September, and Parisian fashion brand Rouje opened its first store on South Molton Street in May. Alongside these three, another 35 new entrants have launched debut stores in various locations across London in 2023, with ten of these opening over Q3. By year end, accounting for pipeline projects, the 2023 figures for new international entrants will likely surpass those of 2022 to be in excess of 54.



Central London Prime Zone-A Rental Growth Index

The momentum in leasing activity has been placing downward pressure on vacancy across a number of prime retail streets in the West End. Prime West End vacancy fell for the fifth consecutive quarter to 6.5%, down 282 bps on Q2, as such, vacancy levels are now sitting roughly in line with those of Q3 2020. Furthermore, the unit vacancy rate on Oxford Street East has decreased by more than half, dropping from 9.9% in Q1 to 4.3% in Q3. Likewise, Regent Street has shown a positive trend, as its vacancy rate has decreased from 12.9% to 5.0% over the same period.

A noteworthy trend in Q2 and Q3 is the sustained demand for larger-sized units. While this market has historically seen relatively low leasing demand, it is understood that the scarcity of these larger units in Central London has intensified competition among those looking to secure large flagship stores. Unsurprisingly, declining vacancy has started to generate upward pressure on rents. All Central London saw Q3 headline ZA rents increase 6.8% year on year, with the Core West End reporting a stronger uplift of 8.2%, driven by increases in affluent villages such as King's Road and Marylebone High Street as well as on streets re-emerging as exciting and more 'affordable' retail locations for brands, including South Molton Street and Long Acre.

In the case of some of the affluent London villages, indicative prime headline ZA rents are now fully recovered or above pre-pandemic peaks. For example, Marylebone High Street prime headline ZA is 5.9% above its 2019 peak, with Kings Road prime rents back in line with that seen in Q1 2019. However, while rents continue to recover in many locations, on average, they still remain significantly below pre-pandemic levels, with prime ZA rents across the core West End area being 15.7% below where they were in Q4 2019. Looking forward, the continued squeeze on availability and appetite from occupiers means that we expect to see upward pressure on headline rents persist for the remainder of 2023 and into early 2024.

19. Development Land

19.1. Residential Development Land

The development land market remains price sensitive with fewer land sales than last year, reflecting the wider challenges in the housing market. Over the last quarter, there has been more activity than in Q1 in some areas, albeit the land buyers that are active remain selective and supply remains constrained. Assessing the change in development land values on a quarterly basis at the moment is difficult due to limited transactional. However, based on the evidence available, we find that land values have continued to soften at a national level over the last quarter. UK greenfield and urban land values fell by -1.1% and -1.3% in three months to 15 June 2023, taking total annual falls to -4.4% and -3.6%, respectively.

There are mounting downward pressures on land values with stubbornly high levels of inflation, rising mortgage rates, falling house prices, ongoing build cost inflation, and more modest new build sales rates. Bulk sales to Housing Associations (HAs) and Single-Family Housing investors are also increasingly common. However, these downward pressures aren't yet being significantly reflected in the prices paid for land across a wide spectrum of sites. Despite wider caution in the market, the ongoing lack of land supply is resulting in reasonable competition and maintaining land values in some markets. However, other less desirable markets and sites have seen a reduction in values. Planning remains a key challenge. In England, 11% fewer homes were granted consent in the year to Q1 2023 compared to the same period in 2022. The shortage of land supply is compounded by challenges such as nutrient neutrality and grid capacity, further constraining the land supply coming forward in the affected markets and heightening competition for straightforward, deliverable sites.

Activity has slowly started to return to the land market over the last quarter. Although sentiment is largely subdued, there are early signs of positivity. More sites have been launched on the market this quarter after landowners held back their sites in the aftermath of the mini-budget and the Easter holiday period. The number of bids has also improved both in quantum and quality, signalling a return to a steadier land market with a modest handful of bidders, equivalent to pre-Covid-19 market conditions. However, the buyer pool is thinner, and buyers have become much more cost-conscious, with a greater preference for deferred payments and conditionality on bids. With the number of bids per site reaching a more stable equilibrium and the quality of bids improving for the best sites, there is no evidence yet of distress or widespread forced sales despite multiple parties seeking such opportunities.

There hasn't been any notable regional variation in activity levels over the last quarter but more so on a site-by-site basis. Appetite for land remains resilient, and values are holding up for sites in primary locations in established residential markets that will support a strong sales rate, particularly for sites of 50–150 units. On the other hand, sites in secondary and tertiary locations are less appealing and, as a result, in some cases, are more likely to see reductions in land values. In London, land values face greater strain from higher build costs, new building safety requirements, viability challenges and rising contractor insolvencies. Sites with the capacity for alternative tenures, such as Build to Rent, co-living and student housing, allowing players to manage risk, are attracting the greatest interest from parties.

Although some of the major housebuilders are cautiously returning to the land market, many are still largely out of the market and are working through their existing land pipelines. As a result, this has provided opportunities for other players to take advantage of a less competitive land market than last summer and acquire land. Private housebuilders supported by private equity are key parties seeking land in order to gain market share and achieve strong growth ambitions. Many SMEs continue to be active, driven largely by pressures on planning and the need to keep buying land, squeezing margins to remain competitive.

In the short term, if the supply of land remains constrained then the land market is likely to continue operating in its current form, broadly maintaining values for straightforward deliverable sites as they are relatively few and far between. But in weaker markets with greater land supply, there are likely to be more significant falls in land values. There may also be pressure on values for more challenging sites where landowners are forced to sell. Levels of competition are likely to be steady as the major housebuilders cautiously return to the land market to selectively replenish their landbanks alongside sustained demand from alternative parties.

20. Debt Market

Real estate transactions have dropped by 61% year-on-year and the colossal €2 trillion CRE debt market is running at a sluggish pace when it comes to loan refinancing.

Some large transactions are receiving media attention, showcasing the diligent efforts of the banks to address these challenges by providing solutions. Recent examples include the €600 million loan to refinance the Eindhoven High Tech Campus in the Netherlands, and Oaktree's distressed €99.6 million of mezzanine debt at 6% for the approximately €700 million purchase of the Highlight Towers in Munich. However, despite these high-profile moves, the difficulties for the small to medium-sized investment market tend to be overshadowed.

Securing financing is particularly arduous for investors dealing with mid-size assets, secondary cities or locations, and development projects. This challenge is exacerbated if the asset category is perceived to be non-resilient for the future. Loan-to-value (LTV) ratios for new loans have markedly decreased, with many senior loans being offered at 50% LTV or even lower. In general, loans with LTVs up to 60% are typically priced in the range of 5% to 5.9% for a 5 to 7-year term. However, any whole loan exceeding 70% LTV is subject to significantly higher interest rates, ranging from 6% to 8% for prime assets and 7% to 10% for less desirable ones.

The pricing of bonds did not offer any discernible advantage. In the first half of 2023, a total of €8 billion worth of new bonds were issued in Europe. Of this, €2.7 billion was allocated to logistics, €1 billion to retail/shopping centres, and the remaining funds were directed towards diverse investment strategies. The most favourable pricing was attainable for long-term bonds (exceeding 15 years), which carried an average coupon rate of 4.2%. Bonds rated at a minimum of single-A achieved an average coupon rate of 4.5%.

Green bond issuance now accounts for 20% of the European market, but only 4% in the United Kingdom. The report provides a sneak peek of the forthcoming results of the UK CRE debt market, which is slated for release in mid-October.

21. Construction Market Overview

21.1. Executive summary

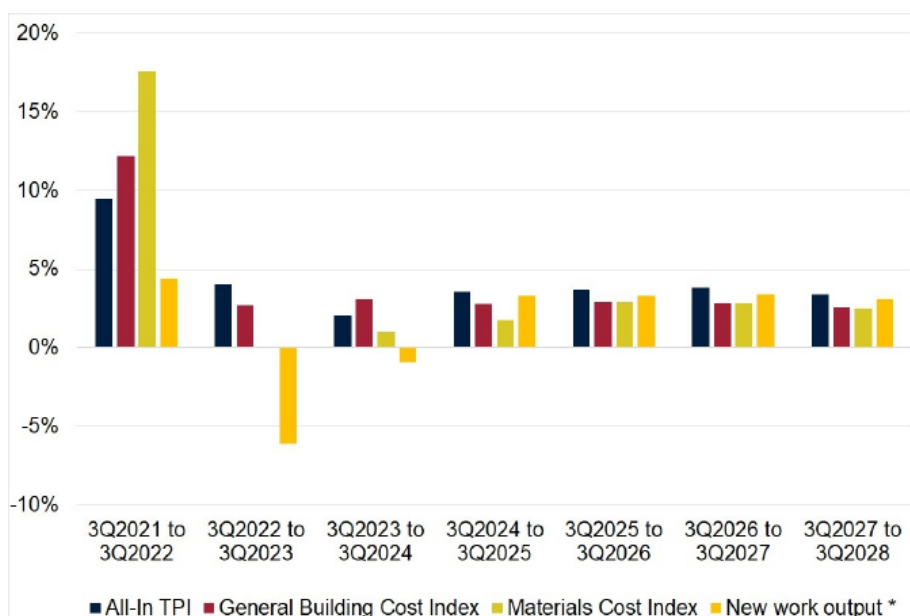
While the outlook seems to be for headwinds and stormy seas, we expect construction to be resilient. Although output is likely to fall this year and next, mainly as a result of falls in housing and private commercial work, it is expected to recover slowly from 2025. How this will be affected by the forthcoming general election remains to be seen, but whoever is elected will need to have clear plans to deal with housing, health, education, and infrastructure provision.

21.2. Forecasts

Tender prices in 3Q2023 rose by 0.8% compared with the previous quarter, and by 4.0% on the same time last year. Labour site rates continue to rise faster than wage awards and are now the main driver of the growth in overall costs. Annual growth in tender prices is expected to continue to ease, standing at 2.1% in 3Q2024. It is not until 3Q2025 that tender prices are likely to rise faster than costs, with tender prices forecast to rise by 18% in the five years to 3Q2028. Materials' cost inflation continues cooling down and availability remains good for the majority of construction products. The BCIS Materials Cost Index in 3Q2023 is expected to remain at the same level when compared to the same period last year and increase by 1.0% in the 12-month period to 3Q2024. Annual growth in the BCIS Labour Cost Index is forecast at 6.8% in 3Q2023 and 5.8% in 3Q2024. Site rates have already risen in line with inflation and may steady in 2024. This will be reflected in the market conditions element of the BCIS Tender Price Index (TPI). The BCIS General Building Cost Index is forecast to grow by 2.7% in the 12 months to 3Q2023. Costs are predicted to rise by 15.0% over the forecast period (3Q2023 to 3Q2028). Total new work output grew by 4.4% in 2022 compared with the previous year. New construction output is expected to contract in 2023-2024, before returning to growth thereafter, and rising 6% over the forecast period (2023-2028). Recent changes to the planning policies are adding pressure and causing delays in the project pipeline.

21.3. Assumptions

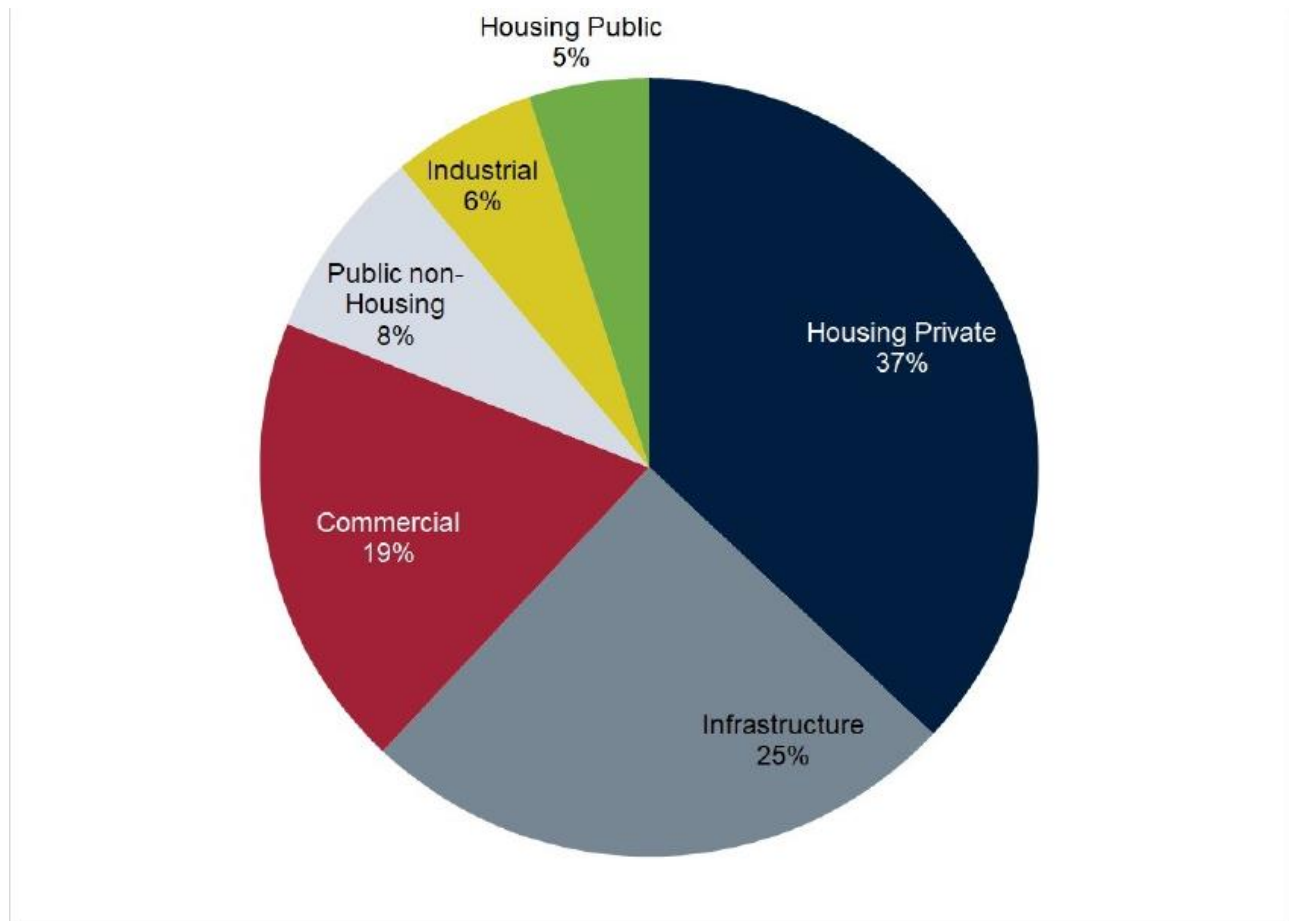
The growth of the UK economy is expected to be subdued for the next two years. The Consumer Prices Index (CPI) is expected to grow at 7.1% in 3Q2023 and by 4.9% in the last quarter of the year. The Bank of England base rate is currently 5.25%. Interest rates are forecast to rise to 6.0% by the end of 2023 and fall to 3.0% at the end of the forecast period. Sterling exchange rates against the Euro stand at around 1.1676 and at around 1.2619 against the Dollar as of 1 September 2023. The war between Russia and Ukraine will not escalate beyond the bounds of the current conflict. The forecast is based on information available up to 5 September 2023.



Tender Prices, Input Costs and New Work Output

21.4. Construction Demand

New work construction output in 2023 is expected to fall over 6%, primarily due to a decline in output in the housing and commercial sectors, while all other sectors show slight increases. New work construction output grew by 4.4% in 2022 as a whole, with private housing and infrastructure sectors representing 62% of the total new work output.



Construction Output by Sector (2022)

Output in the first six months of 2023 was down on the previous six months as the big sectors (private housing and private commercial) fell, while all other sectors grew. Orders for new work in the first half of 2023 declined by 17% when compared to the previous six months, with falls in all sectors except public housing. There were significant falls evident in private housing, infrastructure, private industrial and private commercial.

21.5. Housing

Housing starts are expected to fall 18% in 2023 as developers concentrate on building out existing schemes. High materials costs and labour shortages are likely to delay delivery over the next year.

Public sector housing

The uncertainties caused by recent political and economic upheavals will see output fall in 2023 but it is expected to recover slowly thereafter.

This sector had a strong start to 2023 (output in the first six months was up 6% on the previous six months) and housing starts in England in 1Q2023 were up 10% on 1Q2022. However, rising construction and financing costs, and pressure to concentrate funding on repairs and improvements, will restrict output from this sector.

Against this, there is growing political pressure to increase the amount of public rented property, which may see increases in funding later in the forecast period.

Private house building

Many housebuilders announced cutbacks in starts at the beginning of 2023. We have estimated starts will fall 18% in 2023 (private sector starts in England were down 17.5% in 1Q2023 compared with 1Q2022) and recover slowly thereafter, but will not reach 2020 levels until 2026.

Government initiatives - suspension of Stamp Duty, and the Help to Buy scheme - boosted demand in 2022. Help to Buy ended in March 2023 this will likely restrict demand in the short-term.

Output in 2023 will be held up by housebuilders building out developments started in 2022. At the moment there doesn't seem to be many sites being abandoned, which happened in previous downturns. The fall in starts will affect output in 2024 but increasing starts as the economy picks up should see output recover thereafter.

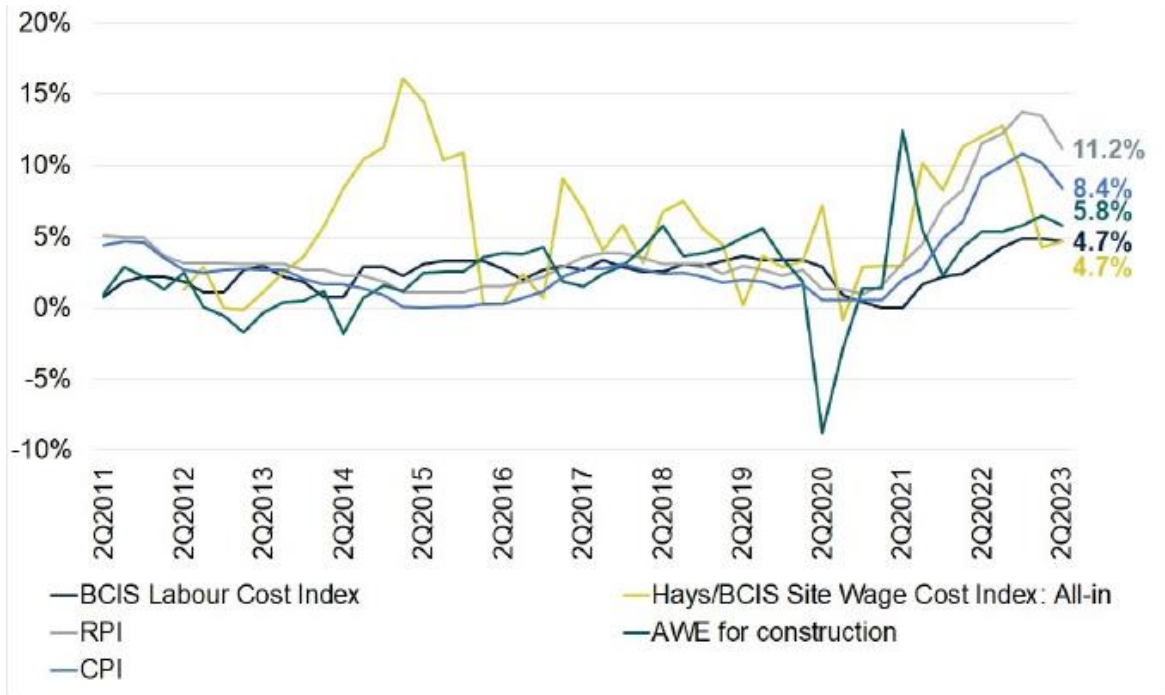
Changes to the Levelling Up and Regeneration Bill (LURB) mean there is no longer a requirement to consider nutrient flows from urban wastewater as part of Habitats Regulations Assessments (HRA), for planning decision making and plan-making in nutrient neutrality catchments. This is unlikely to have much effect in the short-term, but it might make some stalled developments viable as the market picks up.

21.6. Labour

Availability, a large skills gap and increasing labour costs continue to bring headwinds for the construction industry, and prospects for the next year remain uncertain. Total employment in the construction industry increased by 1.1% in 2Q2023 compared with 1Q2023, standing at 2.15 million people. This increase is mainly attributed to a sharp rise in the number of self-employed (5.1%). However, on an annual basis, employment has shrunk by 2.4%.

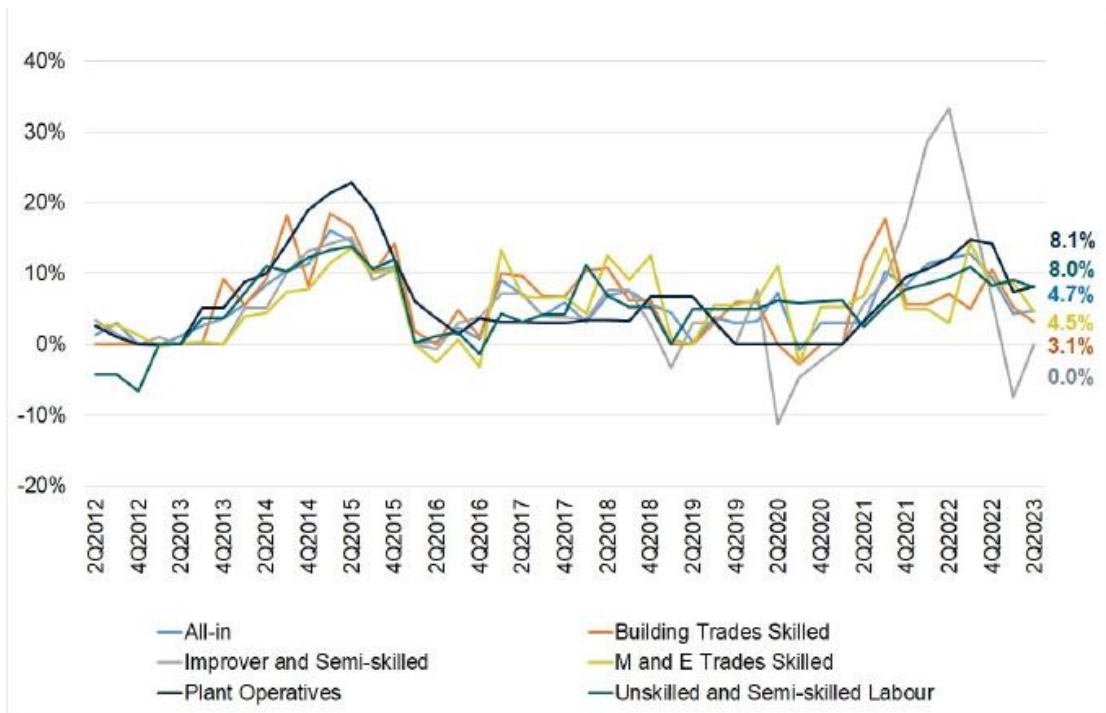
The current overall construction workforce stands at 93% of its pre-pandemic size and, although the size of the employed workforce is nearly at pre-Covid levels (99%), the self-employed currently stands at 85% of pre-Covid size. According to the Construction Products Association (CPA), the full effects of a sharp drop in private housing starts haven't yet fed through to construction employment as housebuilders were focused on completions. This is likely to affect activity and employment in the second half of this year and the first half 2024.

The number of vacancies has been declining for three consecutive quarters. It stood at 40,000 in 2Q2023, representing a 2.4% drop on 1Q2023, or a 13.0% decline on the same period last year. As of 2Q2023, the level of vacancies in construction was 53.8% higher in comparison to pre-Covid levels (4Q2019). The growth in labour costs, as measured by the BCIS Labour Cost Index and Average Weekly Earnings, has been easing in 2Q2023.



Comparison of the annual movement in BCIS Labour Cost Index, Hays/BCIS Site Wage Cost Index: All-in, RPI, CPI, Average Weekly Earnings Index: Construction

According to the latest data from ONS, annual growth in the Average Weekly Earnings Index: Construction (Excluding bonus, not seasonally adjusted, Great Britain) was 5.8% in 2Q2023, down from 6.3% in 1Q2023. The BCIS Labour Cost Index increased by 4.7% during the same period, a decrease from 4.9% in the previous quarter. At the same time, the All-in Hays/BCIS Site Wage Cost Index shows site rates rising by 4.7% in 2Q2023 compared with 2Q2022, a slight increase from the 4.3% recorded in 1Q2023. The two main categories driving the positive annual growth in the All-In Hays/BCIS Site Wage Cost Index are plant operatives (+8.1%) and unskilled and semi-skilled labour (+8.0%).



Hays/BCIS Site Wage Cost indices – Annual % change

On a quarterly basis, the picture is different: after two consecutive quarters of decline, the 2Q2023 All-In Hays/BCIS Site Wage Cost Index went into positive territory, registering a 4.2% increase on 1Q2023. The main driver for the increase was the Improver and Semi-skilled category, registering an 8.1% growth. For the first time since 3Q2022, all the Hays/BCIS wage cost indices showed positive growth.

Hudson Contract reported a 3.8% increase in the average weekly pay for all trades in June 2023 when compared to May 2023, or a 6.6% increase on the same month last year. XpertHR, on the other hand, reported that pay awards (based on the outcome of 54 pay awards with effective dates between 1 May and 31 July 2023, covering over 500,000 employees across various sectors of the economy) fell below 6% for the first time in 2023. The median basic pay award in the three months to the end of July 2023 was 5.7%, following six consecutive rolling quarters at 6%. The most common basic pay award was reported at 5%, given in approximately one in six settlements.

The median basic pay award for the public sector in the year to July 2023 stood at 5%, up from 3.2% registered for the 12 months to the end of June. Over the same period, pay awards in the private sector were slightly higher, standing at 6%. Construction wage awards agreed earlier for 2022 and 2023 ranged between 3% and 8%. In May 2023, the Building and Allied Trades Joint Industrial Council (BATJIC) reached an agreement on a one year deal for an 8% wage rate increase across the board, and a 10.1% increase for daily fare and lodging allowance in line with January 2023's figure for the CPI. The Construction Industry Joint Council (CIJC) agreed an 8% increase for general operatives with effect from 10 July 2023, while the other grades received a two-stage deal: 6% with effect from 10 July 2023, and a further 1.5% from 1 January 2024. The daily fare and lodging allowance went up by 10.1%. The Joint Industry Board for the electrical contracting industry (JIB) agreed on a two-year wage deal, an increase to the rates of 7% from January 2024, and 5% from January 2025.

It is possible that construction trades with a two-year agreement which provided a less than 3% increase in January 2023 may seek to renegotiate at 6-8%, resulting in 5.8% annual growth to 3Q2024. Growth is expected to slow thereafter, standing at 3.6% in the year to 3Q2025 before stabilising at around 2.5%-3% in the last three years of the forecast period.

Forecast of BCIS Labour Cost Index	
Period	Forecast
Q3 2022 to Q3 2023	+6.8%
Q3 2023 to Q3 2024	+5.8%
Q3 2024 to Q3 2025	+3.5%
Q3 2025 to Q3 2026	+3.0%
Q3 2026 to Q3 2027	+3.1%
Q3 2027 to Q3 2028	+2.5%

21.7. Materials

Materials' cost inflation continues on a downward trend, with the BCIS Materials Cost Index registering 2.8% growth in 2Q2023 on the same period in the previous year. This is a significant drop from a peak in the annual growth of 23.5% observed in 2Q2022.

The BCIS TPI panel continues to report levelling out of inflation and overall calming of materials price volatility. Increased availability, stabilised energy costs and decreased demand has resulted in discounting, which according to some panellists is now evident. The vast majority of panellists report premium pricing and high demand for Mechanical, Electrical, and Plumbing (MEP) and demolition. Materials that are used for sustainable retrofits, for example insulation and electric water heaters are also seeing price increases. This is supported by BCIS PAFI indices - in July 2023 PAFI Building Series 3/50 Insulation index recorded 18.6% annual growth, the highest rate since the initiation of the series in 1991.

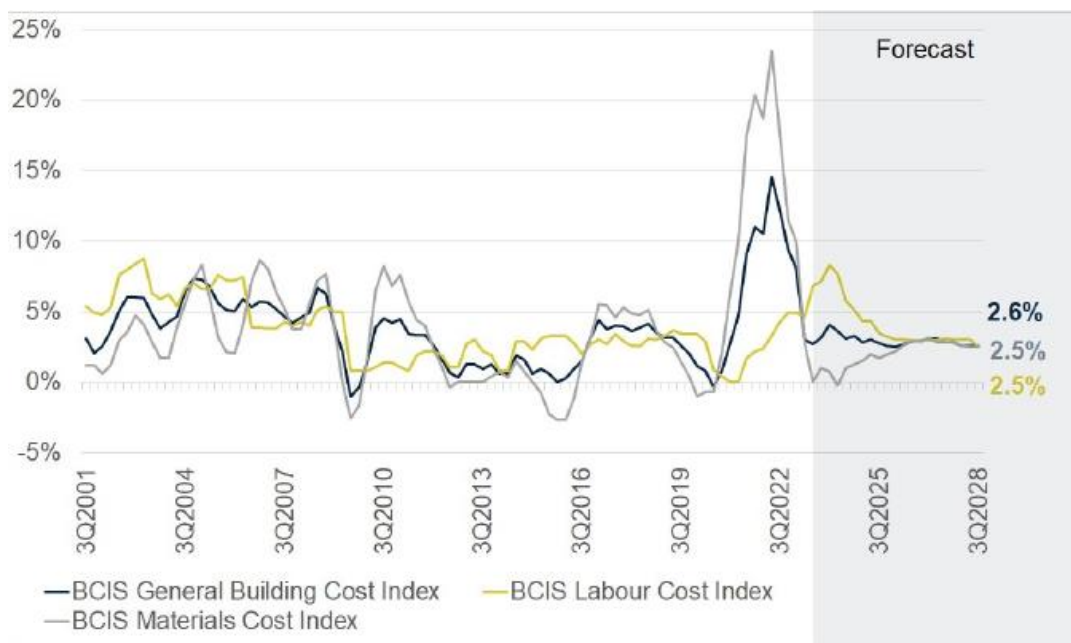
The latest Builders Merchant Building Index (BMBI) reported a 7.6% growth in sales in 2Q2023, in comparison to the previous quarter. This, however, represents a 4.1% decrease on the same period last year - a result of the 13.5% contraction in sales volume and a 10.9% increase in prices. Timber & Joinery and Landscaping were the main drivers for the decline, with timber and joinery decreasing by 16.3% on 2Q2022, and landscaping down by 12.4% on the same period. On the other hand, heavy building materials, such as aggregates, bricks, cement and plasterboard contributed the most to the growth (price increase of +19.9%, volume down by 16.2%).

Based on the latest publication of the Price Adjustment Formulae Indices (PAFI) Series 4 - Civil Engineering and related Specialist Engineering (August 2023), the materials showing annual increases in excess of 20% in July were cast and spun iron products (47.8%), bricks and clay products (25.6%) and ready-mixed concrete (18.7%). Given the slowdown in activity and forecast for construction output to contract over the next two years, BCIS anticipates an overall easing of materials' costs growth to continue. The BCIS Materials Cost Index is forecast to grow by 1.0% in the year to 3Q2024, 1.7% in the year to 3Q2025, and ranging between 2.5% and 2.9% in the remaining three years of the forecast period.

Forecast of BCIS Materials Cost Index	
Period	Forecast
Q3 2022 to Q3 2023	0.0%
Q3 2023 to Q3 2024	+1.0%
Q3 2024 to Q3 2025	+1.7%
Q3 2025 to Q3 2026	+2.9%
Q3 2026 to Q3 2027	+2.8%
Q3 2027 to Q3 2028	+2.5%

21.8. Building Costs

Building costs, as measured by the BCIS General Building Cost Index, rose 3.0% in the year to 2Q2023 and the annual rate of inflation continues to follow the downward trend from the recent peak of 14.6% in 2Q2022. The slowdown in the growth of construction costs is mainly attributed to the fall in material cost inflation; with the increased cost of labour forecast to be the main driver of construction costs in the near term.



BCIS General Building Cost Index, BCIS Labour Cost Index and BCIS Materials Cost Index

BCIS Forecast of Building Costs			
Period	BCIS Labour Cost Index	BCIS Materials Cost Index	BCIS General Build Cost Index
3Q2022 to 3Q2023	+6.8%	0.0%	+2.7%
3Q2023 to 3Q2024	+5.8%	+1.0%	+3.1%
3Q2024 to 3Q2025	+3.5%	+1.7%	+2.8%
3Q2025 to 3Q2026	+3.0%	+2.9%	+2.9%
3Q2026 to 3Q2027	+3.1%	+2.8%	+2.8%
3Q2027 to 3Q2028	+2.5%	+2.5%	+2.6%

21.9. Tender Prices

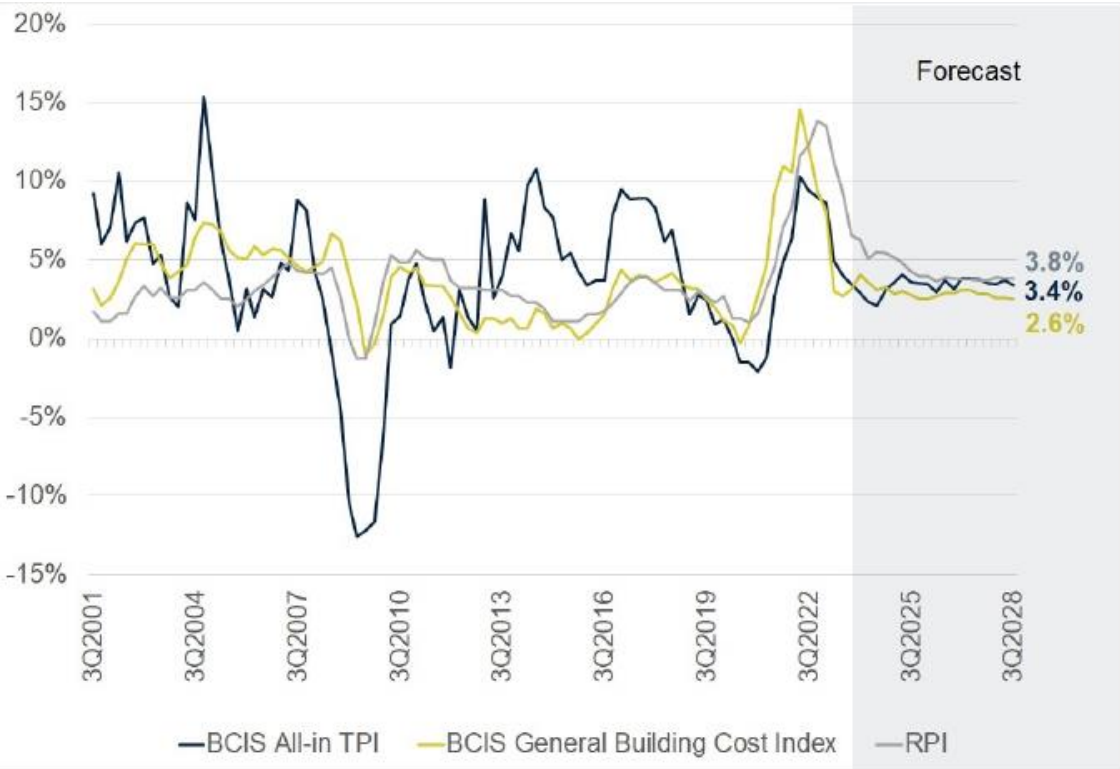
The BCIS Tender Price Index in 3Q2023 rose 0.8% compared with the previous quarter and by 4.0% compared with a year earlier. BCIS has been tracking contractors' appetite to tender for the past year as a part of the BCIS Tender Price Panel Survey.

The majority of panellists reported that a desired number of suitable tenderers was found after searching. They commented that appetite to tender remains stable. The remaining 45% of panellists reported contractors being more eager to tender - reacting to or anticipating the slowdown in the market and showing more interest in discussing tender opportunities. Although two-stage Design & Build still predominates, some contractors are now prepared to look at single-stage.

It was reported that it is easier to get contractors to tender in sectors such as commercial, where pipeline is stalling; appetite in data centre sector is high.

Forecast of BCIS Tender Prices	
Period	Forecast
Q3 2022 to Q3 2023	+4.0%
Q3 2023 to Q3 2024	+2.1%
Q3 2024 to Q3 2025	+3.6%
Q3 2025 to Q3 2026	+3.7%
Q3 2026 to Q3 2027	+3.8%
Q3 2027 to Q3 2028	+3.4%

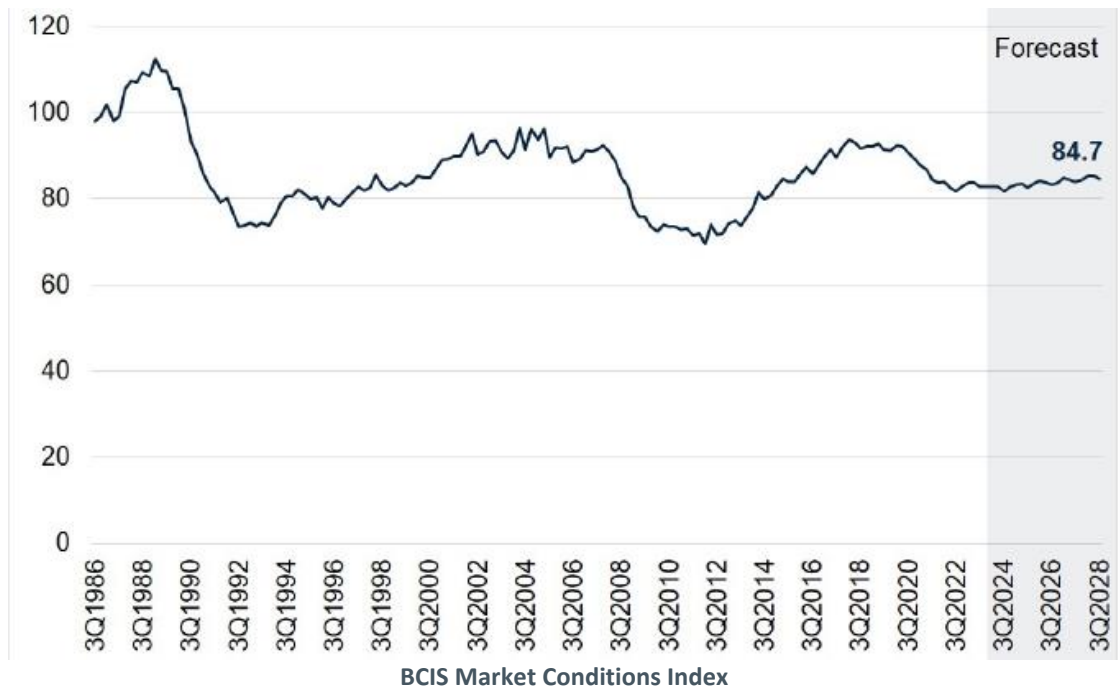
Looking ahead, falling demand this year and next will likely result in fewer opportunities and greater keenness to tender. BCIS forecasts tender prices to rise by 2.1% in the year to 3Q2024 and by 3.6% in 3Q2025. From 3Q2025 prices are expected to move ahead of costs.



Tender prices, building costs and RPI - annual percentage change

21.10. Market Conditions

In 3Q2023, the BCIS Market Conditions Index is forecast to decline by 1.3% compared to the previous quarter, resulting in a fall of 1.2% compared with a year earlier. When the Market Conditions Index is rising, prices are rising faster than costs, and when it is falling, costs are rising faster than prices, so despite the slowdown we are still seeing costs rise faster than prices. Increases in site labour rates and, to a lesser extent, materials price increases will likely push costs ahead of prices in the first two years of the forecast, as reflected in the market conditions factor.



Section 3
Valuation Advice

22. Residential Transaction Comparables

22.1. Residential Investment Market

The UK's residential market is underpinned by extremely attractive sector dynamics, including strong underlying market fundamentals, supportive government policy and defensive investment qualities, as well as the ability to generate stable and sustainable, inflation-linked cash flows. The majority of residential stock is still held by owners and buy-to-let investors in the UK. Over recent years momentum has started taking place for institutionally owned stock, which will contribute in changing the perception of this sector that has traditionally had a poor reputation from the perspective of tenants. The scale of the sector and the range of drivers supporting its continued growth is forging the opportunity to deliver stronger, professionalised management of the sector, backed by an institutional investor presence.

These larger scale developments offer the opportunity to incorporate facilities; delivery reception areas, gyms, cinema rooms, common rooms, entertaining suites. Investors recognise the place making opportunity that high quality residential stock can provide to large scale regeneration. The majority of London investment activity is weighted towards suburban locations, alongside stations / city centre regeneration schemes in the commuter belt and beyond, with consideration of an hour commute, thus centres such as Reading, Woking, Milton Keynes and Dartford have also been considered.

22.2. Residential Investment Fundamentals

Strong Population Growth

Strong underlying population growth has helped to fuel demand for housing nationally, particularly in major metropolitan areas, The UK population has grown year-on-year since 1982 driven by a combination of increasing net migration and longer life expectancy. The UK's population projected to surpass 70.1 million by mid-2029 (+9.7%). London's population has grown more quickly than that of the wider UK, with ONS projections forecasting growth to 9.4m by mid-2029 (+5.20%) and 9.8m by mid-2041 (+9.51%).

Increasing Number of Households

A sustained increase in the number of households nationally puts continued strain on existing housing stock. According to ONS projections released in September 2018, the number of households in England is projected to rise from 22.9 million in 2016 to 26.6 million in 2041. This growth in the number of households represents an average increase of around 159,000 households per year, increasing the pressure on the UK's existing housing stock. The number of households in London is projected to increase by nearly one-quarter (24%) during the period 2016 to 2041, from 3.4 million to 4.3 million.

Acute Shortage of Housing Stock

The UK suffers from a chronic, long-term under-supply of housing, with year-on-year failures to meet government housing targets compounding the problem of housing under supply. In 2018/19, total housing stock in England increased by 241,000 homes, suggesting a shortfall of 59,000 per annum versus the government's current target to supply 300,000 new homes per year by the mid-2020s. On this basis annual net supply would need to increase by ~24% per annum over the next five years if the UK is to keep up with population growth and tackle years of undersupply.

Attractive Investment performance

From an investment point of the view, the following factors are also fuelling investor sentiment:

- **Attractive Risk Adjusted Returns:** With total returns averaging 10.8% per annum over the last 30 years and lower volatility than a number of competing investments classes, residential property has provided superior risk-adjusted returns over the longer term.
- **Diversification Against Other Asset Classes:** Residential assets have a negative correlation with gilts and low correlation with equities and commercial real estate suggesting that adding residential property to a multi-asset or commercial property portfolio would be expected to improve a risk adjusted returns.

- **Robust Capital Growth:** Resilience in capital growth during economic downturns has compounded total capital growth since 1990, increasing by 7.6% per annum across the period, significantly higher than commercial property segments.
- **Stable Long-Term Rental Growth:** Rental growth for residential property has consistently outperformed inflation over the last 10, 20 and 30 years, as well as outperforming traditional commercial property sectors on both a 20 and 30-year basis.
- **Resilience to Economic Downturns:** Residential rents and capital values have recovered strongly following previous economic downturns and the sector demonstrated superior rent collection during the Covid-19 crisis.

22.3. Premiums

With regards to premiums being achievable for Residential developments, there are a wide range of drivers for the premium or potentially discount these including amenity provision, new build premium, regeneration effect, superior management, location, transport connectivity and target letting velocity. We comment upon each below:

- **Amenities:** These will aid in tenant retention and attraction. Especially when combined with effective and quality management. They provide local market differentiation and the majority of schemes assessed with high amenity provision show local market outperformance.
- **Effect of new build and regeneration:** Evidence suggests that there are new build properties achieving a premium over and above the wider market. This is especially the case in area's undergoing regeneration; however, it is difficult to ascertain the exact impact.
- **Connectivity:** Access to transportation nodes is key to success of developments and the ability to drive sales premiums.
- **Design:** Purpose designed/built versus adapted buildings either built for sale to let, or indeed some poorer PDR conversions.
- **Sales Strategy:** This can also have a major impact on sales price achieved on a per sq ft basis. Schemes that also consider a cross-border sales strategy, alongside a domestic approach, targeting overseas purchasers seeking investments and London homes, have performed very well in the immediate area.

It is generally accepted in the market that a premium could be achievable for the blocks, particularly where additional amenities are provided, in particular concierge and good estate management and resident amenity. However, the premium achievable can differ in each location, this dependent on the condition of the existing stock in the area, as well as the availability of other good quality new build development but provide for good quality competitive investor led stock.

In terms of the subject Property, we would expect to see units sold well in line with the upper quartile of sales values, if not to achieve a slight premium achievable over the existing stock to reflect the high quality specification in comparison to surrounding and proposed developments.

22.4. The Subject Property Overview

Scheme	One Nine Elms (Subject Property)
Developer	R&F
Private Unit Count	494
Unit Mix	1 bed, 2 bed, 3 bed, 4 bed, and Penthouses
Amenity Provision	Access to Hyatt hotel communal areas, spa and swimming pool facilities, gym, concierge
Completion Date	Q4 2023
Comments	Architecture by Kohn Pederson Fox



Comparable Analysis

- The development is a residential led mixed use scheme comprising two new residential towers, City Tower and River Tower, and a luxury 5-star hotel and panoramic views of the city via a sky garden.
- City Tower extends to 57 floors, with 334 private residential accommodation arranged over the 7th to 57th floors, 57 affordable accommodation units on the 1st to 6th floors and there is a retail unit on the ground floor. The private accommodation comprises a mix of one-, two-, three- and four-bedroom units, there are 4 x four-bedroom units on the top four floors, the uppermost of which is the duplex penthouse apartment.
- River Tower extends to 42 floors, counting 103 luxury private residential units arranged over the 20th to 41st floors and a 203-bedroom luxury 5-star hotel on the ground to 19th floors as well as rooftop sky garden to be operated by Park Hyatt. There is no affordable accommodation in this building.
- The Property is Nine Elms, on the South side of the River Thames, in South west London situated at the edge of Wandsworth Borough boundary where it adjoins Wandsworth. To the north is Nine Elms Lane, St Georges Tower and the River Thames beyond.
- The site is positioned on the southern side of Nine Elms Lane approximately 0.3 miles to the west of Vauxhall and 1.1 miles to the east of Battersea Park; 0.6 miles east of Battersea Power Station, and 1.6 miles to the north of Clapham. To the west is the Flower Market area of the New Covent Garden Market site(s) for which there is planning consent (2011/4664) for redevelopment with buildings proposed up to a height of 157m.
- To the south is Wandsworth Road and beyond is a site known as Vauxhall Square, within London Borough of Lambeth, with consent for redevelopment including two towers up to 50-storeys high.
- The subject property is finished to a high-quality luxury specification.
- There is a high-level of competition from competing schemes as One Nine Elms is part of a wider redevelopment of the Nine Elms area which will include 16,000 new homes as well as the relocation of the U.S Embassy in London.
- The result of this residential and commercial regeneration has been the creation of critical mass and a far more vibrant neighbourhood.
- The amenities at the subject Property include access to the Hyatt Hotel's luxury spa, ballroom and clubhouse restaurant set above the hotel-room floors as well as access to the pool, hotel personal treatments, nail salon and fully equipped fitness centre.
- Other amenities include a secluded outdoor rooftop area for relaxation, complete with a play area for children and the residents lounge on the 19th floor offering panoramic views.
- The units are exceptionally designed and are fully furnished with a unique furniture package option.

22.5. Residential Investment Evidence

We list below a summary of relevant investment transactions:

Scheme:	Nine Elms Square
Developer:	R&F
Private Unit Count:	1,498
Unit Mix:	1 bed, 2 bed, 3 bed, 4 bed, 5 bed, 6 bed, Penthouse, Townhouse
Amenity Provision:	Communal areas, swimming and leisure facilities, concierge
Average £psf:	£1,750 (Blended Achieved)
Completion Date:	Q1 2023
Comments:	Sales launched in Q3 2022.



N8				
	Average Asking Price	Average Marketed Price per sq ft	Average Contracted Sales Price	Average Contracted Sales Price per sq ft
1-Bed	£1,199,328	£1,519	£1,004,702	£1,266
2-Bed	£1,500,763	£1,691	£1,269,316	£1,432
3-Bed	£1,722,986	£1,636	£1,615,759	£1,531
4-Bed	£6,490,500	£2,402	-	-
5-Bed	£7,655,444	£2,650	£7,080,803	£2,458
Penthouse	£12,034,167	£3,070	£11,350,853	£2,893
N9				
	Average Asking Price	Average Marketed Price per sq ft	Average Contracted Sales Price	Average Contracted Sales Price per sq ft
1-Bed	£1,047,500	£1,554	£943,432	£1,396
2-Bed	£1,655,394	£1,593	£1,482,967	£1,426
3-Bed	£3,369,893	£2,028	£2,851,638	£1,770
4-Bed	£8,219,889	£2,914	£5,635,775	£2,296
N6				
	Average Asking Price	Average Marketed Price per sq ft	Average Contracted Sales Price	Average Contracted Sales Price per sq ft
5-Bed	£26,015,000	£3,501	£12,941,500	£1,836
6-Bed	£17,584,000	£3,352	£15,397,583	£2,933
Comparable Analysis				

- A brand-new residential led mixed-use scheme comprising two development phases with a residential net sales area (NSA) of 1,680,316 sq ft, located in Nine-Elms, in the London borough of Wandsworth. Phase 1 comprises the development of three individual buildings, including three of the towers N8, N9, N6 and N3a. The phase will consist of 543 private residential units and 143 parking spaces. Phase 2 comprises the development of nine individual buildings with a total of 837 private residential units, 94 affordable units, 23,807 sq ft of retail accommodation, 23,401 sq ft of office accommodation and 93 parking spaces. This phase also includes the construction of a GP Surgery.
- There is a high-level of competition from competing schemes as One Nine Elms is part of a wider redevelopment of the Nine Elms area which will include 16,000 new homes as well as the relocation of the U.S Embassy in London. The result of this residential and commercial regeneration has been the creation of critical mass and a far more vibrant neighbourhood.
- The comparable Property is located on Nine Elms Lane, in the London borough of Wandsworth. The nearest station is Vauxhall Mainline and Underground located approximately 250m to the northeast. The comparable site is situated at the edge of Wandsworth Borough boundary where it adjoins Wandsworth. To the north is Nine Elms Lane, St Georges Tower and the River Thames beyond. To the west is the remainder of the New Covent Garden Market site. To the east and south is the subject Property, One Nine Elms and Vauxhall Square respectively, which are both residential led mixed use development sites owned by R&F.
- The site is located close to the new United States Embassy and includes the New Covent Garden Market – the largest fresh produce market in the United Kingdom. It has attractive surrounding amenities and easy access transport facility. It also includes almost 3 km of Thames River frontage, which is lined with restaurants facilities, cultural attractions, public spaces and with a new linear green park running right through the area from east to west.
- The comparable property has almost sold out entirely, less than one year post-launch. Sales were launched three months prior to practical completion.
- The comparable property is under the same management as the subject Property, and is located in a very similar area, albeit, it will be built to a significantly higher standard with a more modern and desirable specification.
- The subject Property also provides the luxury amenities afforded by the Park Hyatt hotel for residents at the property which is expected to provide a significant price premium. We are told that the subject Property is expected to be built to the highest specification in the area providing the most desirable accommodation, and as such we expect the subject Property to command a price premium on balance.

Scheme	Battersea Power Station Phase 2 (Power Station)				
Developer	BPSDC				
Private Unit Count	254				
Unit Mix	76 x Studio, 48 x 1 Bed, 76 x 2 Bed, 48 x 3 Bed, 6 x 4 Bed				
Amenity Provision	Extensive social, lounge, library and workspaces, screening room, private dining rooms, roof garden, gym, yoga studio and spa.				
Average per sq ft	£1,657 (Achieved)				
Completion Date	Q4 2020				
Comments	Launched May 2014. Phase sold out with 90% off market.				
Address	Bedrooms	Sale Date	Price	Floor Area	£/sqft
505 Dawson house (5 th Floor)	1	Aug-23	£665,000	694 sq ft	£958
1102 Pearce House (11 th Floor)	2	Mar-23	£1,495,000	1,059 sq ft	£1,412
206 Dawson House (2 nd Floor)	2	Nov-22	£1,070,000	971 sq ft	£1,102



608 Dawson House (6 th Floor)	2	Oct-22	£1,338,000	1,082 sq ft	£1,237
104 Switch House East (1st Floor)	2	Mar-22	£2,600,000	1,392 sq ft	£1,868
76 Switch House East (Ground Floor)	2	Nov-21	£1,797,250	1,103 sq ft	£1,629
Se.03.04 Switch House East (3rd Floor)	Studio	Jan-21	£ 975,000	496 sq ft	£1,966
Se6.02 Switch House East (6th Floor)	2	Feb-21	£ 3,050,000	1,411 sq ft	£2,162
Sw.07.04 Switch House West (7th/8th Floor)	2	Sep-20	£ 2,450,000	1,266 sq ft	£1,935
Sw3.18 Switch House West (3rd Floor)	Studio	Apr-19	£ 1,000,000	504 sq ft	£1,984
3c.09.02 Battersea Roof Gardens (9th Floor)	2	Nov-21	£ 1,750,000	963 sq ft	£1,817
3b.11.03 Foster House (11th Floor)	1	Oct-21	£ 850,000	532 sq ft	£1,598
Sw7.06 Switch House West (6th/7th Floor)	3	Jul-21	£ 3,550,000	1,900 sq ft	£1,868

Comparable Analysis

- Phase two of the Battersea Power Station Development Scheme delivered 254 new homes, and over 500,000 sq ft of office space, as well as 110 shops, cafes, bars and restaurants, a cinema, a visitor viewing platform and the Power Station Park. Once complete the 42 acres development site will contain over 250 shops, cafes, and restaurants as well as a village hall, community hub, medical centre, hotel and 1,500 capacity events venue. The development will be one of the largest retail, leisure, cultural and office quarters in London.
- The second phase of the development was delivered by Wilkinson Eyre architects, who restored and repurposed the Power Station. They were able to retain the Power Station's sense of scale through the original massive brick outline and turbine halls remaining the dominant features of the building. The second phase of the development was opened to the public in October 2022.
- The residential elements are a mixture of new build apartments and villas located on the roofs, and conversion units within the existing fabric. The accommodation occupies both Switch House West and Switch House East, on either side of the Power Station, as well as centrally on top of the Boiler House roof, framing an open landscaped garden square. Residents of the converted Switch House homes enter the building through landscaped piazzas at ground level, while the Boiler House villas are accessed via a glass lift between the structural girders of the former wash towers, the iconic chimneys visible above. The units are configured as a mix of 76 x Studio, 48 x 1 Bed, 76 x 2 Bed, 48 x 3 Bed and 6 x 4 Bed apartments and are finished to a similar high-quality luxury specification to the subject Property.
- The Battersea Power Station development is iconic as one of central London's largest, most visionary regeneration projects with one of the country's most well-known cultural and architectural landmarks, the iconic Grade II listed Power Station located on the South bank of the River Thames, on the East side of Chelsea Bridge from Battersea Park. The park amasses over 200-acres and includes its own boating lake, tennis courts, zoo, crazy golf course, athletics track and outdoor adventure playground. Chelsea is located just over Chelsea Bridge which offers further retail amenities.
- The site is well connected with access to the West End and the City in under 12 minutes via the new Zone 1 Northern Line Extension. Nearby stations at Battersea Park and Queenstown Road also offer rail links into Victoria/Waterloo and beyond. The comparable property is also serviced by Uber boat by Thames Clippers from Battersea Power Station Pier. Heathrow and Gatwick airports are both easily accessible by road and rail.
- The amenities at the comparable property include concierge services, podium level gardens and a private roof garden, private residents' lounge/club house, and secure underground parking for selected units.
- The units are very well designed, and most come fully furnished with a unique luxury furniture package option.

- The Battersea Power Station is an iconic development located in close proximity to the subject Property. Recent transactions at the comparable development are an excellent barometer for pricing of a landmark mixed-use scheme in a very similar location to the subject Property with similar sizing and high-quality specification.
- By comparison, the subject Property will benefit from a superior location given its strong transport links, with not only the Northern line extension, Nine Elms underground station but also direct access to the Victoria Line via Vauxhall Station.
- The subject Property will also benefit from the surrounding local amenities in Nine Elms but is expected to be built to a superior specification than those at the Battersea Power Station development, offering more desirable living accommodation with the additional benefit of the usage of the luxury amenities afforded by the five-star hotel.
- The comparable transactional pricing is good evidence for establishing recent pricing for other high-quality mixed-use schemes in the locality, however, we consider the subject to be in a superior residential location with a more desirable pitch and superior amenities for residents. On balance, we expect the subject Property to command significantly higher pricing on a per sq ft basis.

Scheme	Battersea Power Station Phase 3 (Prospect Place)				
Developer	BPSDC				
Private Unit Count	1,363				
Unit Mix	Gehry Partners: 67 x Studio, 156 x 1 Bed, 328 x 2 Bed, 133 x 3 Bed, 21 x 4 Bed, 22 x Penthouse Foster + Partners: 116 x Studio, 150 x 1 Bed, 268 x 2 Bed, 66 x 3 Bed, 6 x 4 Bed, 30 x Penthouse				
Amenity Provision	Extensive social, lounge, library and work spaces, screening room, private dining rooms, roof garden, gym, yoga studio and spa.				
Average per sq ft	£1,641 (Asking)				
Completion Date	Phase 3A Q3 2021 Phase 3B subject to Northern Line extension work				
Comments	Launched Q4 2015. 90% sold out off market.				
Address	Bedrooms	Sale Date	Price	Floor Area	£/sqft
Core A – L – 00032	3	Available	£2,860,000	1,347 sq ft	£2,123
Core B – L – 00031	3	Available	£2,070,000	1,209 sq ft	£1,712
PP1 – L – 00038	2	Available	£1,555,000	934 sq ft	£1,665
Core C - L - 00049	Studio	Available	£ 750,000	519 sq ft	£1,444
Core C - L - 00049	Studio	Available	£ 630,000	426 sq ft	£1,479
Core C - L - 00044	Studio	Available	£ 610,000	428 sq ft	£1,424
Comparable Analysis					
<ul style="list-style-type: none"> • Phase three of the Battersea Power Station Development Scheme has been designed by Gehry Partners and Foster + Partners and includes new homes and a new high street, known as The Electric Boulevard, in an area to the south of the landmark Battersea Power Station. The Electric Boulevard will be the main gateway to the 42-acre development, connecting the Northern Line Extension station with the Power Station. The phase includes more than 1,300 homes in a range of sizes and styles in two zones on either side of the boulevard, as well as a 160-room hotel, retail spaces, restaurants and leisure facilities. 					



- Gehry Partners has designed the five buildings to the east of The Electric Boulevard known as “Prospect Place”, which comprises around half of the planned residential units, double-height retail spaces at street level, a community park and multi-use community hub, and the distinctive “Flower” building. Prospect Place includes 727 new homes configured as 67 x Studio, 156 x 1 Bed, 328 x 2 Bed, 133 x 3 Bed, 21 x 4 Bed, 22 x Penthouse and are finished to a similar high-quality luxury specification to the subject Property.
- Foster + Partners has designed the undulating building to the west of The Electric Boulevard called “The Skyline”, which brings together the other half of the planned homes, including 103 units of affordable housing, in addition to a medical centre and 160-room hotel. Two floors of retail front on to the western side of the street, while generous breaks in the façade allow daylight to reach the public spaces below. The entire top of the building is laid out as one of London’s largest roof gardens – over a quarter of a kilometre long, the garden will have views of the Power Station, river and city beyond. The Skyline includes 636 new homes configured as 116 x Studio, 150 x 1 Bed, 268 x 2 Bed, 66 x 3 Bed, 6 x 4 Bed, 30 x Penthouse and are finished to a similar high-quality luxury specification to the subject Property.
- The Battersea Power Station development is iconic as one of central London's largest, most visionary regeneration projects with one of the country's most well-known cultural and architectural landmarks, the iconic Grade II listed Power Station located on the South bank of the River Thames, on the East side of Chelsea Bridge from Battersea Park in close proximity to the subject Property. The park amasses over 200-acres and includes its own boating lake, tennis courts, zoo, crazy golf course, athletics track and outdoor adventure playground. Chelsea is located just over Chelsea Bridge which offers further retail amenities.
- The site is well connected with access to the West End and the City in under 12 minutes via the new Zone 1 Northern Line Extension. Nearby stations at Battersea Park and Queenstown Road also offer rail links into Victoria/Waterloo and beyond. The comparable is also serviced by Uber boat by Thames Clippers from Battersea Power Station Pier. Heathrow and Gatwick airports are both easily accessible by road and rail.
- This phase of the development aims to create a neighbourhood that connects the history of the city of London but also has its own identity and integrity. The units are very well designed, and most come fully furnished with a unique luxury furniture package option.
- The amenities at the comparable property include concierge services, podium level gardens and a private roof garden, private residents’ lounge/club house, and secure underground parking for selected units.
- By comparison, the subject Property will benefit from a superior location given its strong transport links, with not only the Northern line extension, Nine Elms underground station but also direct access to the Victoria Line via Vauxhall Station.
- The subject Property will also benefit from the surrounding local amenities in Nine Elms but is expected to be built to a superior specification than those at the Battersea Power Station development, offering more desirable living accommodation with the additional benefit of the usage of the luxury amenities afforded by the five-star hotel. The comparable transactional pricing is good evidence for establishing recent pricing for other high-quality mixed-use schemes in the locality, however, we consider the subject to be in a superior residential location with a more desirable pitch and superior amenities for residents. On balance, we expect the subject Property to command significantly higher pricing on a per sq ft basis..

Scheme	DAMAC Tower
Developer	DAMAC Properties
Private Unit Count	360
Unit Mix	360 private units ranging from studios, to one-, two-, and three-bedroom units along with penthouse apartments
Amenity Provision	Facilities within DAMAC Tower will include a state-of-the-art gymnasium, swimming pool, jacuzzi, residents lounge, cinema, parking, car lifts, and secure storage
Average per sq ft	£2,231 (achieved)
Completion Date	Q2 2021
Comments	Launched Q2 2015.



Address	Bedrooms	Sale Date	Sales Price	Floor Area	£/sqft (achieved)
DAMAC Tower	1	2021 - 2023	£1,382,000	575 - 90 sq ft	£1,580 - £2,315
DAMAC Tower	2	2021 - 2023	£1,085,000	650 – 1050 sq ft	£1,540 - £2,600
DAMAC Tower	3	2021 - 2023	£729,000	1050 – 1500 sq ft	£2,400 - £2750
DAMAC Tower	Penthouse	2021 - 2023	£2,334,000	3500 +	£3,250 - £3,600

Comparable Analysis

- DAMAC Tower is a landmark development comprising a luxury 50-storey residential building launched in 2015 as part of a three-piece mixed-use development by KPF architects and the developer DAMAC.
- The North Tower comprises 360 private residential apartments configured as studios, one, two and three bedroom units along with penthouse apartments with branded interior designed entrances, lobbies, lifts, and corridors as well as: 8,010 sq ft of communal gardens; A 2,034 sq ft children’s play area on the 24th floor; an expansive indoor swimming pool and jacuzzi; a state-of-the-art gymnasium; cinema; concierge, housekeeping, at-home dining, and valet services; parking spaces; two car lifts; secure bicycle spaces and secure storage facilities.
- The apartments at DAMAC Tower are finished to a very high ultra-luxury specification, with interiors by Versace Home and Exteriors by London. On the exterior, stone, terracotta, and glass are combined to provide a striking building at the gateway to Nine Elms. Each apartment features: wooden flooring to living rooms, kitchens, master, and guest bedrooms; stone hallway flooring; polished stainless steel finish door fittings throughout; fully fitted wardrobes to master bedrooms; custom designed kitchen cabinetry; high-end integrated appliances; thermostatically controlled heating and cooling; marble bathroom tiles for 2- and 3-bedroom homes and ceramic bathroom tiles for studios and one-bedroom properties.
- The comparable property is located in an identical location to the subject Property, approximately 300 metres to the East at the gateway to Nine Elms where over 42 residential and commercial projects across two London boroughs (Wandsworth and Lambeth) are changing the old industrial district around Nine Elms and Battersea Power Station to a new and modern city destination. Like the subject Property, DAMAC Tower is located in London Travel Zone 1, a short distance from the South bank of the River Thames, and a short walk from Pimlico, Victoria and Westminster.
- The closest Underground stations are Nine Elms (Northern Line) and Vauxhall (Victoria line), just 0.4miles away. Vauxhall Bus terminus (to Victoria St, West End and the City) and Vauxhall National Rail station (to London Bridge and Clapham Junction) and part of the same transport hub. Vauxhall St George Pier for river boat services (to Richmond, Canary Wharf and Greenwich) is a short walk away from the development. DAMAC Tower also benefits from the amenities in Battersea Park, Embassy Gardens and the Battersea Power Station.
- Recent sales at the comparable will provide an excellent barometer for pricing of a similar specification apartment in a similar configuration, within the same location. The comparable tower was, however, built in 2015, and the subject Property comprises of smaller units, as well as being situated in a more desirable residential pitch on the south bank of the Thames riverside.
- The subject property provides significantly superior residential accommodation with the highest quality specification in a more desirable residential pitch to the comparable property.
- The subject Property also benefits from superior amenity offering to the other competing properties.
- As such, we would expect the subject Property to command a premium on sales pricing on per sq ft basis.

Scheme	Embassy Gardens The Modern, 51 Nine Elms Lane
Developer	Ballymore
Private Unit Count	313
Unit Mix	Suites, 1, 2 and 3-bedroom private apartments
Amenity Provision	Sky pool, rooftop bar, cinema, gym, concierge, business, and social areas.
Average per sq ft	£1,457 (Available)
Completion Date	2023 - Completed
Comments	Situated adjacent to the US Embassy.



Address	Bedrooms	Sale Date	Sales Price	Floor Area	£/sqft
The Modern	2	Available	£1,032,500	694 sq ft	£1,488
The Modern	2	Available	£1,165,000	767 sq ft	£1,519
The Modern	2	Available	£1,185,000	767 sq ft	£1,545
The Modern	2	Available	£1,252,500	772 sq ft	£1,622
The Modern	1	Available	£660,000	415 sq ft	£1,590
The Modern	1	Available	£700,000	543 sq ft	£1,289
The Modern	1	Available	£705,000	570 sq ft	£1,237
The Modern	1	Available	£765,000	545 sq ft	£1,404
The Modern	1	Available	£900,000	634 sq ft	£1,420

Comparable Analysis

- Embassy Gardens is the result of the partnership between Ballymore and EcoWorld, the development comprises a residential led mixed-use development located in the heart of the Nine Elms regeneration zone and overlooking the new U.S. Embassy site. The site comprises approximately 15 acres and will deliver up to 2,000 new homes offering Studios, One Beds, Two Beds, Three Beds and Penthouses, plus office and flexible workspace, new leisure facilities, 130,000 sq ft of retail, bar and restaurant space including a new Waitrose supermarket.
- Amenities at Embassy Gardens include: a 24-Hour Concierge, Library and Lounge, Private Cinema, Health Spa, Gym, Yoga Studio, Outdoor and Indoor Pools, Secure Underground Parking and an on-sit Waitrose, District coffee shop, Darby's restaurant, and The Alchemist cocktail bar.
- The units are well designed, and most units come fully furnished with a unique furniture package option. The units are built to a high-quality specification, with large open plan reception rooms with smart integrated kitchens, luxury bathrooms, good internal storage and interiors boasting high ceilings, marble counter tops in the kitchens and thermostatically controlled cooling and heating. Residents also gain access to the World-famous sky pool, which connects two of the towers at the Legacy building, as well as access to the private residents Eg:le club with its own library and gym.
- Three buildings have currently completed - Ambassador Building, Capital building, and the Legacy Building. Post-sales at The Modern building are currently underway.
- There is a high-level of competition from competing schemes as One Nine Elms is part of a wider redevelopment of the Nine Elms area which will include 16,000 new homes as well as the relocation of the U.S Embassy in London. The result of this residential and commercial regeneration has been the creation of critical mass and a far more vibrant neighbourhood.
- The Modern building is in an identical location to the subject Property, they are neighbouring sites and directly benefit from the same amenities. Therefore, this comparable provides an excellent barometer for recent sales pricing of similar high-quality specification units in an identical location. Despite both sites being situated in a desirable residential pitch with uninhibited Thames vistas in close proximity to the U.S. Embassy, the subject Property notably benefits from a more desirable regular configuration. Additionally, The subject Property will be built to the highest specification with the benefit of the luxury amenities for residents provided by the Park Hyatt hotel which we deem to be more favourable among investors. As such, we would expect the subject Property achieve keener pricing on per sq ft basis.

23. Hospitality Investment Market

23.1. Investment Market Overview

London's hotel investment market has remained relatively active in the context of the national picture. Given the current market uncertainty led by higher interest rates and further hikes by the Bank of England in recent months, investors have been selective and have been seeking opportunities in locations with solid market fundamentals.

While London has seen a few transactions take place, volumes for the first half of the year are the lowest on record. As of late June, sales stand at around 30% of the volumes seen in 2022, which, by contrast, had a solid start to the year as confidence in the sector had improved and interest rates were still low. Originally, many in the sector expected activity to improve significantly over the second half of this year, assuming interest rates would have peaked by now and that these would be reducing in the coming months. This now seems unlikely given inflation has remained somewhat high in recent months, only recently coming down to 6.7%, as per the latest September figures, potentially affecting deals further in the upcoming months.

Investment by well-capitalised operators has been a growing trend in the sector. Dalata's expansion continues as the Irish hotel group acquired two hotels this year. Firstly, a recently delivered 192-room hotel in Finsbury Park which was expected to open as a Premier Inn for approximately £44 million (£233,000/room) was acquired, financed from Dalata's existing cash and banking facilities, further funding a £2 million refurbishment. More recently, in June, the group acquired the Apex Hotel London Wall in the City of London for £53.4 million (£600,000/room) with minimal capex required.

Meanwhile, Firmdale Hotels acquired the Covent Garden Hotel for approximately £55 million (£948,000/key). The group has been managing the property since 1996 and the deal represents one of the highest prices per key transactions this year, further highlighting the strength of the Luxury sector, especially the lifestyle and boutique space.

Serviced apartment sales have also driven activity in the past 12 months. JaStar Capital acquired the 75-unit Native Bankside serviced apartment for approximately £40 million (£533,000/room), expected to still be operated by Native Places under a 20-year management agreement. Similarly, last September, serviced apartment operator edyn Group acquired the former NH Hotel Kensington on Cromwell Road for an undisclosed sum, with the property currently undergoing renovations prior to reopening under the Locke brand later this year.

Assets in prime locations and at the upper end of the market remain sought after. Last August and September saw three hotels trade within the Upper Upscale and Luxury segments. In August, Crimson Hotels acquired the Trafalgar St James London, part of the Curio Collection, for approximately £130 million (£992,000/room) while, around the same location, Whitbread acquire the proposed Park Hyatt development on the Strand to turn it into a hub by Premier Inn for a total cost of £200 million (£976,000/room), including acquisition and construction-related costs. Such pricing further emphasises the strength of the London market, while Whitbread's acquisition reinforces the brand's strength and its potential to achieve robust KPIs and to deliver higher levels of profitability given its lean operating model and economies of scale, making such a development feasible.

Deals for limited-service hotels also propped up the market over recent months. Brands such as Premier Inn and Travelodge have been leading sales at the lower end of the class spectrum. In March, Aprirose acquired the freehold interest on the 96-room Travelodge London Whetstone Hotel for approximately £10.6 million off a guide price of £11.6 million, an 8% discount, reflecting a net initial yield of 6.25%. The property also includes 9,000 square feet of retail space let to Anytime Fitness. Similarly, Premier Inn acquired the leasehold interest in its own property, the Premier Inn Holborn Hotel, for an estimated £37.5 million (£245,000/room) last December. In both trades, sellers were keen to generate funds to recycle capital or to meet redemption requests for their own funds.

Some distress could be realised this year, too. With government support now mostly in the rearview mirror, coupled with increasing operational costs and challenges, such as inflation, staff recruitment and retention, and upcoming maturities for many owners, some may find themselves in a more difficult position. Underperforming assets could see further profit erosion, while debt servicing also becomes more challenging, leading to stressed capital structures.

23.2. Investment Market Evidence

The subject Property is a Luxury class, state of the art hotel operated on a management agreement. We have considered our transactional evidence on this basis. Throughout 2022 there has been limited transactional evidence and demand has been in part muted, however, the market has been showing signs of strong recovery over the second half of the year.

Our analysis of applicable terminal capitalisation and discount rates for the Property with specific consideration to the buildings type, condition, location, its position in the current local hotel market conditions, estimated future trends in the hotel market, current and future earnings potential, and the required returns on investment for similar investments. A determination of the appropriate discount and capitalisation rates for the Property involves analysing comparable transactions, speaking to investors and brokers of hotel properties throughout the country, discussing investment parameters with other hospitality industry experts, and considering the results of several published investment surveys. It is very difficult to compare this with other hotel transactions as trading data is often confidential and where it is available it is extremely difficult to analyse the true trading potential of the hotel.

We set out below details of some recent sales transactions which we have considered in arriving at our opinion of Market Value:

Curio Collection, City of London		
	Seller:	London & Regional Properties
	Buyer:	Crimson Hotels Group
	Operator:	Hilton
	Classification:	Upper Upscale
	Deal Volume:	£130 million
	Price per key:	£992,366 per key
	Date:	August 2022
	<ul style="list-style-type: none"> London & Regional Properties has sold the freehold interest in The Curio Trafalgar Square, London to Crimson Hotels Group for circa £130m (£992,366 per key). Formerly known as "The Curio Trafalgar Square" it has been renamed to "The Trafalgar St James London" with the sale. The historic building hosts 131 bedrooms including 15 suites, and a number of venues to eat, drink, work or play. The motivation for the acquisition was due to the buyer further expanding its portfolio and solidifying its presence in London. The disposal was due to receiving a compelling proposal from the buyer. The hotel benefits from a prominent location fronting Trafalgar Square and within walking distance of many of London's key tourist attractions. It is also bolstered by strong amenities, comprising several food and beverage outlets, including a rooftop bar with unparalleled views. A new third-party lease has been signed for a destination restaurant on the ground floor, which will be operated by a high-end Asian restaurant group. This comparable is an excellent barometer for the pricing of an upper upscale hotel in an iconic London location. The comparable benefits from a superior location – situated on one of the most desirable hospitality pitches in London and therefore includes a bar which provides incredible vistas of Trafalgar Square, and London's skyline. The subject Property benefits from a superior amenity offering however, and is to be fitted to a newer, more luxurious specification. On balance, we expect the subject Property to command similar, if not stronger pricing on a per key basis. 	

Covent Garden Hotel, Covent Garden



Seller:	CBRE Investment Management
Buyer:	Firmdale
Operator:	Firmdale
Classification:	Luxury
Deal Volume:	£55 million
Price per key:	£940,00 per key
Date:	March 2023

- CBRE Investment Management has sold the Covent Garden Hotel to boutique group Firmdale, which operates the 58-room site.
- The price equates to a round £940,000 per room, marking the deal out as the highest prices paid per room since the pandemic began in 2020. Covent Garden Hotel is in London’s theatre district, close to the Royal Opera House and Soho.
- Firmdale Hotels, founded by Tim and Kit Kemp, is an international award-winning group comprising 10 luxury hotels and eight bars and restaurants in London and New York. Other London hotels in its portfolio include Ham Yard Hotel, Haymarket Hotel and The Soho Hotel.
- The comparable property provides an excellent barometer for the recent sales pricing of a Luxury Hotel located in central London with a strong operator, and high amenity offering.
- The comparable is located on a prime Covent Garden pitch and commands a premium for it’s location and accessibility to Soho, Theatres and the business hubs of the city. The brasserie Max is well regarded and has a Michelin star, providing Breakfast lunch and Dinner from the lobby. The comparable represents a smaller overall lot size and is expected to command a premium for location, however, this comparable is a different offering to the subject property, which will provide a full-service, state of the art hotel with an exceptional amenity offering, albeit not located in the west end. On balance we expect the subject property to command higher pricing on a per key basis.

Custom House, City of London



Seller:	Mapeley Steps Limited
Buyer:	Jastar Capital
Operator:	Ibis
Classification:	Midscale
Deal Volume:	P&C
Price per key:	P&C
Date:	June 2023

- Jastar Capital has purchased the long leasehold interest in Custom House from Mapeley Steps for an undisclosed sum. The Grade 1 listed building was built in the early 1800s and has a substantial frontage on the north bank of the River Thames between Sugar Quay and Old Billingsgate Market. The building is currently vacant following the move of HMRC to a new headquarters in Stratford. Mapeley Steps is owned by Fortress Investment Group.
- Under the previous owner, plans to develop the building into a luxury hotel came in for criticism from City of London Corporation, Save Britain’s Heritage and the Georgian Society, which all opposed the scheme. Jastar Capital said it would be consulting with major stakeholders and interest groups on the future of the building before bringing forward their plans for the next chapter in its rich history.
- The hotel is operated by Ibis Styles, which is a well renowned brand with a Midscale offering owned by the Accor Group. The subject Property in contrast is operated by the luxury Park Hyatt brand and will be built to a considerably higher, modern and luxurious specification.
- The subject Property is of a significantly higher specification, with significantly better operations and is of a higher classification as well as being situated in a more desirable location. We would expect the subject property to achieve significantly higher pricing on a per key basis.

Apex, London Wall



Seller:	Apex Hotels Ltd
Buyer:	Delata Hotel Group
Operator:	Apex Hotels
Classification:	Upper Upscale
Deal Volume:	£53.4 million
Price per key:	£600,000 per key
Date:	June 2023

- Off-market acquisition of an 89-bedroom hotel in an outstanding trading location, close to major transport hubs and global firms. Ireland's Dalata Hotel Group has acquired the long leasehold interest of the four-star, 89-room Apex Hotel London Wall, located in the heart of The City of London's financial district, from Apex Hotels Limited, for £53.4 million (£600,000 per room). There are 107 years remaining on the leasehold.
- Dalata will rebrand the property under its Clayton Hotel brand as the Clayton Hotel London Wall. Dalata expects the asset to generate an EBITDA of approximately £4.5 million in 2024, indicating an expected yield of over 8%. This will be Dalata's fifth location in London, with the acquisition reportedly funded by the reinvestment of funds generated by the group's existing hotels. Once the Maldron Hotel Finsbury Park opens in June 2023 and the Maldron Hotel Shoreditch opens in 2024, the group's London properties will total 877 keys.
- The comparable hotel is operated by the former owner under their Apex Hotels brand. The brand is a well-regarded operator known for its Global upscale/luxury offering. The comparable hotel was constructed in 1955 and renovated in 2008 and comprises a centrally located Upper Upscale hotel.
- The subject Property is built to a higher specification with a stronger amenity offering than the comparable property. London Wall is a central location within the City of London and serves as one of the central business districts. As a result, the comparable hotel is predominantly tailored towards business clientele. The subject Property comprises a significantly larger number of rooms in a newer building with a higher specification – and is in an area which is less central but provides equal amenities. On balance we expect the subject property to achieve significantly higher pricing on a per sq ft basis.

Prince William Hotel, Paddington



Seller:	The Elite Group
Buyer:	Capilon Group & Awan Group
Operator:	Owner Operated
Classification:	Upscale
Deal Volume:	£15 million
Price per key:	£306,000 per key
Date:	May 2023

- UK family group Capilon Hotels and international real estate investor Awan Group have jointly acquired the three-star, 49-room boutique Prince William Hotel in Paddington, London, for £15 million (£306,000 per room) from an undisclosed seller.
- The hotel is located just five minutes walk from London's Hyde Park.
- The 18th century listed building has recently undergone a £1 million refurbishment programme. Capilon Group is a family business that operates, invests and develops hotels across London.
- The hotel was previously purchased by Elite Group in 2014 for circa £8 million.
- The comparable is located in a more desirable location in Paddington, of which there is strong appetite from investors for established, stabilised hotel assets.
- The property is much older and is of much lower specification than the subject Property and has very dated fittings, and will require CapEx to bring in line with competing hotel assets.
- The hotel is a boutique offering, and has a very low amenity offering.
- This property cannot be compared with the subject property but demonstrates the demand for a range of hotels.

Hyatt Regency, Blackfriars



Seller:	PPHE Hotel Group
Buyer:	Confidential
Operator:	Unknown
Classification:	Luxury
Deal Volume:	£160 million
Price per key:	£213,235
Date:	June 2017

- The Galadari Group has sold the freehold interest in Hyatt Regency London Blackfriars, 19 - 23 New Bridge Street to a private client of LaSalle Investment Management for £43.5m reflecting a net initial yield of 2%.

- It was reported that the 204-bedroom hotel will be refurbished, repositioned, and rebranded under the Hyatt Regency brand.
- The business plan is focused around acquiring a long-term, inflation-linked income stream and gaining exposure to the London hospitality sector though the prominent location and quality provide confidence in its long-term, income-generating capabilities and future value enhancement.
- The comparable is located in a stronger micro-location benefitting from the direct proximity to the City of London.
- The hotel was acquired as a development/repositioning opportunity, and it is unclear what the business plan will be going forward, nor who the operator will be.

Newport Street, Covent Garden



Seller:	Consolidated St. Giles LLP
Buyer:	Melford Capital Partners
Operator:	N/A
Classification:	N/A
Deal Volume:	£40m
Price per key:	£606,060 per key
Date:	June 2023

- Melford Capital Partners has purchased 5-9 Great Newport Street in London's West End from Consolidated Development for £40m million, with the intention to build a luxury hotel on the site.
- The site comprises three adjoining properties which contain a mixture of uses, including, theatre, gallery/ retail, offices and education facilities.
- The site also has planning consent to deliver a 322-seat theatre, a 66-bedroom luxury hotel with rooftop bar and pool, restaurant, bar and gallery space. The consented scheme extends to a total of 72,537 sq ft GIA.

Park Lane Mews, Mayfair



Seller:	Genting
Buyer:	Bain Capital Credit and Orka Investments
Operator:	Owner Operated
Classification:	Upper Midscale
Deal Volume:	£58.65m
Price per key:	£814,000 per key
Date:	May 2021

- Bain Capital Credit and Orka Investments bought the 72-room Park Lane Mews Hotel and 17 neighbouring flats in Mayfair, London, for around £75m. The transaction took place in May 2021 and the sales pricing for the hotel element was £58.65m reflecting a price per key of £814,000.
- Genting had bought the 72-bed Park Lane Mews hotel, formerly the Hilton London Mews hotel, from Chelsfield Partners in 2011 for around £45m.
- The deal was marketed as a redevelopment opportunity, offering potential for refurbishment and to increase the footprint by more than 20%. The new owners, plan to reposition the hotel in 2024. The comparable is within walking distance of Hyde Park and Green Park. The works will include the refurbishment of the guest rooms, communal areas including the lobby, bars and restaurants.
- The comparable hotel was built in 1970 and has not had a comprehensive refurbishment. The hotel comprises seven floors: five floors of bedrooms and suites; the ground floor which hosts the lounge bar, restaurant and reception area; and a basement with offices and conference rooms. The comparable represents a significantly smaller lot size to the subject Property in a more desirable hospitality pitch.
- The comparable hotel is an Upper Midscale hotel situated in a central Mayfair location for which we expect the hotel to command a premium. The comparable property is built to a significantly lower specification than the subject Property however and is in the Upper Midscale classification. The comparable property was sold as a refurbishment deal in May 2021 and so it is difficult to compare its pricing to the subject property, however, the transaction provides good evidence of institutional demand for strategically located hotel properties in London.

There is limited relevant comparable evidence of hotel transactions in the local market. The Park Hyatt at One Nine Elms provides a unique hotel stay in a strong location with vast regeneration and excellent transport links to other areas of London. The hotel is a best-in-class hospitality asset and is arguably one of the most desirable pieces of real estate any investor could own in London. Demand for this hotel will be driven through not just the strength of the management operator, Park Hyatt, and inherently its performance, but by the trophy nature of the hotel. Demand for trophy assets in recent years has increased further, where trophy assets tend to follow an “upward only” trajectory, in terms of pricing. These assets often exchange hands infrequently and will often command price expectations far greater than the market dictates.

The best evidence comes from the Covent Garden Hotel which transacted in March 2023 for £55 million, reflecting a price per key of £940,000. The comparable property provides a significantly weaker amenity offering than the subject property but is located on a prime Covent Garden pitch and commands a premium for its location and accessibility to Soho, Theatres and the business hubs of the city. The brasserie Max is well regarded and has a Michelin star, providing Breakfast lunch and Dinner from the lobby. The comparable represents a smaller overall lot size and is expected to command a premium for location, however, this comparable is a different offering to the subject property, which will provide a full-service, state of the art hotel with an exceptional amenity offering, albeit not located in the west end. On balance we expect the subject property to command higher pricing on a per key basis. The hotel is dated in comparison to the subject property and is a different specification and classification all together. The subject property is to be the first Park Hyatt hotel in the UK, the Park Hyatt brand is one of the pre-eminent hospitality brands globally and as we will reflect, commands a premium over all competing hotels.

We have also had regard to the Curio Collection Hilton hotel in Trafalgar Square which transacted in August 2022 for £130 million, reflecting a price per key of £992,366. This comparable is an excellent barometer for the pricing of an upper upscale hotel in an iconic London location. The comparable benefits from a superior location – situated on one of the most desirable hospitality pitches in London and therefore includes a bar which provides incredible vistas of Trafalgar Square, and London’s skyline. The subject Property benefits from a superior amenity offering however, and is to be fitted to a newer, more luxurious specification. The subject property benefits from stronger fundamentals and its location will benefit in time from the completion of the luxury retailing and amenity offering in the immediate vicinity. On balance, we expect the subject Property to command similar, if not stronger pricing on a per key basis.

We have sought to explore the premium Park Hyatt Hotels offer. As the subject property is to provide the first UK based Park Hyatt we expect that this will provide an operational premium for pricing. We are aware that in August 2022

Whitbread bought 5 Strand, a former Westminster council office near Trafalgar Square in central London, for circa £200 million. The current eight-storey building, built in the 1980s, was previously let as offices to Westminster City Council. The site had been planned as a luxury Park Hyatt comprising a 200-bedroom, 11-storey hotel with a ground floor lounge and restaurant, and an all-day restaurant on the top floor. The site is expected to now become the latest hub by Premier Inn, depending on the number of keys that are built – Hub by Premier will probably make 250/300 rooms which is anticipated to command pricing of circa £700,000. This offering is expensive for the developer Whitbread, but is slightly lower pricing expected from more upscale offering in the vicinity, and considerably lower than the pricing that would have been afforded by the luxury offering of a Park Hyatt.

The Nine Elms area is set to improve significantly on completion of the wider developments and overall regeneration. The Park Hyatt Brand on offer in this case is superior, or at least as good as, any of the above cited. The prestige of owning such a prestigious property and the cashflow benefits of the trading performance structure means that the price per key of the property will likely command a premium over other competing luxury hotels.

We have considered the unique characteristics of the above hotels, and we are of the opinion that based on the transactional evidence we have concluded a price per key of between £1.10m and £1.20m would be considered for the subject property.

23.3. Hotel Prime Yields

Prime yields across in the UK have remained largely stable in the face of a high inflationary environment, which is evidenced through the opinion of pricing of agents, as well as the few transactions which have occurred.

For the purpose of analysing the available transactional evidence, we would note the difference between hotels with a Management Contract, Hotels sold with Vacant Possession, and Hotels sold with an Operational Lease. Hotels with a Lease in place attract the lowest yield profiles due to the income security on offer. Hotels with Vacant Possession generally command the next lowest, as it provides flexibility for owner-occupiers to acquire the hotel and install the own brand. Hotels with a Management Contract in place typically command the next highest, where the landlord is exposed to the underlying trading performance of the operator.

We summarise the prime yields in the table below:

Hotel Type	Net Yield Q3 2021	Net Yield Q3 2023	Trend
Leased Hotels	6.00%	5.50%	Stronger
Prime Vacant	5.00%	4.75%	Stronger
Prime London Management	3.50%	4.25%	Stronger
Secondary Management	6.00%	5.50%	Stronger

We have considered the yield profile of the transactional evidence and have had further consideration for the sentiment of agent’s opinions in the market as of 31 December 2023. We are of the opinion that under the Hotel’s current management operator contract, the property would currently command an exit yield of 5.50%.

23.4. Potential Purchasers

There are a number of potential investors were the property to be exposed to the market.

As mentioned above we foresee it more likely that a high net worth or owner operator (possibly Asian or Middle-Eastern looking for market representation in Central London) would emerge as the successful buyer. Whilst we do not consider Park Hyatt to have yet cemented itself globally with “Trophy” asset status (although we would not discount this in the future), it remains a highly desirable asset.

Although a number of potential purchasers will probably have the ability to acquire the asset for cash, there are others who will require a debt facility. We are confident that subject to the terms and conditions and loan amount agreed, the

hotel offers excellent security and therefore it is foreseeable that a number of banks would be willing to support a new purchaser. The only caveat to this is that the historic trading cannot be relied upon and so this may make some of the more traditional lenders more nervous.

Although we would not rule it out, we consider it unlikely that a Sovereign Wealth fund would emerge as a potential buyer as the absence of an established brand is absent. These funds typically target larger branded hotels which are under the operation and control of much larger operating companies such as Hilton, IHG, Starwood, Fairmont etc.

Private Equity groups are highly focussed on returns and exit strategies with the opportunity to ‘add value’. Park Hyatt, Nine Elms does not therefore fit with this requirement, being an investment acquisition, which needs to be supported by a long term hold strategy. The freehold equivalent status of the property would appeal to investors, particularly international investors who only consider freeholds.

24. Retail

24.1. Retail Occupational Market and Market Rent

Market Rent is defined by the RICS Valuation – Global Standards as: “The estimated amount for which a property would be leased on the valuation date between a willing lessor and a willing lessee on appropriate lease terms in an arm’s length transaction, after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion.”

In arriving at our opinion of the market rental value, we have had regard to a range of comparable rental evidence. There have been a number of recent lettings, which provide good evidence of market rents:

Property	Date	Area (sq ft)	Tenant	Term	Rent p.a. (£ per sq ft)	Comment
Miles Yard, SW8	Mar 2023	1,359	N/A	15	£45,000 £33.11	Within close proximity to the subject Property that forms part of a new build that resembles a modern high quality specification
43 South Lambeth Road, SW8	Jan 2023	930	N/A	5	£42,500 £45.70	In a nearby location to the subject Property of an inferior and basic specification that forms parts of a 1900s building.
Suite 7 Embassy Gardens, SW8	Aug 2022	677	Furmily	10	£27,080 £40.00	Within close proximity to the subject Property that forms part of a new development with commercial units on the ground floor and residential accommodation above resembling a modern high quality specification.
346-360 South Lambeth Road, SW8	Jun 2022	2,359	Pret a Manger	10	£32,900 (£13.95)	In a location further from the subject Property in Little Portugal of an inferior and basic specification that forms parts of a 1920s building, albeit the building is in a prominent position.

Comparable evidence in the locality has achieved rents ranging from £13.95 to £30.00 per sq ft. We have been advised that many of the retail units similarly located close to the station in an increasingly residential focused catchment given recent developments achieve high footfall rates which warrants stronger rental tones.

Given the new build nature and size of the stores upon completion at the subject Property upon completion, we have adopted a Market Rent of £30.00 per sq ft, which is in the middle of our range. We have provided a breakdown of our opinion of Market Rent in the table below:

We have provided a breakdown of our opinion of Market Rent in the table below:

Unit/Demise	Tenant	Size (sq ft)	Market Rent per annum (£ per sq ft)
Commercial - Retail	TBC	10,764	£322,920 (£30.00)
Total		10,764	£322,920 (£30.00)

24.2. Retail Investment Market and Transactions

London retail investment has slowed again in recent months, following a strong start to 2023. Rolling annual volumes of £1.7 billion are close to a historic low. Persistently high inflation is bearing down on consumer spending and thereby creating concern around retail demand, while rising interest rates have cooled investor demand and caused a drop in pricing. The market is likely to remain quiet in the near term.

Several big transactions on Bond Street supported investment volumes in the first half of 2023. In February, Chanel sold 27 Old Bond Street, comprising an office block occupied by the luxury fashion house and an Alexander McQueen retail showroom, to a private North American investor for £140 million at a keen 2.6% yield. While Kering subsequently sold 32-33 Old Bond Street to the Swatch Group at a slightly higher 3.2% yield in May, these deals show that pricing has barely moved on London's most expensive shopping street, which is often perceived as a safe haven for capital in troubled times. Indeed, these yields are on par with the 3% yield that the Reuben Brothers agreed to pay for the Emporio Armani store at 51-52 New Bond Street during the pandemic, when interest rates were close to zero. Yields are unlikely to return to the circa 2% level that some investors paid for shops on the street in the year preceding the pandemic, however.

There has also been evidence of pricing resilience on King's Road in Chelsea, which has outperformed on the occupier side in recent years. In March 2023, local landowner Cadogan Estates bought 36-42 and 52 King's Road for £38.5 million, reflecting a keen 3.7% net initial yield for the street and a reversionary yield of 4.2%.

Few other large sales have completed in recent quarters. The deals that have closed have largely done so at sharp discounts to prior sale prices or had a redevelopment angle. A big sale in January 2023 saw Lazari Investments acquire the famous Fenwick department store on New Bond Street for £430 million in a mixed-use redevelopment play that will significantly reduce the amount of retail space. In September 2022, US investor The Ardent Companies paid £50 million to acquire the retail element of the Royal Exchange in the City of London, significantly less than the £83 million that Oxford Properties, the seller, paid for the asset in 2013. In May 2022, Cosgrave Properties sold the Liberty One Shopping Centre in Romford for £87.5 million, less than a third of the 2006 sale price of £281 million.

The recent slowdown comes after a strong rebound in the early part of 2022, when volumes soared to their highest level in more than five years. A few shopping centre and retail park transactions in outlying areas supported the uptick, but the period was also notable for increased trading around a troubled and evolving Oxford Street. A major deal took place in January 2022, when the investment arm of Swedish furniture retailer IKEA bought Topshop's former flagship on Oxford Circus for £378 million. It will partly occupy the building for its second smaller store format in London, after acquiring King's Mall in Hammersmith for £170 million for a similar purpose just before the pandemic. Further west along Oxford Street, Thailand's Central Group and Austria's Signa won the bidding war for Selfridges in December 2021. Around £2 billion of the circa £4 billion sale is attributed to real estate assets.

The pandemic and recent changes to planning laws should lead to a rise in retail repositioning plays in the coming years. American retail giant Amazon bought Pentavia Retail Park in Mill Hill for £65 million to convert the park into urban logistics, with Rockwell and Cerberus then buying Hurlingham Retail Park to create a mixed-use waterfront scheme in February 2022. Several shopping centres have also changed hands in residential-led redevelopment plays over the past couple of years. Examples include Ballymore buying the Broadwalk Shopping Centre in Edgware for £73 million, Get Living acquiring the Elephant & Castle Shopping Centre for £129 million and Romulus Developments paying £75 million for Centre Court Shopping Centre in Wimbledon. Further such sales are likely as more repositioning opportunities come to market.

We set out below details of some recent sales transactions which we have considered in arriving at our opinion of Market Value. We have examined comparables which, in our opinion, are able to assist and guide us into forming our opinion of value and have extrapolated from these.

Address	Date	Price	Yield	Comment
14 St George Wharf, SW8	Under Offer	£1.1m	8.42%	<ul style="list-style-type: none"> Virtual freehold with 976 years remaining on the lease at a peppercorn ground rent. The property is arranged over the ground floor only of Flagstaff House (Block F), occupying a set back position from the main road. The building is of concrete frame construction externally clad in masonry under a flat roof. The unit has a glazed frontage extending the full length of the front elevation. The property is fitted out as a retail unit, operating as a hairdressing and nail salon. It is broadly rectangular, accessed via automatic dual access doors to the centre of the unit and two single metal framed doors to far right and left sides of the front elevation. The property is let in its entirety to Lloyds Pharmacy Ltd on a full repairing and insuring lease from 21.12.06 to 20.12.31 (8 years unexpired) without breaks at a rent of £92,642 per annum. The lease is subject to annual RPI linked rent reviews and market rent reviews every fifth anniversary and it is estimated that the rent will increase to approximately £130,000 in December 2026 (assuming an average 8% annual RPI). The property is sub-let in its entirety to Ospinamaine Ltd and Peint Ltd (trading as Gro Hair Stylist) from November 2013 on coterminous terms. The freehold investment is under offer at a guiding price of £1.1m reflecting a net initial yield of 8.42%.
138 Battersea Park Road, SW11 4LY	Aug 2023	£246k	8.70%	<ul style="list-style-type: none"> A freehold retail investment comprising a building of masonry construction arranged over three floors offering retail accommodation. The property comprises 544 sq ft (50.54 sq m) of retail space over the ground floor. The shop is let on a new 10 year lease expiring in 2033 (TBO 2028) with annual RPI linked increases (collar 1% & cap 4%) at a current passing rent of £22,500 per annum. Situated 175 metres from Battersea Park. The freehold retail investment was acquired by a private investor in an auction sale in August 2023 for £246k, reflecting a net initial yield of 8.70%.
15 Lavender Hill, SW11	Feb 2023	£406k	6.00%	<ul style="list-style-type: none"> A freehold two storey retail high street investment. The property comprises 1,618 sq ft (150.3 sq m) of commercial space arranged across ground and basement floors with maisonette to the upper floors (sold off). The shop is let on a new 5-year lease from November 2022 at a passing rent of £25,000. The maisonette has been sold of on a long leasehold with a ground rent of £400 per annum . The combined rent is £25,400 per annum. The retail investment was acquired in February 2023 by a private investor in an auction sale for £406k reflecting a net initial yield of 6.00%.

<p>70 Landor Road, SW9</p>	<p>Apr 2023</p>	<p>£2.7m</p>	<p>4.00%</p>	<ul style="list-style-type: none"> ▪ A freehold retail investment comprising a three storey comprising a pub across the ground floor with residential accommodation above the upper two floors. ▪ The retail unit is leased to Stonegate Pub Company for a term of 15 years from February 2015 on an FRI lease with five yearly rent reviews at a passing rent is £27,500 per annum. ▪ The upper residential floors have been sold off on long leases. ▪ The combined rent is £108,000 per annum. ▪ The freehold investment was acquired in April 2023 by a private investor for £2.7m, reflecting a net initial yield of 4.00%.
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We consider the locational attributes, occupational demand and reversionary potential support net initial yields of 4.00% to 8.70%. We have adopted a nominal equivalent yield that encompasses the entire retail component at the subject Property which reflects the expected specification and covenant strength that would be attained by prospective occupiers. Overall, we have adopted equivalent yields of 6.00%.

25. Principle Valuation Considerations

25.1. Overview

The property comprises a development opportunity that is underpinned by an existing mixed use investment holding. We consider the property offers an opportunity to deliver a well-designed residential development in a popular area of London. Procurement has been completed and the letting and sales history of the subject Property and similar developments in the locality helps demonstrate the likely rental demand for the proposed development.

The key drivers of value at the subject property are:

- The Property is held freehold.
- The Property is located in Vauxhall in South-West London, within the London Borough of Wandsworth. The property benefits from excellent transport links due to its close proximity to Vauxhall Station. It is situated in Zone 1.
- The Property comprises a partially developed residentially led mixed use scheme. It comprises two new landmark residential towers, City Tower and River Tower providing an aggregate of 494 residential units and a 203-bedroom luxury 5 star hotel. Full planning permission (Ref: 2012/0380) was granted in October 2012.
- City Tower extends to 57 floors, with 334 private residential accommodation arranged over the 7th to 57th floors, 57 affordable accommodation on the 1st to 6th floors, and there is a retail unit on the ground floor. The private accommodation comprises a mix of one, two, three and four bedroom units, there are 4 x four bedroom units on the top four floors, the uppermost of which is the duplex penthouse apartment.
- River Tower extends to 42 floors, counting 103 luxury private residential units arranged over the 20th to 41st floors and a 203-bedroom luxury 5-star hotel on the ground to 19th floors as well as rooftop sky garden to be operated by Park Hyatt. There is no affordable accommodation in this building.
- Upon completion, the hotel will be operated by Hyatt International under a Hotel Services Agreement (HSA), which is regarded a world renowned luxury hotel operator.
- The proposed development will provide a brand new 'best in class' high-quality scheme offering some of the best residential accommodation in the area.
- The commercial (retail) units are well located and configured for a variety of potential occupiers and will complement the uses of the wider development.
- There area is undergoing a large scale regeneration with a series of completed and under construction projects adjacent to the site which will complement and enhance the sense of place. The establishment of the local area by various regeneration schemes, including the Battersea Power Station development, will help to further raise the rental tone of Nine Elms.
- The Nine Elms area is continuing to evolve but the scale of residential and commercial development has now created critical mass and a far more vibrant neighbourhood.
- There are approximately 4,000 private units under construction in Nine Elms, with a further 6,000 units in the development pipeline. These include the 2,525 units at Nine Elms Square (One Thames City), 3,603 units at Battersea Power Station and 1,632 units at Nine Elms Parkside. The following map illustrates the location of the competing developments in Nine Elms and the surrounding area.
- Good underlying demand from residential occupiers and strong forecasted growth rates in the Tolworth and the London Borough of Wandsworth.
- There is an abundance of capital targeting residential in the UK, particularly where the investment fundamentals and rental growth prospects are attractive, which will help to drive value.
- In our opinion the subject Property offers an "at scale" mixed-use operation that would appeal to institutional investors given the location of the scheme, and its exposure to state of the art infrastructure.

25.2. Strategic Setting

London is Europe's pre-eminent financial centre and can be expected to be one of the largest financial districts for the foreseeable future. In recent times, there has been concern that various capital cities in the far east may become a threat to dilute London's position, however London has remained resilient and recent research has suggested that London has the characteristics to maintain its position as a world leading financial centre.

Underpinning this is the fact the City enjoys a wealth of financial knowledge and expertise, a good trading reputation relatively free from control and at close proximity to other support organisations. The willingness of the UK financial sector to accept foreign talent, their relatively favourable tax treatment, benign but trusted regulation, the strategic location of London on the western edge of European time zones, the established legal system and the fact that English is the dominant language all contribute to cement London's pre-eminent position.

In 2022, London was ranked first in the Global Financial Index, and has ranked second in 2023. London has consistently dominated global capital flows attracting more cross-border capital into real estate than any other city.

Whilst this position will only be maintained through endeavour and management, and certainly a greater share of financial markets will be held in emerging economies as these develop, London's position in the hierarchy seems as certain as possible in any market-driven situation. Further, London continues to outperform the rest of the UK in terms of consumer and retail sales. The capital benefits from a strong international customer base with a considerable proportion of retail sales driven by tourist spend, which has strengthened following the results of the EU referendum. This underpins the value of this Property.

25.3. Building Quality

The Property provides very high quality, mixed-use residential-led development located in Nine Elms fronting the River. The development comprises two towers; the City Tower and the River Tower. The City Tower will provide some 56 storeys of accommodation, with a total height of 204m. The River Tower will provide some 42 storeys, providing hotel accommodation over the first 19 storeys, with residential accommodation across the rest. There will be retail accommodation at ground floor.

The scheme was designed by Kohn Pedersen Fox (KPF), who are an internationally recognised architectural firm for designing some of the most iconic, and successful developments throughout each generation. Some of these include, but are not limited to:

- 30 Hudson Yards, New York
- Heron Tower, London
- DAMAC Tower Nine Elms, London
- Guangzhou CTF Finance Centre, China
- 52 Lime Street, London
- International Commerce Centre, Hong Kong

The project is being constructed by Multiplex, who are an international construction contractor founded in Australia and currently headquartered in London. They are owned by Brookfield. The project will provide a "state of the art" building in the Nine Elms landscape, which is generally characterised by modern, contemporary accommodation.

The residential accommodation will provide a very high-end specification of finish, far superior to that of properties in the surrounding area. The units provide access to a wide range of amenities and facilities such as 24 hours concierge, a residents' lounge, bar, business centre, fully equipped gym, swimming pool, spa, cinema room, games room.

The hotel will create a unique experience for a wide range of travellers, from business occupants seeking the connectivity and business facilities, to private travellers looking for an escape or hub to explore London. The location is firmly established in the city. Going forwards, the hotel will benefit from stabilisation, enhanced performance and this strong strategic position, with extremely limited comparable high-end competition on a micro and macro basis. We are

of the view that the nature and location of the hotel, being a prime tangible asset in an area set to improve significantly following the completion of the regeneration, there is likely to be high demand from the hotel investors.

The retail space will benefit from the wider Nine Elms regeneration, where it is a maturing, established area with increasing footfall. The area has become much more vibrant, and there is high demand for amenities and retailers. It is likely the units will remain in a shell and core condition, whilst a tenant is being selected. The tenant selection, from what we understand, is important for the “place making” element.

25.4. Marketability

The Property is a substantial investment. There are limited substantial property investments transactions with similar investment characteristics to that of the subject property at the time of reporting and there are very limited truly comparable schemes that have traded in recent months. As detailed above, yields for prime assets have softened due to the increased cost of finance and movement in bond yields.

We consider that the Property therefore have good marketability although pricing will continue to be subject to the vagaries of the finance market at any point in time. Recent increases in the cost of capital and a re-appraising of risk has caused investment yields to soften. However, pricing for prime London residential and hospitality have been more resilient than other sectors to reflect the strong fundamentals and “flight to quality” in the current market, especially as living assets are regarded as better hedges against inflation due to their ability to capture rental growth, and act as a “wealth store”.

In terms of saleability we would emphasise that there is currently limited risk in the short term in this regard as these are readily marketable assets for which currently there would be a good breadth of investor demand. Relative to other property investments and subject to availability and cost of funds the assets will have good debt raising capabilities. We would expect the value of the properties to improve over the course of the next 20 years, owing to the nature of the rising income profile and growth prospects, which is likely to counteract any potential yield softening.

25.5. Asset Liquidity

This is not a straightforward site and this directly impacts upon its marketability. We consider that the proposed development of the site provides a deliverable project which would generate substantial interest from potential purchasers if it were marketed. Due to the scale of the development and the current condition of the housing market, we would expect the majority of the potential purchasers would be interested in finished the currently development. The continued regeneration, of the local area and changing dynamics of the UK property market should all provide confidence for investors regarding future demand for residential property in Nine Elms.

There is a considerable weight of capital in the current market seeking to generate strong risk-adjusted returns (new entrants and old), for a variety of different reasons, mainly driven by the advantages over the finance markets, the prospects of stable long term rental growth, strong demographics, supportive Government Policy and compelling long term returns. In addition, we have seen investors willing to pay premiums for platforms, for accelerated deployment of capital. The focus for many investors is now on aggregating to scale, along with a renewed emphasis on the operational performance of platforms.

The London Borough of Nine Elms itself is one of the most attractive and strategic locations in London. If the asset were to be openly marketed, it would provide a rare chance to buy a significant holding in an area with strong supply demand characteristics; an area which has seen a marked shift in rental tone during the last few years and still holds potential for further growth.

There are limited opportunities for investors to acquire such properties and a purchase of the Property is a rare opportunity to buy into a prime asset class, in one of the UKs most strategic areas, which has potential for further growth. As a consequence, we are of the opinion that the scheme would generate very good levels of interest from a wide range of investors including the larger specialist property companies, funds and international investors. Given the lot size, investors will likely require debt in order to acquire the scheme, of which in recent months demand has return from bulge-banks syndicating loans.

Given the rare nature of the Property, we also consider that specialist asset managers within private equity funds would be interested; these parties generally prefer to take a property risk over a limited number of larger assets rather than diluting potential returns over a number of smaller assets with variable returns.

Whilst the various elements of the property could be sold off separately, we consider the mixed-use nature of the property may appeal to some institutional investors due to the mixed income profiles and the ability to control a significant land holding in Nine Elms.

25.6. Market Risk

As with any property investment and development, there is a property market risk to be considered as compared with other investment asset classes. Traditionally, the features of the Property market which contribute to this risk factor are illiquidity, slow reaction times between supply and demand imbalances, and regulatory interference.

Capital values for commercial real estate saw little change in the first part of the year (this follows a fall of c. 20% in the latter half of 2022). Real estate yields stabilised, but Government bond yields fluctuated in 2023 so far, reflecting the uncertain outlook for inflation and interest rates. In the absence of any capital growth, total returns for the year-to-date have been driven by income returns, while some parts of the real estate market have also seen rental growth, notably the industrial and logistics sector.

The adjustment in real estate pricing has alleviated but not altogether removed the denominator effect for multi-asset investors. This has created redemption pressures in some real estate funds and capital raising for new funds has slowed considerably. High costs of debt have impacted market activity while lender underwriting has been more cautious. This has created challenges for borrowers looking to refinance, but existing lenders have been supportive at loan maturity for most asset types so far, albeit at slightly lower LTVs and higher margins.

25.7. Title

The Property is held long freehold which is the most attractive form of tenure and opens the asset up to a wider pool of investors.

25.8. Financial Viability

The quantum of the development would have required a significant outlay during construction, and has taken a substantial amount of time to develop to where it is to date. The development has only 6 months until practical completion of the entire scheme, and has an outstanding CapEx budget of c £50 million. This is an attractive investment proposition in the current climate, where a skilled value add/opportunistic can finish the development and crystallise the full project returns, without taking on the significant risk of a c. £1 billion build cost development.

25.9. Development

Due to the complex nature of the site, there is a significant level of development risk. There are risks with the progression of the building works and an ability in achieving the intended specifications, dimensions and areas, together with the ability to not only complete the development to a good standard but also to complete it on time. Crucial to the success of any development is the developer's ability to complete the project and manage all areas of uncertainty and contractual dealings to mitigate the risk exposures. There are also risks associated with previously unknown problems and costs overruns are not uncommon for projects of this type, especially in the current inflationary environment. We consider it would be possible to mitigate some of this risk with appropriate control and management.

26. Valuation Methodology and Approach

26.1. Residual Appraisal

In respect of the development site, we have considered the Market Value by adopting the residual method of valuation. The Residual Development Appraisal determines a price that could be paid for the property given the expected 'as if complete' value of the proposed development and the total cost of the proposed development, allowing for market standard profit margins and having due regard to the known characteristics of the property and the inherent risk involved in its development. It is our opinion a prospective purchaser would rely heavily upon the Residual Appraisal as this method reflects the expectations of a purchaser in relation to costs, selling prices, profit margins, etc.

This approach allows for a prospective purchaser to adopt whatever assumptions they consider appropriate, such as adopting 'forecasted' values to reflect the timing of delivery of a scheme. This approach is used to value land or property which has redevelopment potential and involves the assessing of the value of the completed development. However, having completed our appraisal, we have then considered whether the output is reasonable in comparison to the market. This is particularly important due to significant lot size the asset presents investors. Given the nature of the asset being a well-located, strategic development, the prices being paid for such assets cannot always be justified using a traditional appraisal. There is often a premium paid, where a property presents long-term, fundamental value being attributed to factors that cannot simply be quantified through transactional evidence.

We are aware of instances where a premium of between 5% and 10% or more being paid for sites above levels that can reasonably be justified using the residual method are being achieved. The percentage of values over and above the fundamentals of a "normal appraisal" can be wide ranging, but strategically located properties tend to achieve the bigger uplifts. In many situations, prices achieved are in excess of levels produced by traditional and implicit valuation techniques. We believe that many investors and developers are currently adopting one or more of the following in their site appraisals.

27. Residential Gross Development Value

27.1. Methodology

We have approached the valuation of the Property by adopting the residual and comparable methods of valuation. In preparing our valuation of the Gross Development Value (GDV) we have adopted the comparable method of valuation. We have made enquiries of our own and public databases, local sales offices and our own local sales office and have had regard to recent transactions, as set out above.

The principal components of our valuation are the location of the Property in Nine Elms, the proposed accommodation, and the proposed quality of the finished development. We have assumed that the standard of finish and specification will be of a high quality, and we comment that this is crucial to meet with the current market demand, and is a prominent assumption within our valuation.

We have analysed the sales evidence paying particular regard to the size of the units, location and aspect of individual units and the capital values achieved. We have had regard to the rate (on a £ per sq ft basis) achieved, but whilst this is a useful tool of analysis we have not relied on it as a single approach to value the Property. We have reference to transactions within the market and current market sentiment based on a number of factors. These include:

- location
- lot size
- tenure
- capital growth prospects (e.g. whether the property is rack rented, reversionary or overrented)
- investor sentiment
- competition (both existing and pipeline)

Taking these elements into account, we have drawn conclusions as to the sales values which would be achievable to the units. These values we have considered compare favourably to the evidence and is above other more recent central London transactions. Residential values have softened throughout 2023 but remain more resilient than other sectors

and continue to attract a good level of investor interest and the current market due to the performance of residential as an “inflation hedge” and a shortage of high quality accommodation, both for occupation and investment purposes.

We have individually priced each unit within the scheme, having regard to floor level, aspect, and size, adjusting for these appropriately.

27.2. Gross Development Value

We attach to the appendix a schedule of our GDV’s for the residential units. We provide a summary below of the GDV values:

City Tower GDV

Unit Type	No.	Sq. ft	£ psf	GDV
1A	21	14,719	£2,126	£31,287,500
1B	21	13,940	£2,126	£29,630,000
1C	21	15,205	£2,124	£32,290,000
1D	42	26,491	£2,164	£57,315,000
2A	43	45,439	£1,939	£88,087,500
2B	42	43,231	£1,937	£83,740,000
2C	24	19,870	£1,907	£37,900,000
2D	24	23,030	£1,908	£43,942,500
2E	24	26,490	£1,975	£52,327,500
2F	3	3,383	£1,940	£6,562,500
2G	4	4,997	£2,009	£10,040,000
3A	24	36,430	£1,705	£62,105,000
3B	18	36,563	£1,765	£64,535,000
3C	21	45,657	£1,731	£79,030,000
3D	1	1,574	£1,749	£2,752,500
P	1	4,413	£2,298	£10,142,500
Total	334	361,432	£1,914	£691,687,500

River Tower GDV

Unit Type	No.	Sq. ft	£ psf	GDV
R1A	11	7,711	£2,548	£19,645,000
R2A	11	13,706	£2,291	£31,402,500
R2B	11	13,530	£2,291	£31,000,000
R2C	11	12,067	£2,290	£27,637,500
R2D	11	14,641	£2,291	£33,540,000
R3A-1	1	1,473	£2,169	£3,195,000
R3A-2	10	14,730	£2,272	£33,472,500
R3B	11	19,459	£2,263	£44,037,500
R3C-1	1	2,115	£2,357	£4,985,000
R3C-2	7	14,819	£2,418	£35,830,000
R3D-1	7	15,407	£2,405	£37,052,500
R3D-2	1	2,201	£2,452	£5,397,500
R3E-1	1	2,268	£2,358	£5,347,500
R3E-2	6	13,626	£2,412	£32,870,000
R3E-3	1	2,271	£2,452	£5,567,500
P1	2	14,700	£2,796	£41,097,500
Total	103	164,724	£2,380	£392,077,500

Affordable Housing GDV

Unit Type	No.	Sq. ft	£ psf	GDV
AF-1	1	790	£389	£307,500
AF-2	1	760	£391	£297,500
AF-3	5	4,455	£390	£1,737,500
AF-4	5	3,860	£505	£1,950,150
AF-5	5	3,270	£390	£1,275,000
AF-6	5	3,815	£515	£1,965,675
AF-7	5	4,265	£390	£1,662,500
AF-8	5	3,085	£389	£1,200,000
AF-9	5	3,605	£508	£1,830,100
AF-10	5	2,975	£851	£2,531,090
AF-11	5	3,015	£390	£1,175,000
AF-12	5	3,000	£392	£1,175,000
AF-13	5	3,045	£599	£1,825,000
Total	57	39,940	£474	£18,932,015

27.3. Sales Period

The market values as detailed above on an individual basis are on the specific assumption of an orderly sale of the units over a period of time. In addition, being a day one valuation, we have not reflected any possible inflation/deflation in sales prices between now and the date of practical completion.

Within our appraisal we have made the assumption that 50% of the units will sell off plan with the remaining apartments selling over an 18 month sales period.

27.4. Specification

Our assessment of the GDV is on the specific understanding that the apartments will be finished to a very high specification.

We emphasise that the specification and finish of a new development is crucial to achieving a premium. Buyers in the prime sector are increasingly discerning and their expectations have increased in parallel with the standard of new build specifications available in the global market. The execution and quality of the workmanship is of equal importance to the specification and again is crucial to achieving a premium on sale.

28. Hotel Gross Development Value

28.1. Valuation Approach

The value of a trading hotel is assessed by adopting the income approach to valuation whereby the sustainable earnings that can be generated are capitalized at a rate of return that investors require in the market.

The approach adopted will ultimately depend on the type of hotel asset and the level of sophistication of purchasers in the market although this would typically involve adopting a discounted cash flow whereby the future earnings of the business are discounted over a given period before assuming a sale at the end of this period.

Adopting an income approach also requires the analysis of comparable transactions in the market to assess the rates of returns investors are prepared to accept at the date of valuation. The sales approach is also used as a secondary measure to analyze value on a price per bedroom basis as this method this will often be used by purchasers in the market as a guide.

As such our opinions of value are based on analysis of recent relevant market transactions supported by market knowledge derived from our agency experience.

28.2. Income Assumptions

The Property is operated by the operator Park Hyatt on a management contract agreement. In general, our income projections have been benchmarked against our dataset and the projections provided by management.

The hotel provides 203 full service bedrooms and will launch in June 2023.

Our projections incorporate an opinion of general price inflation based upon economic projections from various sources and historical data. To portray revenue level changes, we have adopted an average retail growth rate of 4.0% - 3.0% per year throughout the projection period. Costs have been adjusted in line with long-term CPI inflation rate of 2.0%. This is intended only to portray an expected long-term trend in price movements, rather than for a specific interval in time.

In the long term there is the real chance of the Hotel to outperform the peers, in view of the strong track record of the management operator.

Based on our review and our analysis of comparable hotel income, we have derived base levels of income. The data set we have analyzed includes percentage of departmental and/or total revenue, amount per available room, and amount per occupied room.

We have not been provided with forecasts by management, but have benchmarked against data by STR, and benchmarking against market opinions, we have developed a ten year projection of the hotels trading performance, with the first period beginning 31 July 2024 in line with practical completion. The projection of income and expense is intended to reflect the valuer's opinion of how a typical buyer would project the Property's operating results. Depending on the dynamics of the local market, a typical buyer's projection may be adjusted up or down. We have attempted to incorporate these considerations into our analysis.

28.3. GDV Assumptions

The consented scheme comprises a 203-bedroom hotel forming part of River Tower, the hotel will be situated on the ground up to 19th floor.

Other accommodation would include hotel reception area and lobby, with a secure executive wing and events spaces, a spa with pool, plus F&B facilities.

The hotel is to be operated by Hyatt International under a Hotel Services Agreement (HSA). Hyatt International are a world renowned luxury hotel operator. Under the HSA the Client is to benefit from the operating profits of the hotel (after management fees and costs) while the Operator acts as Manager and agent on its behalf.

It is assumed that the hotel will be built, fitted out, and operated in a commensurate manner to other leading London upper upscale hotels.

28.4. Kroll Trading Projections

As part of our valuation, we have had due consideration for the likely cashflows the hotel will achieve following practical completion. We summarise our first 5 years of trading performance below:

One Nine Elms	Projections				
	2024	2025	2026	2027	2028
No. of Keys	203	203	203	203	203
Occ (%)	55.0%	62.0%	73.0%	83.0%	84.0%
ADR	£390.00	£405.60	£421.80	£434.45	£447.50
RevPAR	£214.50	£251.45	£307.90	£360.60	£375.90
Annualised Growth %	-	12.7%	17.7%	13.7%	1.2%
Total Operating Revenues	£3,827,392	£32,286,176	£39,532,694	£46,296,149	£48,261,331
<i>Less Operational Expenses</i>	<i>(£4,761,046)</i>	<i>(£13,229,301)</i>	<i>(£16,198,570)</i>	<i>(£18,969,905)</i>	<i>(£19,775,140)</i>
Department Profit	£6,973,927	£19,378,131	£23,727,483	£27,786,902	£28,966,403
<i>Less Undistributed Expenses</i>	<i>(£1,942,138)</i>	<i>(£5,396,530)</i>	<i>(£6,607,762)</i>	<i>(£7,738,252)</i>	<i>(£8,066,725)</i>
Gross Operating Profit	£5,031,789	£13,981,601	£17,119,721	£20,048,651	£20,899,677
<i>Less Management, Performance & Royalty Fee</i>	<i>(£435,971)</i>	<i>(£1,211,413)</i>	<i>(£1,483,310)</i>	<i>(£1,937,569)</i>	<i>(£2,019,815)</i>
Income before Fixed Costs	£4,595,818	£12,770,188	£15,636,412	£18,111,082	£18,879,863
<i>Less Taxes</i>	<i>(£469,399)</i>	<i>(£1,304,297)</i>	<i>(£1,597,042)</i>	<i>(£1,870,272)</i>	<i>(£1,949,662)</i>
EBITDA	£4,126,419	£11,465,891	£14,039,369	£16,240,810	£16,930,201
<i>FF&E Reserve at 3.0%</i>	<i>(£352,049)</i>	<i>(£978,223)</i>	<i>(£1,197,782)</i>	<i>(£1,402,704)</i>	<i>(£1,462,246)</i>
Net Operating Income	£3,774,370	£10,487,668	£12,841,588	£14,838,106	£15,467,955

We have assumed a 5-year stabilisation pattern for the business to build up its trading performance to a mature position. A long term revenue and cost inflation assumption thereafter has been applied at 4.0% and 2.2% per annum. These assumptions are in line with market expectations. We have assumed a sustainable long term occupancy level of 84% which we consider reasonable given the Property's prime location.

A significant proportion of total revenue is to be generated from non-rooms income (c. 43%), associated in particular with the proposed F&B facilities. We have benchmarked these assumptions against other hotels we have recently valued and others within central London. Based on this exercise the projections do not appear unreasonable, however it should be noted that F&B assumptions generally carry a much greater degree of uncertainty and would be largely dependent on a successful launch and operation.

Various assumptions have been made to individual cost lines which produce a stabilised Net Operating Income of £15.47 million in Year 5 (forecasted in 2028). This equates to 32% of total revenue and £76,197 per bedroom, which when benchmarked against similar hotels appears reasonable.

In conclusion, having reviewed the trading projections against our own data we consider the forecasting to be broadly in line with market expectations for a luxury 5-star hotel in this location.

28.5. Discounted Cash Flow

In assessing the value of the hotel, we have adopted a discounted cash flow (DCF) having regard to the performance of the business as shown in our assessment above.

The value of a Hotel let on a management contract is assessed by assessing the income of the management operator. Because of this, the most appropriate valuation methodology is to utilise a discounted cashflow approach.

Under this approach future profits of the hotel are discounted to present day values at a discount rate reflecting the opportunity cost of capital and risk associated with the investment.

It is assumed that the asset will be sold by the end of a hold period (we have adopted a hold period of 10 years), and thus the projected net operating profit in the terminal year is capitalized at an exit yield before being discounted back to present day values.

The hotel will generate an operational income stream rather than a fixed rent income stream and so the greater potential volatility of this will be considered by investors.

Our analysis of applicable exit capitalization and discount rates for the property specifically considers the building type and condition, the current local hotel market conditions, estimated future trends in the hotel market, the current and

future earnings potential and the required returns on investment for similar investments. A determination of the appropriate discount and capitalization rates for the Property involves analyzing comparable transactions, speaking with investors and brokers of hotel properties throughout the country, discussing investment parameters with other hospitality industry experts, and considering the results of several published investment surveys.

It is very difficult to compare this with other hotel transactions as trading data is often confidential and where it is available it is extremely difficult to analyze the true trading potential of the hotel. There has been limited amount of transactional and evidence in London in recent years due to a lack of supply coming to market although the previous section sets out details of comparable hotels that have sold together with the yield achieved (where data is available) and price per bedroom.

Adopting an income approach also requires the analysis of comparable transactions in the market to assess the rates of returns investors are prepared to accept at the date of valuation. The sales approach is also used as a secondary measure to analyze value on a price per bedroom basis as this method this will often be used by purchasers in the market as a guide.

As such our opinion of value is based on analysis of recent relevant market transactions supported by quantifiable data supplied by the Management Team, STR, and active agents.

We have discounted the projected EBITDA over a holding period of 10-year and the exit value, based on our understanding of the hospitality investment market in the UK as at 31 December 2023.

Based upon our knowledge of current investment returns required by typical hotel investors, along with factors affecting investment risk specific to the Property. Our choice of yield has regard to the location of the property its current earnings and the opportunity to improve earnings upon stabilisation. We have selected a discount rate of 8.00% and exit yield of 5.50%.

We have deducted full purchaser's costs at 6.80% from our Net Present Value in order to derive our opinion of Market Value.

28.6. Discounted Cash Flow Summary

We have used the following inputs & assumptions in our valuation:

Input:	Output from Discounted Cashflow:
Year 1:	ADR £390.00 and Occupancy 55.0% → Revenue £11.73m and EBITDA £4.13m
Year 5 (stabilisation):	ADR £447.50 and Occupancy 84.0% → Revenue £48.74m and EBITDA £16.93m
Year 10:	ADR £550.40 and Occupancy 84.0% → Revenue £59.95m and EBITDA £20.05m
Operating Cash Flow:	£148.69m, over the 10 year investment horizon.
Net Exit Value:	£300.55m, calculated as NOI of £17.65m in year 11 @ 5.50% exit yield.
Net Present Value:	£232.5m at a discount rate of 8.00% and net of purchasers' cost.

For this type of property in this market we believe that there would be significant sensitivity surrounding the discount rate and exit yield. In valuing the subject property, we have discounted the total net cash flow at a rate of 8.00%. This results in a Market Value of £232,500,000 and c. 13.73x stabilized EBITDA multiplier. This equates to £1,045,000 per room, which when benchmarked against similar hotels as detailed earlier in this report appears broadly reasonable.

We highlight that in view of the unstabilized nature of the Hotel, the Net Initial Yield is not a very relevant metric in this valuation. The focus should be on the Discount Rate and on the Exit Yield. We have undertaken sensitivity analysis to assess the impact on the value of a 25 bps variation in the discount rate or exit yield.

The outcomes of the sensitivity analysis are summarized in the following table and show the value ranging from a minimum of £222.80m to a maximum of £243.00m, varying with an increase/decrease.

Sensitivity Analysis			
0.25%			
232,500,000	5.25%	5.50%	5.75%
7.75%	243,000,000	236,400,000	230,400,000
8.00%	238,900,000	232,500,000	226,600,000
8.25%	234,900,000	228,600,000	222,800,000

We refer to the attached detailed valuation printout providing a full break down of our valuation. In summary, we set out our approach to the valuation as follows but in general we have adopted what we consider the most likely approach by investors.

29. Retail Gross Development Value

29.1. Valuation Approach

We have adopted the traditional “all risks yield” method, having regard to comparable investment transactions and current market sentiment. Under the traditional approach, we have assessed the properties value through adopting an “all in” capitalization yield yield to in line with building quality, likely lease length, covenant profile and reversionary cashflow potential. The results are a ‘blended’ initial yield with the result of the property to provide an assessment of the Gross Development Value. We have also been mindful of the overall yield profile. We have made the following specific assumptions which we consider to be appropriate and reasonable to reflect the approach likely to be adopted by prospective purchaser.

29.2. Market Rental Value

Market Rent is defined by the RICS Valuation – Global Standards 2022 as: “The estimated amount for which a property would be leased on the valuation date between a willing lessor and a willing lessee on appropriate lease terms in an arm’s length transaction, after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion.”

The market rental values for the subject property were determined in consideration of the current market environment and also considering comparable letting activities, the current rental payments of the subject property, the location of the property as well as the business environment.

The gross market rental income is therefore assumed to be above the current contractual rental payments at a total of £296,010 per annum resulting in an average market rental value of £27.50 per sq ft.

29.3. Tenant Profile

The property will likely attract a strong covenant, likely a national or regional brand given the strength of the location at Nine Elms, and the limited number of suitable available units for them to occupy. The size of the space, with 10,764 sq ft available, would make the space suitable for a range of F&B and leisure operators.

29.4. Lease Length

If such a tenant were to be found then it is likely that a 10 year lease would be achieved, and a reasonable prospect that even a 15 year lease could be secured.

29.5. Marketing Void and Rent Free Period

Considering the building still has 7 months until practical completion, if offered to the market we would anticipate a limited void, given there is sufficient time to market the space, and there is good occupational demand in the local area.

We anticipate a rent free period of circa 18 months for accommodation for every 10 year term certain, assuming that the property is maintained in a reasonable state of repair.

We would expect that most, if not all, prospective tenants of the property will provide a strong covenant. In considering the property at the current time, the above potential vacancy levels must be balanced against the potential for lease renewal, and hence assumed averages might be adjusted to reflect risk.

29.6. Capitalisation Yield

We have valued the Property using the traditional “all risks yield” method, having regard to comparable investment transactions and current market sentiment.

The Capitalisation Rate are adjusted in accordance with the following criteria:

- Quality of the location.
- Demand and levels of value in the relevant local real estate market.
- The prospects for the local market.
- Development of rents and prices (yield compression).
- The current letting situation and income profile of the property as regards vacancy, over-rented or under-rented status, the quality of the tenancy structure, the tenants covenant strengths, the remaining lease terms and the indexation provisions and extension options.
- The nature of the assets, its age, size and condition.
- The overall capital lot size.
- Additional risk adjustments to take into account uncertainties in the forecasting of future cash flows.

The choice of the Capitalisation Rate is based on an appropriate capitalisation rate reflecting above and the long-term expected market environment, as well as the future market uncertainty as at the end of the cash flow period and on the resulting gross rent multiple (Market Value divided by the annual contractual rental payment). It is therefore potentially different to the NIY that could be achieved today. The Capitalisation Rate is used to capitalise the net rental income after the cash flow period. This net rental income comprises the assumed rental income at that time less the non-recoverable operating costs.

We have also considered the general tone of evidence just prior to the summer and recent market sentiment, the latter of which is based upon both general market perception and our knowledge of investments currently being marketed and investments currently under offer. The common denominator in these transactions is that they benefited from long term index linked investment grade income streams to secure covenants. It is notable that the majority of the sales for prime retail assets this year has been on larger assets, single let to secure covenants, which emphasises investor preference for quality buildings at a time of uncertainty.

We have also had regard to the local investment market. As noted above, prime retail yields in the immediate location currently stand at 5.50% - 6.00%. This would be for a prime London high-street location let on market terms for a period of 10 years. Considering the property will be of brand new construction, let on a new 10 year lease, with standard market facing assumptions, we have adopted a net initial yield of 6.50% to the overall rent of £296,010 (reflecting a rent of £27.50 per sq ft).

29.7. Gross Development Value

Having carefully considered the Property, we are of the opinion that the current Gross Development Value of the retail accommodation as at 31 December 2023 is £41,590,000. Our valuation is based on full purchaser’s costs at 6.80%.

Item	Assumption/Output
Sq. ft	10,764
Rent £ per sq ft	£27.50
Rent per annum	£296,010
Void + Rent Free	18 months
Yield	6.50%
Purchasers Costs	6.80%
Value	£3,880,000

30. Parking Gross Development Value

We have had due regard for the sales price for parking spaces across London. Parking space can transact at a premium and are often acquired by individuals who live outside of London and commute in via public transport. We have surveyed a range achieved of parking spaces, from £25,000 per space to £110,000 per space. We have considered a conservative approach to our valuations and adopted the following gross development value for the parking element at the property.

Parking	No.	Price per Space	GDV
Spaces	72	35,000	£2,520,000
Total	72		£2,520,000

31. Residual Land Valuation Calculations

The value of the site is wholly driven by the development potential and all prospective bidders would appraise the opportunity on this basis.

Our approach has been to consider the Market Value of the property using the residual method of valuation. This is used to value property which has potential for redevelopment or refurbishment and involves the assessing of the value of the completed development and deducting the estimated cost of the work, including professional fees, finance (on land and construction costs), and developers profit, to arrive at the current value of the property. This approach allows for a prospective purchaser to adopt whatever assumptions they consider appropriate, such as adopting ‘forecasted’ values to reflect the timing of delivery of a scheme. It also explicitly allows for profit and finance costs.

The calculation comprises many variables, most of which are based on estimates of cost or value. A residual valuation is therefore significantly affected by small changes in its elements, such as construction costs or costs of finance or the percentage deducted for developer’s profit. For example, a relatively small adjustment to one of the inputs can have a disproportional impact on the value of the site. The residual method of valuation should as a result be viewed with caution, although it is the method which is generally accepted in the marketplace. In addition, residual appraisals tend to be conservative, especially when based on robust assumptions.

We provide details below of the various elements adopted within our approach to the residual valuation under the following headings.

31.1. Gross Development Value Summary

We have adopted our Gross Development Value as stated in the previous section. We summarise this in the table below:

Property	Gross Development Value
City Tower	£691,687,500
River Tower	£392,077,500
Affordable	£18,932,015
Hotel	£232,500,000
Retail	£3,880,000
Parking	£2,520,000
Total	£1,341,597,015
Say	£1,341,600,000

31.2. Sales Costs

We have allowed for sales costs at the following prevailing rates:

Component	Rate	Sales Fee
City Tower Sales Fees	0.75%	£5,187,656
River Tower Sales Fees	0.75%	£2,940,581
Affordable Sales Fees	0.75%	£141,990
Hotel Sales Fees	1.25%	£2,906,250
Retail Sales Fees	0.50%	£19,400
Car Parking Sales Fees	1.25%	£31,500
Total Sales Fees		£11,227,378

31.3. Purchasers Costs

This is broken down into three costs:

- Stamp Duty - We have allowed for stamp duty costs of 4.97% equal to £68,635,012 calculated on the residual value of the site.
- Agents Fees - We have allowed 1.00% of residual value for agent's fees on acquisition.
- Legal Acquisition Costs - We have assumed legal costs of 0.50% of purchase price.
- VAT and other Costs - We have assumed VAT and other costs of 0.30% of purchase price.

31.4. Hard Costs

We have been provided with a total Cost Schedule, which reflects an outstanding hard construction cost to complete of £52,705,398. Given the project has an estimated 7 months until practical completion, and is provided on a fixed-price basis, we have not inflated build costs throughout out build period until practical completion.

We provide a summary table below:

Cost Heading	Original Appraisal	Cost Consultant (Dalbergia group) Underwriting Appraisal	Outstanding Construction Costs
Multiplex Contract	£845,000,000	£845,000,000	£35,658,684
Level 17&18 Fit Out		£5,600,000	£5,600,000
Hotel blinds		£927,040	£927,040
Section 278 - part of paving (type 3)		£76,872	£76,872
Hotel Guestroom conduit		£30,396	£30,396
PG water proofing report SLWPM-EAI-000656		£49,680	£49,680
Alternative Brassware to L17&18 Suites		£14,350	£14,350
EAI 717 Benchmark room comments change		£19,999	£19,999
Hotel Bathroom change		£15,120	£15,120
Advanced Payment Recovery - £30m	-	-	-
Security Payment Recovery - £8m	-	-	-
Byrnes Advanced Payment Recovery - £2m	-	-	-
Yuanda Payment Recovery - Fixed £11.99m of £17.313m	-	-	-
Yuanda Advanced Payment Recovery Variable - £5.232m of £17.313m	-	-	-
Enabling Works (Final Account Agreed)	£36,800,000	36,800,000	-
Piling Works (Final Account Agreed)	£46,475,149	46,475,149	-
Other Clients Costs (Historic)	£31,888,951	31,888,951	-
FF&E (R&F Direct)	£12,513,191	12,513,191	£7,894,979
Marketing Suite & Showroom (R&F Direct)	£1,574,906	1,574,906	£12,993
Utilities	£1,489,723	1,489,723	£817,459
Section 278	£2,500,000	2,423,128	£1,066,872
Level 17&18 Fit Out	£4,000,000	-	-
Hotel blinds	£700,000	-	-
Irrecoverable VAT		420,953	£420,953
RT Level 42 fit out	£100,000	100,000	£100,000
Sub-total	£983,041,920	£985,419,458	£52,705,398

We have been provided with a separate contingency budget of £11,384,451, which although reflects a large contingency (21.6% on hard costs), is a figure we have considered is part of the build cost package.

We would emphasise that we are not qualified to undertake an assessment of build cost, and that we have relied entirely on the build costs supplied. However, based on our experience of similar developments, we consider these costs are acceptable for the location, quantum and conversion nature of the scheme. The costs we have adopted are for valuation purposes only and should they prove to be an under-estimate there would be a negative impact on the land value. We would however recommend that you instruct a qualified monitoring surveyor to scrutinise these construction costs in more detail.

31.5. Soft Costs

We have also allowed for the following outstanding soft costs:

- Outstanding professional fees - £2,581,398. There has been a significant amount of professional fees spent to date, with the total budget originally standing at £49,047,333.
- Outstanding Professional Fees Contingency – £258,169.
- Statutory Costs - £197,200
- Miscellaneous Costs/Fees - £1,254,069

31.6. Section 106/CIL

We have deducted costs for the outstanding S106/CIL cost of £10,384,974.

31.7. Total Cost (Pre-finance) Summary

Type	%	Total Cost
Hard Costs:		£52,705,398
Contingency:		£11,384,451
Professional Fees		£2,581,691
Contingency	10%	£258,169
CIL		£10,384,974
Statutory Costs		£197,200
Miscellaneous Costs/Fees		£1,254,069
City Tower Sales Fees	0.75%	£5,187,656
River Tower Sales Fees	0.75%	£2,940,581
Affordable Sales Fees	0.75%	£141,990
Hotel Sales Fees	1.25%	£2,906,250
Retail Sales Fees	0.50%	£19,400
Car Parking Sales Fees	1.25%	£31,500
Total Costs to Complete:		£89,993,331

31.8. Finance Costs

The cost of finance has been allowed for at 10%. We have made the assumption that the scheme is 60% debt financed on a Loan to Cost basis.

This amounts to an interest expense cost of £38,806,709 across the development period.

We have allowed for fees (arrangement and brokerage) of 2% on the gross loan amount, which amounts a fees expense of £13,880,872.

31.9. Developer's Profit

The level of profitability likely to be required by a developer is dependent on how they perceive the risks in undertaking the development. In this instance, we have adopted a profit equal to 10.00% of the total cost, to reflect the limited outstanding construction cost to complete. At the rate of profit, the return for risk is £120,942,683. It is our opinion that the market would see this as appropriate given the risk profile of the development and the normal delivery method of developing similar schemes.

31.10. Timescales

We have been provided with a timeline for practical completion of all elements, which is due for June 2024. Many of the elements have already achieved practical completion, of which we detail an overview of likely completion dates below:

Building Element	Completion Date
City Tower 7-31F	Completed
City Tower 32-54F	December 2023
River Tower 20-42F	Completed
City Tower 1-6F (affordable)	Completed
Retail	Completed
Car Parking	Completed
River Tower 1-18F (hotel)	February 2024

Additionally, we have made the following assumptions with regard to cost and revenue timings:

- A straight line distribution of the various costs through appropriate periods of the development.
- The sale of all the components upon completion.
- Fees payable at the time of provision.

31.11. Residual Land Value

Our residual land value on this basis is £1,009,338,408 say £1,009,300,000.

Our valuation calculations have been assisted using Excel, and a printout of those calculations is enclosed at Appendix 1 of this report.

We provide a summary of our calculations below:

GDV	
Total GDV:	£1,341,597,015
	<i>less</i>
Sales Fees	
Total Sales Fees:	£11,227,378
	<i>less</i>
Construction Costs and Fees	
Total Hard Costs:	£64,089,849
Total Soft Costs:	£14,676,104
	<i>less</i>
Finance Costs (at 10%)	
Interest:	£38,806,709
Arrangement & Exits Fees:	£13,880,872
	<i>less</i>
Purchasers Costs (at 6.8%)	
Purchasers Costs:	£68,635,012
Residual Land Value:	£1,009,300,000

32. Valuations

32.1. Gross Development Value

Having regard to the foregoing, we are of the opinion that the Gross Development Value (as defined in Appendix 1) of the freehold interest in the property in its existing condition, as at the date of valuation is in the region of:

£1,341,600,000

(ONE BILLION THREE HUNDRED AND FOURTY ONE MILLION SIX HUNDRED THOUSAND POUNDS)

32.2. Market Value

Having regard to the foregoing, we are of the opinion that the Market Value (as defined in Appendix 1) of the freehold interest in the property in its existing condition, as at the date of valuation is in the region of:

£1,009,300,000

(ONE BILLION NINE MILLION THREE HUNDRED THOUSAND POUNDS)

The above reflects a Freehold Property Sale as defined herein, with 6.80% purchasers' costs.

Appendix 1
Valuation Calculations



Summary and Assumptions

Property Information	Return Profile	GDV Breakdown	Total Cost Breakdown
Client: R&F Properties	Development Cost 1,209,426,955	City Tower 691,687,500	Land Costs 1,077,973,420
Property: ONE Nine Elms	Development Profit 120,942,683	River Tower 392,077,500	Hard Costs 64,089,849
Property Address: 1 Nine Elms Lane	PoC 10.0%	Affordable 18,932,015	Soft Costs 14,676,104
Postcode: SW8 5NQ	PoGDV 9.0%	Hotel 232,500,000	Finance Costs 52,687,582
Property Type: Mixed-use	Unlevered Project IRR 24.2%	Office -	Total Sales Fees 11,227,378
Valuation Date: 31/12/2023	Levered Project IRR 34.1%	Retail 3,880,000	
		Car Parking 2,520,000	

Gross Development Value Summary	Start Date	End Date	Start Month	Duration	End Month	GDV
City Tower	31/12/2023	31/08/2024	8	1	8	691,687,500
River Tower	31/12/2023	31/08/2024	8	1	8	392,077,500
Affordable	31/12/2023	31/08/2024	8	1	8	18,932,015
Hotel	31/12/2023	31/08/2024	8	1	8	232,500,000
Office	31/12/2023	31/08/2024	8	1	8	-
Retail	31/12/2023	31/08/2024	8	1	8	3,880,000
Car Parking	31/12/2023	31/08/2024	8	1	8	2,520,000
Total Gross Development Value						1,341,597,015

City Tower Sales Fees	0.75%	5,187,656
River Tower Sales Fees	0.75%	2,940,581
Affordable Sales Fees	0.75%	141,990
Hotel Sales Fees	1.25%	2,906,250
Office Sales Fees	0.50%	-
Retail Sales Fees	0.50%	19,400
Car Parking Sales Fees	1.25%	31,500
Total Sales Fees		11,227,378

Total Net Development Value	1,330,369,637
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Costs	Start Date	End Date	Start Month	Duration	End Month	
Land Costs						
Land Costs	31/12/2023	31/01/2024	0	1	0	1,009,338,408
Purchasers Costs	31/12/2023	31/01/2024	0	1	0	68,635,012
Total Land Costs						1,077,973,420
Hard Costs						
Build Costs	31/12/2023	31/07/2024	1	7	7	52,705,398
Contingency	31/12/2023	31/07/2024	1	7	7	11,384,451
Total Hard Costs						64,089,849
Soft Costs						
Professional Fees	31/12/2023	31/07/2024	1	7	7	2,581,691
Contingency	31/12/2023	31/07/2024	1	7	7	258,169
CIL	31/12/2023	31/03/2024	5	3	7	10,384,974
Statutory Costs	31/12/2023	31/07/2024	1	7	7	197,200
Miscellaneous Costs/Fees	31/12/2023	31/07/2024	1	7	7	1,254,069
Total Soft Costs						14,676,104
Total Development Costs (pre financing)						1,156,739,373

Senior Financing Assumptions						Loan to Cost
Senior Interest			10.0%		60.0%	38,806,709
Senior Fees			2.0%			13,880,872

Total Development Costs	1,209,426,955
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Project Level Profit	120,942,683
Profit on Cost	10.00%
Profit on GDV	9.01%

R&F Properties

ONE Nine Elms
City Tower GDV
30/11/2023

Summary

Unit Type	No.	Sq. ft	£ psf	GDV	GDV
1A	21	14,719	£2,126	£31,287,500	£0
1B	21	13,940	£2,126	£29,630,000	£0
1C	21	15,205	£2,124	£32,290,000	£0
1D	42	26,491	£2,164	£57,315,000	£0
2A	43	45,439	£1,939	£88,087,500	£0
2B	42	43,231	£1,937	£83,740,000	£0
2C	24	19,870	£1,907	£37,900,000	£0
2D	24	23,030	£1,908	£43,942,500	£0
2E	24	26,490	£1,975	£52,327,500	£0
2F	3	3,383	£1,940	£6,562,500	£0
2G	4	4,997	£2,009	£10,040,000	£0
3A	24	36,430	£1,705	£62,105,000	£0
3B	18	36,563	£1,765	£64,535,000	£0
3C	21	45,657	£1,731	£79,030,000	£0
3D	1	1,574	£1,749	£2,752,500	£0
P	1	4,413	£2,298	£10,142,500	£0
Total	334	361,432	£1,914	£691,687,500	£0

Unit Analysis

Plot No.	Floor	Flat Type	Size (Sq. m)	Size (Sq. ft)	Bedrooms	D&P £ psf	Gross Value
7.01	7	2A	94	1,004	2	£1,872.34	£1,880,000
7.02	7	2B	96	1,025	2	£1,872.34	£1,920,000
7.03	7	1A	65	699	1	£2,090.70	£1,462,500
7.04	7	1B	62	660	1	£2,090.70	£1,380,000
7.05	7	1C	67	725	1	£2,090.70	£1,515,000
7.06	7	2C	77	829	2	£1,872.34	£1,552,500
7.07	7	1D	58	622	1	£2,090.70	£1,300,000
7.08	7	3A	141	1,518	3	£1,672.56	£2,540,000
7.09	7	2D	89	960	2	£1,872.34	£1,797,500
8.01	8	2A	99	1,058	2	£1,872.34	£1,980,000
8.02	8	2B	96	1,025	2	£1,872.34	£1,920,000
8.03	8	1A	65	701	1	£2,090.70	£1,465,000
8.04	8	1B	62	664	1	£2,090.70	£1,387,500
8.05	8	1C	67	724	1	£2,090.70	£1,512,500
8.06	8	2C	77	829	2	£1,872.34	£1,552,500
8.07	8	1D	58	622	1	£2,090.70	£1,300,000
8.08	8	3A	141	1,518	3	£1,672.56	£2,540,000
8.09	8	2D	89	960	2	£1,872.34	£1,797,500
9.01	9	2A	99	1,058	2	£1,881.61	£1,990,000
9.02	9	2B	96	1,025	2	£1,881.61	£1,927,500
9.03	9	1A	65	701	1	£2,101.05	£1,472,500
9.04	9	1B	62	664	1	£2,101.05	£1,395,000
9.05	9	1C	67	724	1	£2,101.05	£1,520,000
9.06	9	2C	77	829	2	£1,881.61	£1,560,000
9.07	9	1D	58	622	1	£2,101.05	£1,307,500
9.08	9	3A	141	1,518	3	£1,680.84	£2,552,500

9.09	9	2D	89	960	2	£1,881.61	£1,807,500
10.01	10	2A	94	1,004	2	£1,881.61	£1,890,000
10.02	10	2B	96	1,025	2	£1,881.61	£1,927,500
10.03	10	1A	65	701	1	£2,101.05	£1,472,500
10.04	10	1B	62	664	1	£2,101.05	£1,395,000
10.05	10	1C	67	724	1	£2,101.05	£1,520,000
10.06	10	2C	77	829	2	£1,881.61	£1,560,000
10.07	10	1D	58	622	1	£2,101.05	£1,307,500
10.08	10	3A	141	1,518	3	£1,680.84	£2,552,500
10.09	10	2D	89	960	2	£1,881.61	£1,807,500
11.01	11	2A	99	1,058	2	£1,881.61	£1,990,000
11.02	11	2B	97	1,025	2	£1,881.61	£1,927,500
11.03	11	1A	65	701	1	£2,101.05	£1,472,500
11.04	11	1B	62	664	1	£2,101.05	£1,395,000
11.05	11	1C	67	724	1	£2,101.05	£1,520,000
11.06	11	2C	77	829	2	£1,881.61	£1,560,000
11.07	11	1D	58	622	1	£2,101.05	£1,307,500
11.08	11	3A	141	1,518	3	£1,680.84	£2,552,500
11.09	11	2D	89	960	2	£1,881.61	£1,807,500
12.01	12	2A	99	1,058	2	£1,890.88	£2,000,000
12.02	12	2B	97	1,025	2	£1,890.88	£1,937,500
12.03	12	1A	65	701	1	£2,111.40	£1,480,000
12.04	12	1B	62	664	1	£2,111.40	£1,402,500
12.05	12	1C	67	724	1	£2,111.40	£1,527,500
12.06	12	2C	77	829	2	£1,890.88	£1,567,500
12.07	12	1D	58	622	1	£2,111.40	£1,312,500
12.08	12	3A	141	1,518	3	£1,689.12	£2,565,000
12.09	12	2D	89	960	2	£1,890.88	£1,815,000
13.01	13	2A	94	1,058	2	£1,890.88	£2,000,000
13.02	13	2B	97	1,025	2	£1,890.88	£1,937,500
13.03	13	1A	65	701	1	£2,111.40	£1,480,000
13.04	13	1B	62	664	1	£2,111.40	£1,402,500
13.05	13	1C	67	724	1	£2,111.40	£1,527,500
13.06	13	2C	77	829	2	£1,890.88	£1,567,500
13.07	13	1D	58	622	1	£2,111.40	£1,312,500
13.08	13	3A	141	1,518	3	£1,689.12	£2,565,000
13.09	13	2D	89	960	2	£1,890.88	£1,815,000
14.01	14	2A	99	1,058	2	£1,890.88	£2,000,000
14.02	14	2B	97	1,025	2	£1,890.88	£1,937,500
14.03	14	1A	65	701	1	£2,111.40	£1,480,000
14.04	14	1B	62	664	1	£2,111.40	£1,402,500
14.05	14	1C	67	724	1	£2,111.40	£1,527,500
14.06	14	2C	77	829	2	£1,890.88	£1,567,500
14.07	14	1D	58	622	1	£2,111.40	£1,312,500
14.08	14	3A	141	1,518	3	£1,689.12	£2,565,000
14.09	14	2D	89	960	2	£1,890.88	£1,815,000
15.01	15	2A	99	1,058	2	£1,900.15	£2,010,000
15.02	15	2B	97	1,025	2	£1,900.15	£1,947,500
15.03	15	1A	65	701	1	£2,121.75	£1,487,500
15.04	15	1B	62	664	1	£2,121.75	£1,410,000
15.05	15	1C	67	724	1	£2,121.75	£1,535,000
15.06	15	2C	77	829	2	£1,900.15	£1,575,000
15.07	15	1D	58	622	1	£2,121.75	£1,320,000
15.08	15	3A	141	1,518	3	£1,697.40	£2,577,500
15.09	15	2D	89	960	2	£1,900.15	£1,825,000

16.01	16	2A	94	1,058	2	£1,900.15	£2,010,000
16.02	16	2B	97	1,025	2	£1,900.15	£1,947,500
16.03	16	1A	65	701	1	£2,121.75	£1,487,500
16.04	16	1B	62	664	1	£2,121.75	£1,410,000
16.05	16	1C	67	724	1	£2,121.75	£1,535,000
16.06	16	2C	77	829	2	£1,900.15	£1,575,000
16.07	16	1D	58	622	1	£2,121.75	£1,320,000
16.08	16	3A	141	1,518	3	£1,697.40	£2,577,500
16.09	16	2D	89	960	2	£1,900.15	£1,825,000
17.01	17	2A	99	1,058	2	£1,900.15	£2,010,000
17.02	17	2B	97	1,025	2	£1,900.15	£1,947,500
17.03	17	1A	65	701	1	£2,121.75	£1,487,500
17.04	17	1B	62	664	1	£2,121.75	£1,410,000
17.05	17	1C	67	724	1	£2,121.75	£1,535,000
17.06	17	2C	77	829	2	£1,900.15	£1,575,000
17.07	17	1D	58	622	1	£2,121.75	£1,320,000
17.08	17	3A	141	1,518	3	£1,697.40	£2,577,500
17.09	17	2D	89	960	2	£1,900.15	£1,825,000
18.01	18	2A	99	1,058	2	£1,909.41	£2,020,000
18.02	18	2B	97	1,025	2	£1,909.41	£1,957,500
18.03	18	1A	65	701	1	£2,132.10	£1,495,000
18.04	18	1B	62	664	1	£2,132.10	£1,415,000
18.05	18	1C	67	724	1	£2,132.10	£1,542,500
18.06	18	2C	77	829	2	£1,909.41	£1,582,500
18.07	18	1D	58	622	1	£2,132.10	£1,325,000
18.08	18	3A	141	1,518	3	£1,705.68	£2,590,000
18.09	18	2D	89	960	2	£1,909.41	£1,832,500
19.01	19	2A	94	1,058	2	£1,909.41	£2,020,000
19.02	19	2B	97	1,025	2	£1,909.41	£1,957,500
19.03	19	1A	65	701	1	£2,132.10	£1,495,000
19.04	19	1B	62	664	1	£2,132.10	£1,415,000
19.05	19	1C	67	724	1	£2,132.10	£1,542,500
19.06	19	2C	77	829	2	£1,909.41	£1,582,500
19.07	19	1D	58	622	1	£2,132.10	£1,325,000
19.08	19	3A	141	1,518	3	£1,705.68	£2,590,000
19.09	19	2D	89	960	2	£1,909.41	£1,832,500
20.01	20	2A	99	1,058	2	£1,909.41	£2,020,000
20.02	20	2B	97	1,025	2	£1,909.41	£1,957,500
20.03	20	1A	65	701	1	£2,132.10	£1,495,000
20.04	20	1B	62	664	1	£2,132.10	£1,415,000
20.05	20	1C	67	724	1	£2,132.10	£1,542,500
20.06	20	2C	77	829	2	£1,909.41	£1,582,500
20.07	20	1D	58	622	1	£2,132.10	£1,325,000
20.08	20	3A	141	1,518	3	£1,705.68	£2,590,000
20.09	20	2D	89	960	2	£1,909.41	£1,832,500
21.01	21	2A	99	1,058	2	£1,918.68	£2,030,000
21.02	21	2B	97	1,025	2	£1,918.68	£1,967,500
21.03	21	1A	65	701	1	£2,142.45	£1,502,500
21.04	21	1B	62	664	1	£2,142.45	£1,422,500
21.05	21	1C	67	724	1	£2,142.45	£1,550,000
21.06	21	2C	77	829	2	£1,918.68	£1,590,000
21.07	21	1D	58	622	1	£2,142.45	£1,332,500
21.08	21	3A	141	1,518	3	£1,713.96	£2,602,500
21.09	21	2D	89	960	2	£1,918.68	£1,842,500
22.01	22	2A	94	1,058	2	£1,918.68	£2,030,000

22.02	22	2B	97	1,025	2	£1,918.68	£1,967,500
22.03	22	1A	65	701	1	£2,142.45	£1,502,500
22.04	22	1B	62	664	1	£2,142.45	£1,422,500
22.05	22	1C	67	724	1	£2,142.45	£1,550,000
22.06	22	2C	77	829	2	£1,918.68	£1,590,000
22.07	22	1D	58	622	1	£2,142.45	£1,332,500
22.08	22	3A	141	1,518	3	£1,713.96	£2,602,500
22.09	22	2D	89	960	2	£1,918.68	£1,842,500
23.01	23	2A	99	1,058	2	£1,918.68	£2,030,000
23.02	23	2B	97	1,025	2	£1,918.68	£1,967,500
23.03	23	1A	65	701	1	£2,142.45	£1,502,500
23.04	23	1B	62	664	1	£2,142.45	£1,422,500
23.05	23	1C	67	724	1	£2,142.45	£1,550,000
23.06	23	2C	77	829	2	£1,918.68	£1,590,000
23.07	23	1D	58	622	1	£2,142.45	£1,332,500
23.08	23	3A	141	1,518	3	£1,713.96	£2,602,500
23.09	23	2D	89	960	2	£1,918.68	£1,842,500
24.01	24	2A	99	1,058	2	£1,927.95	£2,040,000
24.02	24	2B	97	1,025	2	£1,927.95	£1,975,000
24.03	24	1A	65	701	1	£2,152.80	£1,510,000
24.04	24	1B	62	664	1	£2,152.80	£1,430,000
24.05	24	1C	67	724	1	£2,152.80	£1,557,500
24.06	24	2C	77	829	2	£1,927.95	£1,597,500
24.07	24	1D	58	622	1	£2,152.80	£1,340,000
24.08	24	3A	141	1,518	3	£1,722.24	£2,615,000
24.09	24	2D	89	960	2	£1,927.95	£1,850,000
25.01	25	2A	94	1,058	2	£1,927.95	£2,040,000
25.02	25	2B	97	1,025	2	£1,927.95	£1,975,000
25.03	25	1A	65	701	1	£2,152.80	£1,510,000
25.04	25	1B	62	664	1	£2,152.80	£1,430,000
25.05	25	1C	67	724	1	£2,152.80	£1,557,500
25.06	25	2C	77	829	2	£1,927.95	£1,597,500
25.07	25	1D	58	622	1	£2,152.80	£1,340,000
25.08	25	3A	141	1,518	3	£1,722.24	£2,615,000
25.09	25	2D	89	960	2	£1,927.95	£1,850,000
26.01	26	2A	99	1,058	2	£1,927.95	£2,040,000
26.02	26	2B	97	1,025	2	£1,927.95	£1,975,000
26.03	26	1A	65	701	1	£2,152.80	£1,510,000
26.04	26	1B	62	664	1	£2,152.80	£1,430,000
26.05	26	1C	67	724	1	£2,152.80	£1,557,500
26.06	26	2C	77	829	2	£1,927.95	£1,597,500
26.07	26	1D	58	622	1	£2,152.80	£1,340,000
26.08	26	3A	141	1,518	3	£1,722.24	£2,615,000
26.09	26	2D	89	960	2	£1,927.95	£1,850,000
27.01	27	2A	99	1,058	2	£1,937.22	£2,050,000
27.02	27	2B	97	1,025	2	£1,937.22	£1,985,000
27.03	27	1A	65	701	1	£2,163.15	£1,517,500
27.04	27	1B	62	664	1	£2,163.15	£1,437,500
27.05	27	1C	67	724	1	£2,163.15	£1,565,000
27.06	27	2C	77	829	2	£1,937.22	£1,605,000
27.07	27	1D	58	622	1	£2,163.15	£1,345,000
27.08	27	3A	141	1,518	3	£1,730.52	£2,627,500
27.09	27	2D	89	960	2	£1,937.22	£1,860,000
28.01	28	2A	94	1,004	2	£1,937.22	£1,945,000
28.02	28	2B	97	1,026	2	£1,937.22	£1,987,500

28.03	28	2E	102	1,101	2	£1,937.22	£2,132,500
28.04	28	2F	105	1,129	2	£1,937.22	£2,187,500
28.05	28	2C	76	821	2	£1,937.22	£1,590,000
28.06	28	1D	58	622	1	£2,163.15	£1,345,000
28.07	28	3A	141	1,518	3	£1,730.52	£2,627,500
28.08	28	2D	89	960	2	£1,937.22	£1,860,000
29.01	29	2A	99	1,055	2	£1,937.22	£2,045,000
29.02	29	2B	97	1,033	2	£1,937.22	£2,000,000
29.03	29	2E	102	1,101	2	£1,937.22	£2,132,500
29.04	29	2F	105	1,127	2	£1,937.22	£2,182,500
29.05	29	2C	76	820	2	£1,937.22	£1,587,500
29.06	29	1D	58	624	1	£2,163.15	£1,350,000
29.07	29	3A	141	1,517	3	£1,730.52	£2,625,000
29.08	29	2D	89	955	2	£1,937.22	£1,850,000
30.01	30	2A	99	1,055	2	£1,946.49	£2,052,500
30.02	30	2B	97	1,033	2	£1,946.49	£2,010,000
30.03	30	2E	102	1,101	2	£1,946.49	£2,142,500
30.04	30	2F	105	1,127	2	£1,946.49	£2,192,500
30.05	30	2C	76	820	2	£1,946.49	£1,595,000
30.06	30	1D	58	624	1	£2,173.50	£1,357,500
30.07	30	3A	141	1,517	3	£1,738.80	£2,637,500
30.08	30	2D	89	955	2	£1,946.49	£1,860,000
32.01	32	2A	99	1,065	2	£1,946.49	£2,072,500
32.02	32	2B	97	1,034	2	£1,946.49	£2,012,500
32.03	32	2E	103	1,105	2	£1,946.49	£2,150,000
32.04	32	3B	188	2,028	3	£1,738.80	£3,527,500
32.05	32	1D	64	620	1	£2,173.50	£1,347,500
32.06	32	3C	197	2,116	3	£1,700.16	£3,597,500
33.01	33	2A	99	1,063	2	£1,955.76	£2,080,000
33.02	33	2B	97	1,034	2	£1,955.76	£2,022,500
33.03	33	2E	103	1,107	2	£1,955.76	£2,165,000
33.04	33	3B	188	2,033	3	£1,747.08	£3,552,500
33.05	33	1D	64	643	1	£2,183.85	£1,405,000
33.06	33	3C	197	2,108	3	£1,708.26	£3,600,000
34.01	34	2A	99	1,063	2	£1,955.76	£2,080,000
34.02	34	2B	97	1,034	2	£1,955.76	£2,022,500
34.03	34	2E	103	1,107	2	£1,955.76	£2,165,000
34.04	34	3B	188	2,033	3	£1,747.08	£3,552,500
34.05	34	1D	64	643	1	£2,183.85	£1,405,000
34.06	34	3C	197	2,108	3	£1,708.26	£3,600,000
35.01	35	2A	99	1,063	2	£1,955.76	£2,080,000
35.02	35	2B	97	1,034	2	£1,955.76	£2,022,500
35.03	35	2E	103	1,107	2	£1,955.76	£2,165,000
35.04	35	3B	188	2,033	3	£1,747.08	£3,552,500
35.05	35	1D	64	643	1	£2,183.85	£1,405,000
35.06	35	3C	197	2,108	3	£1,708.26	£3,600,000
36.01	36	2A	99	1,063	2	£1,965.03	£2,090,000
36.02	36	2B	97	1,034	2	£1,965.03	£2,032,500
36.03	36	2E	103	1,107	2	£1,965.03	£2,175,000
36.04	36	3B	188	2,033	3	£1,755.36	£3,567,500
36.05	36	1D	64	643	1	£2,194.20	£1,410,000
36.06	36	3C	197	2,108	3	£1,716.35	£3,617,500
37.01	37	2A	99	1,063	2	£1,965.03	£2,090,000
37.02	37	2B	97	1,034	2	£1,965.03	£2,032,500
37.03	37	2E	103	1,107	2	£1,965.03	£2,175,000

37.04	37	3B	188	2,033	3	£1,755.36	£3,567,500
37.05	37	1D	64	643	1	£2,194.20	£1,410,000
37.06	37	3C	197	2,108	3	£1,716.35	£3,617,500
38.01	38	2A	99	1,063	2	£1,965.03	£2,090,000
38.02	38	2B	97	1,034	2	£1,965.03	£2,032,500
38.03	38	2E	103	1,107	2	£1,965.03	£2,175,000
38.04	38	3B	188	2,033	3	£1,755.36	£3,567,500
38.05	38	1D	64	643	1	£2,194.20	£1,410,000
38.06	38	3C	197	2,108	3	£1,716.35	£3,617,500
39.01	39	2A	99	1,063	2	£1,974.30	£2,097,500
39.02	39	2B	97	1,034	2	£1,974.30	£2,042,500
39.03	39	2E	103	1,107	2	£1,974.30	£2,185,000
39.04	39	3B	188	2,033	3	£1,763.64	£3,585,000
39.05	39	1D	64	643	1	£2,204.55	£1,417,500
39.06	39	3C	197	2,108	3	£1,724.45	£3,635,000
40.01	40	2A	99	1,063	2	£1,974.30	£2,097,500
40.02	40	2B	97	1,034	2	£1,974.30	£2,042,500
40.03	40	2E	103	1,107	2	£1,974.30	£2,185,000
40.04	40	3B	188	2,033	3	£1,763.64	£3,585,000
40.05	40	1D	64	643	1	£2,204.55	£1,417,500
40.06	40	3C	197	2,108	3	£1,724.45	£3,635,000
41.01	41	2A	99	1,063	2	£1,974.30	£2,097,500
41.02	41	2B	97	1,034	2	£1,974.30	£2,042,500
41.03	41	2E	103	1,107	2	£1,974.30	£2,185,000
41.04	41	3B	188	2,033	3	£1,763.64	£3,585,000
41.05	41	1D	64	643	1	£2,204.55	£1,417,500
41.06	41	3C	197	2,108	3	£1,724.45	£3,635,000
42.01	42	2A	99	1,063	2	£1,983.57	£2,107,500
42.02	42	2B	97	1,034	2	£1,983.57	£2,050,000
42.03	42	2E	103	1,107	2	£1,983.57	£2,195,000
42.04	42	3B	188	2,033	3	£1,771.92	£3,602,500
42.05	42	1D	64	643	1	£2,214.90	£1,425,000
42.06	42	3C	197	2,108	3	£1,732.54	£3,652,500
43.01	43	2A	99	1,063	2	£1,983.57	£2,107,500
43.02	43	2B	97	1,034	2	£1,983.57	£2,050,000
43.03	43	2E	103	1,107	2	£1,983.57	£2,195,000
43.04	43	3B	188	2,033	3	£1,771.92	£3,602,500
43.05	43	1D	64	643	1	£2,214.90	£1,425,000
43.06	43	3C	197	2,108	3	£1,732.54	£3,652,500
44.01	44	2A	99	1,063	2	£1,983.57	£2,107,500
44.02	44	2B	97	1,034	2	£1,983.57	£2,050,000
44.03	44	2E	103	1,107	2	£1,983.57	£2,195,000
44.04	44	3B	188	2,033	3	£1,771.92	£3,602,500
44.05	44	1D	64	643	1	£2,214.90	£1,425,000
44.06	44	3C	197	2,108	3	£1,732.54	£3,652,500
45.01	45	2A	99	1,063	2	£1,992.84	£2,117,500
45.02	45	2B	97	1,034	2	£1,992.84	£2,060,000
45.03	45	2E	103	1,107	2	£1,992.84	£2,205,000
45.04	45	3B	188	2,033	3	£1,780.20	£3,620,000
45.05	45	1D	64	643	1	£2,225.25	£1,430,000
45.06	45	3C	197	2,108	3	£1,740.64	£3,670,000
46.01	46	2A	99	1,063	2	£1,992.84	£2,117,500
46.02	46	2B	97	1,034	2	£1,992.84	£2,060,000
46.03	46	2E	103	1,107	2	£1,992.84	£2,205,000
46.04	46	3B	188	2,033	3	£1,780.20	£3,620,000

46.05	46	1D	64	643	1	£2,225.25	£1,430,000
46.06	46	3C	197	2,108	3	£1,740.64	£3,670,000
47.01	47	2A	99	1,063	2	£1,992.84	£2,117,500
47.02	47	2B	97	1,034	2	£1,992.84	£2,060,000
47.03	47	2E	103	1,107	2	£1,992.84	£2,205,000
47.04	47	3B	188	2,033	3	£1,780.20	£3,620,000
47.05	47	1D	64	643	1	£2,225.25	£1,430,000
47.06	47	3C	197	2,108	3	£1,740.64	£3,670,000
48.01	48	2A	98	1,058	2	£2,002.10	£2,117,500
48.02	48	2B	97	1,035	2	£2,002.10	£2,072,500
48.03	48	2E	103	1,105	2	£2,002.10	£2,212,500
48.04	48	3B	188	2,020	3	£1,788.48	£3,612,500
48.05	48	1D	64	647	1	£2,235.60	£1,447,500
48.06	48	3C	197	2,128	3	£1,748.74	£3,722,500
49.01	49	2A	98	1,058	2	£2,002.10	£2,117,500
49.02	49	2B	97	1,035	2	£2,002.10	£2,072,500
49.03	49	2E	103	1,105	2	£2,002.10	£2,212,500
49.04	49	3B	188	2,020	3	£1,788.48	£3,612,500
49.05	49	1D	64	647	1	£2,235.60	£1,447,500
49.06	49	3C	197	2,128	3	£1,748.74	£3,722,500
50.01	50	3D	101	1,574	2	£1,748.74	£2,752,500
50.02	50	2G	146	1,250	3	£2,002.10	£2,502,500
50.03	50	2A	116	1,089	2	£2,002.10	£2,180,000
51.01	51	3C	101	2,555	2	£1,756.83	£4,487,500
51.02	51	2G	238	1,249	4	£2,011.37	£2,512,500
51.03	51	2E	116	1,089	2	£2,011.37	£2,190,000
52.01	52	3C	101	2,555	2	£1,756.83	£4,487,500
52.02	52	2G	238	1,249	4	£2,011.37	£2,512,500
52.03	52	2E	116	1,089	2	£2,011.37	£2,190,000
53.01	53	3C	101	2,555	2	£1,756.83	£4,487,500
53.02	53	2G	238	1,249	4	£2,011.37	£2,512,500
53.03	53	2E	116	1,089	2	£2,011.37	£2,190,000
54.01	54	P	419	4,413	4	£2,298.42	£10,142,500

Summary

Unit Type	No.	Sq. ft	£ psf	GDV
R1A	11	7,711	£2,548	£19,645,000
R2A	11	13,706	£2,291	£31,402,500
R2B	11	13,530	£2,291	£31,000,000
R2C	11	12,067	£2,290	£27,637,500
R2D	11	14,641	£2,291	£33,540,000
R3A-1	1	1,473	£2,169	£3,195,000
R3A-2	10	14,730	£2,272	£33,472,500
R3B	11	19,459	£2,263	£44,037,500
R3C-1	1	2,115	£2,357	£4,985,000
R3C-2	7	14,819	£2,418	£35,830,000
R3D-1	7	15,407	£2,405	£37,052,500
R3D-2	1	2,201	£2,452	£5,397,500
R3E-1	1	2,268	£2,358	£5,347,500
R3E-2	6	13,626	£2,412	£32,870,000
R3E-3	1	2,271	£2,452	£5,567,500
P1	4	14,700	£2,796	£41,097,500
Total	105	164,724	£2,380	£392,077,500

Unit Analysis

Plot No.	Floor	Flat Type	Size (Sq. m)	Size (Sq. ft)	Bedrooms	D&P £ psf	Gross Value
20.01	20	R3B	164	1,769	3	£2,168.90	£3,837,500
20.02	20	R2D	124	1,331	2	£2,195.35	£2,922,500
20.03	20	R1A	65	701	1	£2,441.86	£1,712,500
20.04	20	R2A	116	1,246	2	£2,195.35	£2,735,000
20.05	20	R2B	114	1,230	2	£2,195.35	£2,700,000
20.06	20	R2C	102	1,097	2	£2,195.35	£2,407,500
20.07	20	R3A-1	137	1,473	3	£2,168.90	£3,195,000
21.01	21	R3B	164	1,769	3	£2,216.05	£3,920,000
21.02	21	R2D	124	1,331	2	£2,243.08	£2,985,000
21.03	21	R1A	65	701	1	£2,494.95	£1,750,000
21.04	21	R2A	116	1,246	2	£2,243.08	£2,795,000
21.05	21	R2B	114	1,230	2	£2,243.08	£2,760,000
21.06	21	R2C	102	1,097	2	£2,243.08	£2,460,000
21.07	21	R3A-2	137	1,473	3	£2,216.05	£3,265,000
22.01	22	R3B	164	1,769	3	£2,216.05	£3,920,000
22.02	22	R2D	124	1,331	2	£2,243.08	£2,985,000
22.03	22	R1A	65	701	1	£2,494.95	£1,750,000
22.04	22	R2A	116	1,246	2	£2,243.08	£2,795,000
22.05	22	R2B	114	1,230	2	£2,243.08	£2,760,000
22.06	22	R2C	102	1,097	2	£2,243.08	£2,460,000
22.07	22	R3A-2	137	1,473	3	£2,216.05	£3,265,000
23.01	23	R3B	164	1,769	3	£2,216.05	£3,920,000
23.02	23	R2D	124	1,331	2	£2,243.08	£2,985,000
23.03	23	R1A	65	701	1	£2,494.95	£1,750,000
23.04	23	R2A	116	1,246	2	£2,243.08	£2,795,000
23.05	23	R2B	114	1,230	2	£2,243.08	£2,760,000
23.06	23	R2C	102	1,097	2	£2,243.08	£2,460,000
23.07	23	R3A-2	137	1,473	3	£2,216.05	£3,265,000
24.01	24	R3B	164	1,769	3	£2,263.20	£4,002,500
24.02	24	R2D	124	1,331	2	£2,290.80	£3,050,000

24.03	24	R1A	65	701	1	£2,548.03	£1,785,000
24.04	24	R2A	116	1,246	2	£2,290.80	£2,855,000
24.05	24	R2B	114	1,230	2	£2,290.80	£2,817,500
24.06	24	R2C	102	1,097	2	£2,290.80	£2,512,500
24.07	24	R3A-2	137	1,473	3	£2,263.20	£3,332,500
25.01	25	R3B	164	1,769	3	£2,263.20	£4,002,500
25.02	25	R2D	124	1,331	2	£2,290.80	£3,050,000

25.03	25	R1A	65	701	1	£2,548.03	£1,785,000
25.04	25	R2A	116	1,246	2	£2,290.80	£2,855,000
25.05	25	R2B	114	1,230	2	£2,290.80	£2,817,500
25.06	25	R2C	102	1,097	2	£2,290.80	£2,512,500
25.07	25	R3A-2	137	1,473	3	£2,263.20	£3,332,500
26.01	26	R3B	164	1,769	3	£2,263.20	£4,002,500
26.02	26	R2D	124	1,331	2	£2,290.80	£3,050,000
26.03	26	R1A	65	701	1	£2,548.03	£1,785,000
26.04	26	R2A	116	1,246	2	£2,290.80	£2,855,000
26.05	26	R2B	114	1,230	2	£2,290.80	£2,817,500
26.06	26	R2C	102	1,097	2	£2,290.80	£2,512,500
26.07	26	R3A-2	137	1,473	3	£2,263.20	£3,332,500
27.01	27	R3B	164	1,769	3	£2,310.35	£4,087,500
27.02	27	R2D	124	1,331	2	£2,338.53	£3,112,500
27.03	27	R1A	65	701	1	£2,601.12	£1,822,500
27.04	27	R2A	116	1,246	2	£2,338.53	£2,915,000
27.05	27	R2B	114	1,230	2	£2,338.53	£2,877,500
27.06	27	R2C	102	1,097	2	£2,338.53	£2,565,000
27.07	27	R3A-2	137	1,473	3	£2,310.35	£3,402,500
28.01	28	R3B	164	1,769	3	£2,310.35	£4,087,500
28.02	28	R2D	124	1,331	2	£2,338.53	£3,112,500
28.03	28	R1A	65	701	1	£2,601.12	£1,822,500
28.04	28	R2A	116	1,246	2	£2,338.53	£2,915,000
28.05	28	R2B	114	1,230	2	£2,338.53	£2,877,500
28.06	28	R2C	102	1,097	2	£2,338.53	£2,565,000
28.07	28	R3A-2	137	1,473	3	£2,310.35	£3,402,500
29.01	29	R3B	164	1,769	3	£2,310.35	£4,087,500
29.02	29	R2D	124	1,331	2	£2,338.53	£3,112,500
29.03	29	R1A	65	701	1	£2,601.12	£1,822,500
29.04	29	R2A	116	1,246	2	£2,338.53	£2,915,000
29.05	29	R2B	114	1,230	2	£2,338.53	£2,877,500
29.06	29	R2C	102	1,097	2	£2,338.53	£2,565,000
29.07	29	R3A-2	137	1,473	3	£2,310.35	£3,402,500
30.01	30	R3B	164	1,769	3	£2,357.50	£4,170,000
30.02	30	R2D	124	1,331	2	£2,386.25	£3,175,000
30.03	30	R1A	65	701	1	£2,654.20	£1,860,000
30.04	30	R2A	116	1,246	2	£2,386.25	£2,972,500
30.05	30	R2B	114	1,230	2	£2,386.25	£2,935,000
30.06	30	R2C	102	1,097	2	£2,386.25	£2,617,500
30.07	30	R3A-2	137	1,473	3	£2,357.50	£3,472,500
31.01	31	R3C-1	196	2,115	3	£2,357.50	£4,985,000
31.02	31	R3D-1	204	2,201	3	£2,357.50	£5,190,000
31.03	31	R3E-1	211	2,268	3	£2,357.50	£5,347,500
32.01	32	R3C-2	197	2,117	3	£2,357.50	£4,990,000
32.02	32	R3D-1	204	2,201	3	£2,357.50	£5,190,000
32.03	32	R3E-2	211	2,271	3	£2,357.50	£5,355,000
33.01	33	R3C-2	197	2,117	3	£2,404.65	£5,090,000
33.02	33	R3D-1	204	2,201	3	£2,404.65	£5,292,500
33.03	33	R3E-2	211	2,271	3	£2,404.65	£5,460,000
34.01	34	R3C-2	197	2,117	3	£2,404.65	£5,090,000
34.02	34	R3D-1	204	2,201	3	£2,404.65	£5,292,500
34.03	34	R3E-2	211	2,271	3	£2,404.65	£5,460,000
35.01	35	R3C-2	197	2,117	3	£2,404.65	£5,090,000
35.02	35	R3D-1	204	2,201	3	£2,404.65	£5,292,500
35.03	35	R3E-2	211	2,271	3	£2,404.65	£5,460,000
36.01	36	R3C-2	197	2,117	3	£2,451.80	£5,190,000
36.02	36	R3D-1	204	2,201	3	£2,451.80	£5,397,500

36.03	36	R3E-2	211	2,271	3	£2,451.80	£5,567,500
37.01	37	R3C-2	197	2,117	3	£2,451.80	£5,190,000
37.02	37	R3D-1	204	2,201	3	£2,451.80	£5,397,500
37.03	37	R3E-2	211	2,271	3	£2,451.80	£5,567,500
38.01	38	R3C-2	197	2,117	3	£2,451.80	£5,190,000
38.02	38	R3D-2	204	2,201	3	£2,451.80	£5,397,500
38.03	38	R3E-3	211	2,271	3	£2,451.80	£5,567,500
39.01	39	P1	475	5,109	4	£2,793.95	£14,275,000
40.01	40	P1	473	5,092	4	£2,793.95	£14,227,500
41.01	41	P1	373	4,010	4	£2,793.95	£11,202,500
42.01	42	P1	45	489	4	£2,846.66	£1,392,500

R&F Properties

ONE Nine Elms

Affordable GDV

30/11/2023

Summary

Unit Type	No.	Sq. ft	£ psf	GDV
AF-1	1	790	£389	£307,500
AF-2	1	760	£391	£297,500
AF-3	5	4,455	£390	£1,737,500
AF-4	5	3,860	£505	£1,950,150
AF-5	5	3,270	£390	£1,275,000
AF-6	5	3,815	£515	£1,965,675
AF-7	5	4,265	£390	£1,662,500
AF-8	5	3,085	£389	£1,200,000
AF-9	5	3,605	£508	£1,830,100
AF-10	5	2,975	£851	£2,531,090
AF-11	5	3,015	£390	£1,175,000
AF-12	5	3,000	£392	£1,175,000
AF-13	5	3,045	£599	£1,825,000
Total	57	39,940	£474	£18,932,015

R&F Properties
Hotel Valuation
As of 30 November 2023

Value Estimate £232,500,000
Per Room £1,145,000
Rounding Factor -5

Valuation Date 31-Jul-24 Purchaser Costs 6.80%
Discount Rate 8.00% Hold Period 10.00 yrs
Exit Yield 5.50% Exit Date 31-Jul-34

Hotel

No. Keys	203	203	203	203	203	203	203	203	203	203	203	203	203	203
Revenue Growth %	-	4.0%	4.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%
Cost Inflation %	-	2.2%	2.2%	2.2%	2.2%	2.2%	2.2%	2.2%	2.2%	2.2%	2.2%	2.2%	2.2%	2.2%

Date (BOP)	31-Jul-24	01-Jan-25	01-Jan-26	01-Jan-27	01-Jan-28	01-Jan-29	01-Jan-30	01-Jan-31	01-Jan-32	01-Jan-33	01-Jan-34	01-Jan-35
Date (EOP)	31-Dec-24	31-Dec-25	31-Dec-26	31-Dec-27	31-Dec-28	31-Dec-29	31-Dec-30	31-Dec-31	31-Dec-32	31-Dec-33	31-Dec-34	31-Dec-35
Period	1	2	3	4	5	6	7	8	9	10	11	12
Year	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035

Days Open	154	365	365	365	365	365	365	365	365	365	212	365
Hotel Occupancy	55.0%	62.0%	73.0%	83.0%	84.0%	84.0%	84.0%	84.0%	84.0%	84.0%	84.0%	84.0%
ADR	£390.00	£405.60	£421.80	£434.45	£447.50	£460.95	£474.80	£489.05	£503.70	£518.80	£534.35	£550.40
RevPAR	£214.50	£251.45	£307.90	£360.60	£375.90	£387.20	£398.85	£410.80	£423.10	£435.80	£448.85	£462.35
Rooms Sold	17,194	45,939	54,089	61,499	62,240	62,240	62,240	62,240	62,240	62,240	36,150	62,240
Annualised Growth %	-	12.7%	17.7%	13.7%	1.2%	(0.0%)	(0.0%)	(0.0%)	(0.0%)	(0.0%)	-	-

OPERATING REVENUES

Rooms	6,705,699	18,632,818	22,814,888	26,718,175	27,852,311	28,689,436	29,551,457	30,438,374	31,350,187	32,290,008	19,316,881	34,256,786
Food & Beverage	4,023,419	11,179,691	13,688,933	16,030,905	16,711,386	17,213,661	17,730,874	18,263,025	18,810,112	19,374,005	11,590,128	20,554,072
Other	1,005,855	2,794,923	3,422,233	4,007,726	4,177,847	4,303,415	4,432,719	4,565,756	4,702,528	4,843,501	2,897,532	5,138,518
Total Operating Revenues	11,734,973	32,607,431	39,926,054	46,756,807	48,741,543	50,206,513	51,715,050	53,267,155	54,862,828	56,507,514	33,804,541	59,949,375

DEPARTMENTAL EXPENSES

Rooms	(2,346,995)	(6,521,486)	(7,985,211)	(9,351,361)	(9,748,309)	(10,041,303)	(10,343,010)	(10,653,431)	(10,972,566)	(11,301,503)	(6,760,908)	(11,989,875)
Food & Beverage	(2,212,881)	(6,148,830)	(7,528,913)	(8,816,998)	(9,191,262)	(9,467,514)	(9,751,981)	(10,044,663)	(10,345,562)	(10,655,703)	(6,374,571)	(11,304,739)
Other	(201,171)	(558,985)	(684,447)	(801,545)	(835,569)	(860,683)	(886,544)	(913,151)	(940,506)	(968,700)	(579,506)	(1,027,704)
Total Departmental Expenses	(4,761,046)	(13,229,301)	(16,198,570)	(18,969,905)	(19,775,140)	(20,369,499)	(20,981,534)	(21,611,246)	(22,258,633)	(22,925,906)	(13,714,985)	(24,322,318)

Department Profit

Rooms	4,358,704	12,111,332	14,829,677	17,366,814	18,104,002	18,648,133	19,208,447	19,784,943	20,377,622	20,988,505	12,555,972	22,266,911
Food & Beverage	1,810,539	5,030,861	6,160,020	7,213,907	7,520,124	7,746,148	7,978,893	8,218,361	8,464,551	8,718,302	5,215,558	9,249,332
Other	804,684	2,235,938	2,737,787	3,206,181	3,342,277	3,442,732	3,546,175	3,652,605	3,762,022	3,874,801	2,318,026	4,110,814
Gross Profit	6,973,927	19,378,131	23,727,483	27,786,902	28,966,403	29,837,013	30,733,515	31,655,909	32,604,195	33,581,609	20,089,556	35,627,057

Undistributed Expenses

Administrative and General	(938,798)	(2,608,594)	(3,194,084)	(3,740,545)	(3,899,323)	(4,016,521)	(4,137,204)	(4,261,372)	(4,389,026)	(4,520,601)	(2,704,363)	(4,795,950)
Sales and Marketing	(528,074)	(1,467,334)	(1,796,672)	(2,104,056)	(2,193,369)	(2,259,293)	(2,327,177)	(2,397,022)	(2,468,827)	(2,542,838)	(1,521,204)	(2,697,722)
Repairs and Maintenance	(264,037)	(733,667)	(898,336)	(1,052,028)	(1,096,685)	(1,129,647)	(1,163,589)	(1,198,511)	(1,234,414)	(1,271,419)	(760,602)	(1,348,861)
Utilities	(211,230)	(586,934)	(718,669)	(841,623)	(877,348)	(903,717)	(930,871)	(958,809)	(987,531)	(1,017,135)	(608,482)	(1,079,089)
Total Undistributed Expenses	(1,942,138)	(5,396,530)	(6,607,762)	(7,738,252)	(8,066,725)	(8,309,178)	(8,558,841)	(8,815,714)	(9,079,798)	(9,351,994)	(5,594,652)	(9,921,622)

Gross Operating Profit	5,031,789	13,981,601	17,119,721	20,048,651	20,899,677	21,527,835	22,174,675	22,840,195	23,524,397	24,229,615	14,494,904	25,705,436
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Base Management Fee	(140,820)	(391,289)	(479,113)	(561,082)	(584,899)	(602,478)	(620,581)	(639,206)	(658,354)	(678,090)	(405,654)	(719,393)
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Performance Fee	(201,272)	(559,264)	(684,789)	(1,002,433)	(1,044,984)	(1,291,670)	(1,330,480)	(1,370,412)	(1,646,708)	(1,696,073)	(1,159,592)	(2,056,435)
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Royalty Fee	(93,880)	(260,859)	(319,408)	(374,054)	(389,932)	(401,652)	(413,720)	(426,137)	(438,903)	(452,060)	(270,436)	(479,595)
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Income Before Fixed Costs	4,595,818	12,770,188	15,636,412	18,111,082	18,879,863	19,232,035	19,809,893	20,404,440	20,780,432	21,403,392	12,659,221	22,450,013
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Taxes	(469,399)	(1,304,297)	(1,597,042)	(1,870,272)	(1,949,662)	(2,008,261)	(2,068,602)	(2,130,686)	(2,194,513)	(2,260,301)	(1,352,182)	(2,397,975)
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EBITDA	4,126,419	11,465,891	14,039,369	16,240,810	16,930,201	17,223,775	17,741,291	18,273,754	18,585,919	19,143,091	11,307,040	20,052,038
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FF&E	(352,049)	(978,223)	(1,197,782)	(1,402,704)	(1,462,246)	(1,506,195)	(1,551,451)	(1,600,686)	(1,654,513)	(1,713,301)	(1,352,182)	(2,397,975)
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Net Operating Income	3,774,370	10,487,668	12,841,588	14,838,106	15,467,955	15,717,579	16,189,840	16,143,068	16,391,406	16,882,790	9,954,858	17,654,063
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Capital Expenditure	-	-	-	-	-	-	-	-	-	-	-	-
Hotel Disposal Proceeds	-	-	-	-	-	-	-	-	-	-	300,545,852	-
Sales Fees	-	-	-	-	-	-	-	-	-	-	(3,005,459)	-

Net Cash Flow	3,774,370	10,487,668	12,841,588	14,838,106	15,467,955	15,717,579	16,189,840	16,143,068	16,391,406	16,882,790	307,495,251	-
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R&F Properties

ONE

Commercial

31/12/2023

	Office	Retail
Sq. ft	0	10,764
Rent £ psf	£60.00	£27.50
Rent p.a.	£0	£296,010
Void + Rent Free	24 months	18 months
Yield	5.25%	6.50%
P-Cost	6.80%	6.80%
Value	-	£3,880,000

R&F Properties

ONE Nine Elms

Parking GDV

30/11/2023

Parking	No.	Price per Space	GDV
Spaces	72	35,000	£2,520,000
Total	72		£2,520,000

Appendix 2
Hotel Definitions

Glossary of Definitions

Term	Definition
Adjusted GOP	AGOP - Gross Operating Profit after deduction of base management fees
Administrative and General	Comprises expenses associated with the payroll related expenses for employees classified as Administrative and General (A&G). A&G departments comprise the manager's office, accounting, cost control, purchasing and receiving, information systems, security and HR.
Average Room Rate	Average Room Rate (ARR) is the total rooms' revenue (over whatever period) divided by the number of rooms occupied. It is also sometimes referred to as Average Daily Rate (ADR).
Capex	Capital Expenditure are funds used by an organisation to upgrade physical assets, such as property and equipment.
EBITDA	Earnings Before Interest, Taxation, Depreciation and Amortisation. F&B Food & Beverage department. This is a specific cost centre for hotels and generally includes sales, including revenue from the bar, room service and conference and banqueting.
F&B	Food & Beverage department. This is a specific cost centre for hotels and generally includes sales, including revenue from the bar, room service and conference and banqueting.
FF&E Reserve	Furniture, fixtures and equipment reserve. This is usually a percentage of turnover that is deducted each year as a sinking fund to ensure guest bedrooms, public areas and back of house (including plant & machinery) are maintained.
Fixed Charges	Includes Property Tax, Insurance, Management Fees, Other Non-Operating Expenses, FF&E Reserve and Rent.
GOP	Gross Operating Profit
Insurance	Cost of insuring the building and contents, liability insurance and business interruption premiums.
Internal Rate of Return (IRR)	The rate of interest at which all future cash flows must be discounted in order that the net present value of those cash flows, including the initial investment, should be equal to zero.
Management Fees	The cost of management services performed by a management company to operate the property as a whole.
Net Operating Profit	NOP is calculated as Gross Operating Profit less Fixed Charges.
Occupancy	Calculated as the number of rooms sold divided by the total number of available rooms throughout the period being analysed.
Other Income	Includes revenue generated from space rentals such as concessions or leased space. Also includes revenue from laundry, spa, business centre, limousine and other miscellaneous services provided by the hotel.
Other Income (F&B)	This includes the sales of services and all products that are non consumable food items within the F&B department, such as revenue from the sale of audio visual equipment, public room rentals and cover charges.
POMECE	Property Operations & Maintenance & Energy Costs
Property Tax	All taxes assessed against the property by the government.
Repairs Maintenance	Includes the costs associated with the payroll, materials and third party costs associated with maintaining the property and contents at an operational standard.
RevPAR	Revenue per available room or room yield is a measure of the revenue earned per hotel room derived by dividing the total Rooms Revenue by the total number of available rooms in a given period.
Room Revenue	The revenue generated through the rental of rooms and suites to guests.
Sales & Marketing	Includes the costs of property specific advertising, centralised/brand advertising costs and payroll related to Sales & Marketing employees.
Total Revenue	The sum revenues (net of sales tax) from all the operational departments, including Rooms Revenue, F&B Revenue, Room Hire and other revenue.
Undistributed Expenses	Expenses that are considered applicable to the entire property and are not able to be appropriately split between the operating departments. Comprises of Administrative & General, Sales & Marketing and Repairs & Maintenance.