70 St Mary Axe
London
EC3A 8BE

Londonist DMC Limited
5 Great James Street,
London,
WC1N 3DB

By Email

FAO: Asim Erturk and Umang Gandecha

21 December 2023

Dear Sirs,

323 GREEN LANES, LONDON, N4 2ES

As requested, we write to set out our opinion of the Market Value of 323 Green Lanes, London, N4 2ES ("the Property").

We understand that Londonist DMC Ltd is considering purchasing the Property and our advice will be used to inform your internal decision-making process.

In accordance with our instructions, our valuation has been prepared on the Special Assumption that the passing rent has increased to the 1 March 2024 level of £238,310 per annum.

Please not that this does not constitute a formal Red Book valuation and has been provided on a non-reliance basis.

We set out our thoughts below.

1. THE PROPERTY

LOCATION

The Property is well-known to you, but for completeness it is located in Finsbury Park, a district in north London within the London borough of Hackney, less than 4 miles from Central London.

The location benefits from excellent public transport connections with a TfL PTAL Rating of 6a, the second highest level available.

The Property is located 75m (1 minute walk) from Manor House Station which located within TfL Travel Zone 2/3 and provides London Underground (Piccadilly line) services to King's Cross St. Pancras in 10 minutes and the West End (Leicester Square) in 16 minutes.

Finsbury Park Station is located 13 minutes' walk from the Property and provides London Overground, Great Northern and Thameslink services.

The Property comprises student residences and a number of higher education institutions can be reached easily from the Property via London Underground services with journey times as follows:

London Metropolitan University	9 minutes
School of Oriental and African Studies	20 minutes
Birkbeck University	21 minutes
University College London	21 minutes
London School of Economics	24 minutes
King's College London	26 minutes
City University	27 minutes
Imperial College London	35 minutes

DESCRIPTION

The Property comprises a three-storey semi-detached Victorian building that was most recently refurbished in 2017. It provides five studio apartments and six cluster apartments providing a further 13 bedrooms, bringing the total number of bedrooms to 18.

The scheme has been finished to a reasonable standard and benefits a small internal courtyard and communal garden to the rear. To its front the Property benefits from a secure gated parking area with capacity for four cars.

The building is not lifted and does not benefit from concierge, security or a building management service. The scheme is managed by Londonist and the rooms are classified as Premium Studio, Classic Studio, Premium Ensuite, Classic Ensuite and Premium Ensuite Plus. All units are marketed as student accommodation albeit there does not appear to be any planning restriction limiting the use of the Property to students.

We summarise the accommodation as follows:

UNIT	TYPE	SIZE SQ M	MEZZ SQ M	TOTAL SQ M	TOTAL SQ FT
Flat 1	Studio	22.1	4.5	26.6	286
Flat 2	Studio	11.7	2.0	13.7	147
Flat 3	Studio	15.2	3.0	18.2	196
Flat 4	Studio	26.5	4.5	31.0	334
Flat 5	Studio	14.8	3.0	17.8	192
Flat 6	2 bed	32.0	9.0	41.0	441
Flat 7	2 bed	31.4	9.0	40.4	435
Flat 8	3 bed	38.3	7.0	45.3	488
Flat 9	2 bed	44.6	6.0	50.6	545
Flat 10	2 bed	37.6	9.0	46.6	502
Flat 11	2 bed	35.9	9.0	44.9	483
TOTAL		**310.0**	**66.0**	**376.0**	**4,048**

2. TENURE & TENANCIES

TENURE

The Property is held under freehold title LN186807.

TENANCY

The Property is let to Londonist DMC Limited for a term expiring on 31 August 2028 (approximately 4.67 years unexpired).

We would summarise the basic tenancy terms as follows:

Landlord:	Blumin Capital Limited
Tenant:	Londonist DMC Limited
Demise:	323 Green Lanes, London, N4 2ES
Expiry Date:	31 August 2028 (as amended by second amendment to lease)
Current Rent:	£231,854 per annum, payable monthly in advance
Rent Review:	First day of March of each lease year. Monthly rent is to increase by 3% over the immediately preceding lease year.
Assignment or Subletting:	The Tenant shall be entitled to sub-let, licence, part with or share the possession of the whole or any part of the Property without prior consent of the Landlord. The Tenant will be responsible for checking that the sub tenant has a right to abode in this country.
Repair & Alterations:	The Tenant acting responsibly shall keep the contents in the Property clean, tidy and in the same condition as at the start of the tenancy (except for fair wear and tear) and the Tenant will be under an obligation to maintain, reinstate or replace the same during or at the end of the term, except that the Tenant shall not be required to put the Property into any better state of repair or condition that it was in at the date of the Tenancy as evidenced by the Schedule or Condition. The Tenant shall keep the interior of the Property clean, tidy and in the same condition as at the start of the Tenancy.

	The Tenant shall not make any alteration or addition to or redecorate the Property without the prior consent of the Landlord (not to be unreasonably withheld).
Utilities & Outgoings:	The Tenant shall pay and indemnify the Landlord against all charges relating to the Property in respect of gas, electricity, sewerage, Council Tax or any other form of local taxation.
1954 Act:	The Tenancy is contracted out of sections 24 to 28 of the Landlord and Tenant Act 1954

In accordance with our instructions, our valuation has been prepared on the Special Assumption that the passing rent has increased to the 1 March 2024 level of £238,310 per annum.

SUB-TENANCIES

The tenant has sub-let the rooms at the Property to individuals on licences. We have been provided with copies of these licences which are for terms of between 2 and 51 weeks. We understand that occupancy is at 98% for the current year.

3. MARKET EVIDENCE

RENTS

The quoting rents at the Property for the current 2023/24 academic year can be summarised as follows;

TARGET RENTS – ACADEMIC YEAR 2023/24			
ROOM TYPE	**SIZE SQM**	**RENT (PW)**	**NO OF WEEKS**
Premium Studio	22.0 – 26.5	From £425	2 - 51
Classic Studio	11.7 – 15.2	From £420	2 - 51
Premium Ensuite	13.5 – 16.0	From £410	2 - 51
Classic Ensuite	10.5 – 12.0	From £400	2 - 51
Premium Ensuite Plus	13.5 – 16.0	From £415	2 - 51

We understand that blended and special rates are available to the operator's partners and agents, and that the overall average room rate being achieved is £380 per week.

YIELDS

Whilst the subject Property is well-located for a number of London universities, it is not a purpose-built student residence and does not offer the scale and level of amenity institutional investors active in the PBSA sector require. As such, we consider prevailing yield levels for London PBSA investments to be of limited use in assessing the Market Value of the Property, which has characteristics more in common with an HMO or private-let residential product. We have therefore considered in the following residential investment sales:

ADDRESS	DATE	UNITS	PRICE	YIELD	TYPE
712 Holloway Road, Holloway, N19 3NH	Jul-23	5	£1,000,000	5.10%	• HMO
49 Chesterton Road, Plaistow, E13 8BD	May-23	6	£523,000	7.26%	• HMO
16 Chichele Road, Cricklewood, NW2 3DA	May-23	7	£1,075,000	6.41%	• HMO
1 Cloister Road, Cricklewood, NW2 2NN	May-23	4	£495,000	5.94%	• HMO
125B West End Lane, West Hampstead, NW6 2PB	Mar-23	6	£1,070,000	7.23%	• HMO
9 Marloes Road, Earls Court, W8 6LQ	Feb-23	13	£2,000,000	6.09%	• HMO
78 Fairhazel Gardens, West Hampstead, NW6 3SR	Feb-23	11	£3,055,000	4.96%	• HMO
63 Sudbury Court Drive, Harrow, HA1 3ST	Oct-22	6	£950,000	4.89%	• HMO
7 Elm Grove, Cricklewood, NW2 3AE	Oct-22	7	£1,115,000	6.87%	• HMO
2 & 2a Upper Station Road, Radlett, WD7 8BX	Jul-22	2	£502,000	4.96%	• AST Flats
23 Bryantwood Road, Holloway, N7 7BG	Jun-22	7	£1,140,000	6.35%	• HMO
53-57 Eastern Road, Romford, RM1 3PB	Jun-22	20	£1,825,000	6.92%	• 14 AST flats • 6 HMO rooms
24 Arundel Square, Holloway, N7 8AS	Dec-21	5	£2,607,000	4.34%	• 5 AST flats
83-85 Windmill Hill, Enfield, EN2 7AF	Oct-21	17	£2,500,000	5.55%	• 17 AST flats
Gisburn Mansions, Tottenham Lane, Hornsey, N8 7EB	Jul-21	30	£12,350,000	4.61%	• 26 AST flats • 1 reg tenancy • 3 vacant
24 Adolphus Road, Finsbury Park, N4 2AZ	Dec-20	8	£1,740,000	5.17%	• HMO

The evidence available indicates that similar scale HMOs and residential investments demonstrate gross yields of between approximately 5.00% and 7.00%. We would note that some of the above provide lower quality residential product than the subject Property, which also benefits from an overriding lease to Londonist DMC Ltd with stepped rental increases. This reduces the landlord's management burden and operational risk.

Taking into account the specification, scale and location of the subject Property, together with the advantages of the overriding lease in place, we anticipate it would attract a yield in the range of 5.25% to 5.75% if sold to an investor. A yield on a direct-let basis would be softer.

4. VALUATION APPROACH

We consider the key characteristics of the Property affecting value to be as follows:

STRENGTHS

- Excellent public transport connections including easy access to various universities
- Open residential planning consent not restricting occupation to students only
- 98% occupied for 2023
- Let on overriding lease with 3% annual uplifts

WEAKNESSES

- The Property does not constitute a purpose-built student residence
- Limited resident amenities
- Some signs of wear and tear
- Expired EPCs require renewal
- Only 1.25 years left on lease

OPPORTUNITIES

- Renew / extend lease with Londonist DMC Limited

THREATS

- Tenant is unable to drive sufficient profit rent from the Property, undermining sustainability of its business
- Uncertain outlook for UK economy and property market

In order to assess the sustainability of the rent paid by Londonist DMC Limited, we have compared it to the gross rent receivable from the building on a direct let basis, which we estimate to be approximately £350,000 per annum. Londonist will incur various management and operational costs relating to the Property, which in our experience are typically between 15% and 20% of the gross rental income for a building of this nature.

Our valuation has been prepared on the Special Assumption that Londonist currently pays a rent of £238,810 per annum, which appears to be sustainable and profitable when compared to the net operating income receivable from the Property.

With this in mind, we have capitalised the income receivable from the tenant at a yield of 5.50%.

This approach results in a Market Value of approximately £4,100,000, net of purchaser's costs including stamp duty.

5. CONCLUSION

We consider the Market Value of the Property, on the Special Assumption Londonist DMC is paying a rent of £238,810 per annum, to be approximately **£4,100,000**.

We would note that Londonist DMC Ltd is a Special Purchaser (being the tenant of the building) and may therefore be prepared to pay a price for the Property that is in excess of its Market Value.

This valuation advice has been provided on a desktop basis for Londonist DMC Ltd's internal purposes and does not constitute a formal Red Book valuation. The basis of valuation may not be appropriate for other purposes and should not be so used without prior consultation with us. Neither the whole nor any part of this advice nor any reference thereto may be included in any published document, circular or statement, nor published in any way without our written approval of the form and context in which it may appear.

Yours faithfully,



Oliver Chivers
MRICS, Registered Valuer
Partner

Montagu Evans LLP