



UPDATE ON THE PROPOSED LISTING OF THE LONDON TUNNELS

PRESENTED BY THE PRIVATE EQUITY (ESG) FUND INC.

SUMMARY |

London Stock Exchange

Direct Listings are “not” really allowed for small-mid size companies on Main Board standard listing, but are on AIM

FCA Intends to Ease the Burden of Red Tape

But this has not happened. The number of UK-listed companies has fallen by 40% since 2008

Listing Exchanges

AIM, London Stock Exchange

Alternatives:

Borse Frankfurt
Australian Stock Exchange

Advantage of Listing on AIM

Market for Small/Med Size Growth Companies

Tax Advantages
Team already engaged

6-8 Weeks until Listing

Valuation Reports

VSA believe that the Company's valuation will range between £130m and £150m

Edison EBITDA shows an equity value of £174m

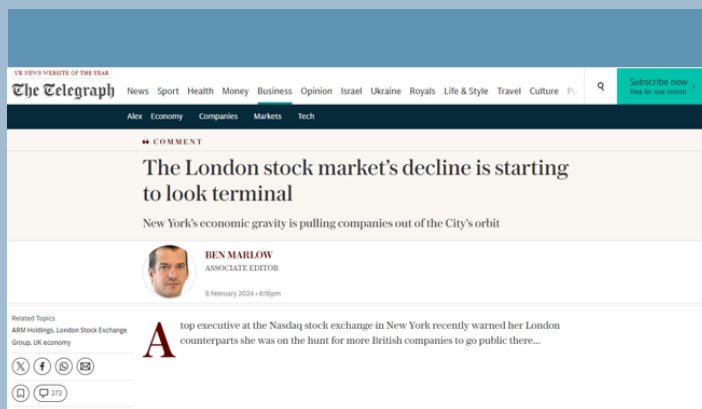
Equity Raised & Committed

The London Tunnels PLC has raised & committed funds of £31.5m

(not including retail investors)

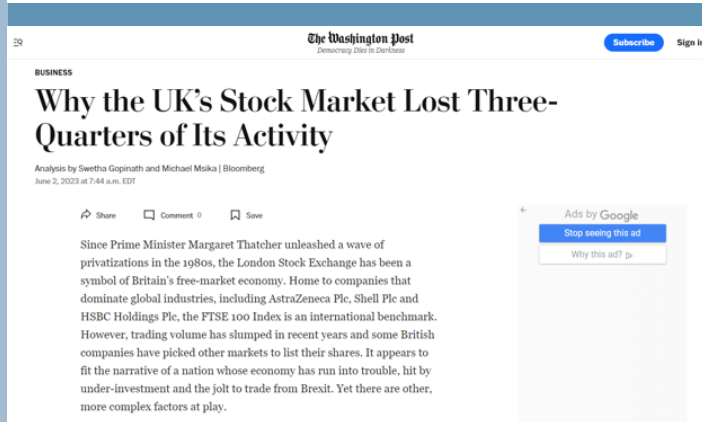
(Seventh Largest IPO on LSE since 2022)

PROBLEM | Reason why the number of UK-listed companies has fallen by 40pc since 2008



The number of UK-listed companies has fallen by 40pc since 2008.

Yet, while the Nasdaq raised \$13bn in 2023 from new share issues, the London Stock Exchange raised a paltry \$972m. It was the first time the LSE has failed to hit the \$1bn mark since records began in 1995, according to data from Dealogic. *The Telegraph*. 8 Feb 2024



While London still rivals New York as a global financial hub, the LSE is being muscled aside by rival stock exchanges. The total capitalization of London-listed equities fell from a high of \$4.3 trillion in 2007 to about \$3 trillion in May 2023, according to data compiled by Bloomberg. Over the same period, the value of US stocks more than doubled to \$44 trillion. Paris overtook London as Europe's largest stock market in 2022. London is now the seventh-biggest globally, also trailing the US, China, Japan, Hong Kong and India, in a powerful reality check for an institution whose history stretches back more than 200 years. *The Washington Post*. 2 June 2023

"The London stock market's decline is starting to look terminal.....sadly I am inclined to agree, but London's AIM market has a great opportunity as a niche market, for small high growth companies."

Chris Boxall, Contrarian Investment Manager. 9 Feb 2024

SOLUTION | Which we have already started



London
Stock Exchange



BÖRSE
FRANKFURT



Alternative Investment Market (AIM)

London Stock Exchange's market for small and medium size growth companies. There are currently nearly 950 companies listed on the AIM.

Alternatives:

Borse Frankfurt

The Frankfurt Stock Exchange is the world's third largest stock exchange behind only the NYSE and NASDAQ and is often referred to as the 'International Stock Exchange'.

Australian Securities Exchange (ASX)

The Australian Securities Exchange (ASX) is one of the world's leading financial market exchanges. The ASX is ranked fifth by the World Economic Forum in financial systems and capital markets.

London Stock Exchange: **Main Board, Standard Listing does not really allow companies with Large Market Capitalisations to Direct List** such as London-based money transfer Fintech company Wise PLC @ £8.7 Billion. Small-Mid Cap Companies are not accepted.

IT IS AN ICONIC ASSET IN LONDON | Should be listed on the London Stock Exchange?



London Stock Exchange's Market for Small and Medium Size Growth Companies. Over 3,800 companies have listed on the Alternative Investment Market (AIM) since it launched in 1995, collectively raising more than £109bn. There are currently nearly 950 companies listed on the AIM.

AIM provides companies from a wide range of countries and sectors with access to a diverse set of investors and a supportive advisory community, who understand the needs of entrepreneurial businesses. AIM has developed into the world's most successful and established market for dynamic high-growth companies supported by a remarkable community of companies, advisors and investors.

The average London AIM-listed company spends \$300,000 per year in ongoing professional fees and insurance compared to \$2m - \$3m per year for the average NASDAQ listed company.

UK Tax Advantages*

No tax on dividends from AIM shares held in an ISA, nor will you have to pay Capital Gains Tax (CGT) on any of the profits you make. Dividends received in ISAs are also exempt from tax.

There is also no stamp duty on shares traded on the AIM whether or not they are bought in an ISA.

Most AIM stocks are exempt from inheritance tax (IHT) if they've been held for more than two years.

*<https://www.barclays.co.uk/smart-investor/news-and-research/stocks-and-shares/should-you-hold-aim-shares-in-your-isa>

ACCEPTED BY MOST PLATFORMS | AIM, London Stock Exchange



*when accepted by platform

ALREADY RAISED | Already the seventh largest listing since 2022

The London Tunnels PLC has already raised and has committed funds of £31.5M

(One of the Largest Raisings on the London Stock Exchange since 2022: Equal Seventh)

- £4.5m Private Equity Initial Investment
- £5m Convertible Bond at valuation of £112m (£1.81)
- £1m Subscriptions Shares at £2 confirms valuation of £123m
- £5m Debt/Equity Exchange valuation of £123m
- £16m Commitment Letters at a valuation of £123m

*This does not include potential Retail Investors interest from the United Kingdom via Winterfloods WRAP Product and marketing with AJ BELL.

COMPANIES THAT LISTED ON THE LONDON STOCK EXCHANGE IN 2022


The companies to list on the London Stock Exchange in 2022				
Company	Date of IPO	Amount raised	Market	Share price return since launch
RC365 HOLDING PLC	23-Mar-22	£2.0m	UK Main Market	206.5%
AJAX RESOURCES PLC	07-Apr-22	£1.3m	UK Main Market	125.0%
ENSILICA PLC	24-May-22	£6.2m	AIM	76.6%
BOWEN FINTECH PLC	31-Oct-22	£2.0m	UK Main Market	56.3%
AURRIGO INTERNATIONAL PLC	15-Sep-22	£8.0m	AIM	51.0%
UNICORN MINERAL RESOURCES PLC	27-Oct-22	£0.9m	International Main Market	50.0%
FIRST CLASS METALS PLC	29-Jul-22	£1.1m	UK Main Market	47.9%
CLEANTECH LITHIUM PLC	17-Mar-22	£5.6m	AIM	31.6%
ACP ENERGY PLC	28-Jan-22	£0.8m	UK Main Market	30.0%
CODEX ACQUISITIONS PLC	09-Mar-22	£0.9m	UK Main Market	25.0%
FACILITIES BY ADF PLC	05-Jan-22	£18.4m	AIM	14.4%
SONDREL (HOLDINGS) PLC	21-Oct-22	£20.0m	AIM	10.9%
IKIGAI VENTURES LIMITED	15-Sep-22	£2.1m	UK Main Market	6.0%
ACG ACQUISITION COMPANY LIMITED	12-Oct-22	£113.2m	International Main Market	2.0%
FINTECH ASIA LIMITED	15-Sep-22	£1.5m	UK Main Market	2.0%
NEW ENERGY ONE ACQUISITION CORPORATION PLC	16-Mar-22	£175.0m	UK Main Market	1.0%
FINANCIALS ACQUISITION CORP	13-Apr-22	£154.5m	International Main Market	0.2%
HIRO METAVERSE ACQUISITIONS I S.A.	07-Feb-22	£118.1m	International Main Market	0.2%
OCTOPUS FUTURE GENERATIONS VCT PLC	05-Apr-22	£17.9m	UK Main Market	0.0%
MILTON CAPITAL PLC	04-Oct-22	£1.0m	UK Main Market	-5.0%
MORE ACQUISITIONS PLC	04-Mar-22	£1.3m	UK Main Market	-5.0%
HERCULES SITE SERVICES PLC	04-Feb-22	£8.0m	AIM	-7.3%
BEACON RISE HOLDINGS PLC	25-Mar-22	£1.1m	UK Main Market	-10.0%
HAMAK GOLD LIMITED	01-Mar-22	£1.0m	International Main Market	-10.0%
ATERIAN	24-Oct-22	£0.9m	UK Main Market	-12.0%
MING YANG SMART ENERGY GROUP LIMITED	13-Jul-22	£546.0m	International Main Market	-16.4%
ELECTRIC GUITAR PLC	11-Jan-22	£1.2m	UK Main Market	-16.7%
ITHACA ENERGY PLC	14-Nov-22	£300.0m	UK Main Market	-28.4%
CLEAN POWER HYDROGEN PLC	16-Feb-22	£30.5m	AIM	-31.8%
GRAFT POLYMER (UK) PLC	06-Jan-22	£5.0m	UK Main Market	-35.3%
LIFESAFE HOLDINGS PLC	06-Jul-22	£3.0m	AIM	-38.1%
URA HOLDINGS PLC	02-Mar-22	£1.1m	UK Main Market	-39.0%
SPIRITUS MUNDI PLC	08-Jul-22	£0.3m	UK Main Market	-45.0%
AURA RENEWABLE ACQUISITIONS PLC	08-Apr-22	£1.0m	UK Main Market	-46.0%
DIAL SQUARE INVESTMENTS PLC	30-Nov-22	£0.5m	UK Main Market	-50.0%
ALTERATION EARTH PLC	01-Jul-22	£1.3m	UK Main Market	-50.0%
FIRST TIN PLC	08-Apr-22	£20.0m	UK Main Market	-61.7%
ARTEMIS RESOURCES LIMITED	07-Feb-22	£5.0m	AIM	-62.7%
STRIP TANNING HOLDINGS PLC	18-Feb-22	£10.7m	AIM	-62.8%
GENFLOW BIOSCIENCES PLC	17-Jan-22	£3.8m	UK Main Market	-68.0%
KENDRICK RESOURCES PLC	06-May-22	£3.3m	UK Main Market	-72.5%
I(X) NET ZERO PLC	09-Feb-22	£10.7m	AIM	-78.3%

INDEPENDENT VALUATION | By VSA Capital



Based on our preliminary views on valuation parameters, VSA believe that the Company's valuation will range between **£130m and £150m**. This assessment provides reassurance that we are positioning the market cap of the Company on listing in the right range. As the project progresses and new information becomes available, assumptions and views are subject to change.

VSA Capital is Authorised and Regulated by the Financial Conduct Authority.

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30 November 2023

The London Tunnels PLC
Furnival St,
London
EC4A 1AB

Dear Sirs

VSA REVIEW OF COMPANY VALUATION PERIMETERS – THE LONDON TUNNELS PLC

Background

VSA Capital ("VSA") has been appointed as Corporate Broker and Research provider to The London Tunnels Plc ("TLT or the Company") in connection with its proposed admission to trading on the Standard Segment of the Main Market of the London Stock Exchange ("Admission"). As part of our preparations for the post Admission initiation research note, VSA Capital has been carrying out some preliminary work to ascertain a valuation range for TLT.

This note has been prepared to provide the board of TLT with preliminary views on the valuation range for the Company.

In our opinion:

- Management have articulated a pathway to profitability on which our analysis is based. This underpins a valuation range of between **£140mn and £150mn** based primarily on DCF analysis but supported by relative peer group analysis.
- This is a unique opportunity and determining direct peers is difficult, however, based on the two phases of operations current multiples indicate a potential valuation in the region of **£132mn**.

Basis of valuation

VSA has opted to primarily rely on the DCF methodology to guide our preliminary assessment. This is due to a lack of listed peers given the unique nature of the investment opportunity. Furthermore, the Company will have two growth phases, one between 2024 and 2026 when the Company will only be operating limited guided tours and the other from 2027 onwards when the Company will be fully operational. The DCF is able to capture both phases which rely on different assumptions although we note that both are able to support profitability according to management guidance. VSA's assessment relied on management's forecasted financials, key assumptions being:

- the estimated number of visitors
- estimated margins.

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- target Capital structure & Capex assumptions

VSA preliminary work resulted in a valuation range of between **£140mn and £150mn** based on the DCF method.

VSA further supplemented the DCF methodology by carrying out a peer comparison. VSA chose a peer group of 14 small and mid-cap companies across hospitality, leisure and entertainment. This yielded average current forward EV/EBITDA multiple of 9.4x. We note that there are no direct peers, however, the group has a narrow spread of multiples and many of the companies offer comparable aspects to London Tunnels meaning the average figure is relevant.

This multiple implied an indicative value of between £74.5mn on a Year 1 EV/EBITDA (phase 1) and £191.mn steady state (phase 2) Year 4 EV/EBITDA discounted backwards. It is VSA's opinion that £70 mn is an extremely conservative value which does not provide for the envisaged full scope of the project. In addition, due to the current challenging environment, many peer group multiples are cyclically depressed implying that this valuation is likely a conservative view and have expansionary potential. Based on the above assessment we have implied an average of **£132mn** as the mid-point.

Conclusion

Based on our preliminary views on valuation parameters, VSA believe that the Company's valuation will range between **£130mn and £150mn**. This assessment provides reassurance that we are positioning the market cap of the Company on listing in the right range. As the project progresses and new information becomes available, assumptions and views are subject to change.

Please feel free to contact me at araca@vsacapital.com for any further information.

Yours sincerely,

Andrew Raca
Head of Corporate Finance
VSA Capital

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INDEPENDENT VALUATION | By Edison



Spotlight - Initiation

The London Tunnels

Hidden reserves

Opportunity knocks at Kingsway Exchange Tunnels to participate in the proposed rejuvenation of a singular and significant national asset and its vast blank canvas for potentially lucrative commercial display. The prospect of a major visitor attraction based on heritage and culture in unusual confines begs comparison with the development of the London Eye, which was also challenging but has arguably over delivered. With full commercial launch not till 2027, protracted project risks such as receipt of planning approval, execution and further funding are inevitable. However, our high-level assumptions about possible Year 1 returns at various attendance levels and if the site were in the hands of a content / theme park owner suggest a marked premium to the market cap at Admission.

In plain sight

Despite their remoteness, which is part of their appeal, the Kingsway Exchange Tunnels, which are being acquired by the Company, present well with 8,300 square metres of floor space and large diameter tunnels over a mile long in total. In addition to the resonance of distinctive wartime and espionage associations (James Bond, no less) with abundant original artefacts, the site offers huge scope for experiential leisure, eg attractions based on blockbuster films, and digital art via visual and interactive technology. Target attendance is 2m pa (design capacity 3m).

Light at the end

Assuming a successful £30m placing within 60 days of Admission and receipt of planning permission soon thereafter, the next 12 to 18 months will see preparation for construction and fitting out set to complete by 2027. During the first phase ahead of closure Explorer Tours will allow visitors to see the Tunnels in their current state and generally promote venue awareness as well as generate useful income. Management envisages raising a further c £120m during 2025 to 2027.

Operationally geared

Our application of industry margins to the target attendance at £30 per ticket gives EBITDA of £27m in 2028 with a rise of c 25% on 10% more visitors and a doubling at £40 thanks to enriched content from an IP owner driving 25% higher attendance.

Valuation: Creating value

On Merlin Entertainments' 2019 EV/EBITDA exit multiple of 12x that target attendance EBITDA shows an equity value of £174m (EV £324m less £30m placing and £120m debt). However, this is not discounted for the time and risks during completion.

Travel & leisure

5 January 2024

Price

Market cap

Share price graph

Share details

Code TL1
Listing LSE Main Market
Shares in issue
Last reported net (debt) as at Sept 2023

Business description

The London Tunnels is aiming to develop a major heritage and cultural attraction in central London on the site of the historic Kingsway Exchange Tunnels, which it has agreed to purchase. Full commercial launch is targeted for 2027 with c 2m visitors pa.

Bull

- Huge landmark site with compelling history and high media interest in a popular location.
- Very considerable scope to develop in growth areas of experiential leisure and digital art.
- Attractive to potential operating partners, eg content owners and theme parks.

Bear

- Planning permission has yet to be received and further funding will be required for completion.
- Execution risk of complex project with potential cost and time overrun.
- No trading record and uncertainty of long-term financial estimates.

Analysts

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London Tunnels is a research client of Edison Investment Research Limited



BRILLIANT KNOWLEDGE

Valuation: Creating value: On Merlin Entertainments' 2019 EV/EBITDA exit multiple of 12x that target attendance EBITDA shows an equity value of £174m (EV £324m less £30m placing and £120m debt).

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THE COMPANY | Last Major Heritage and History Attraction in London

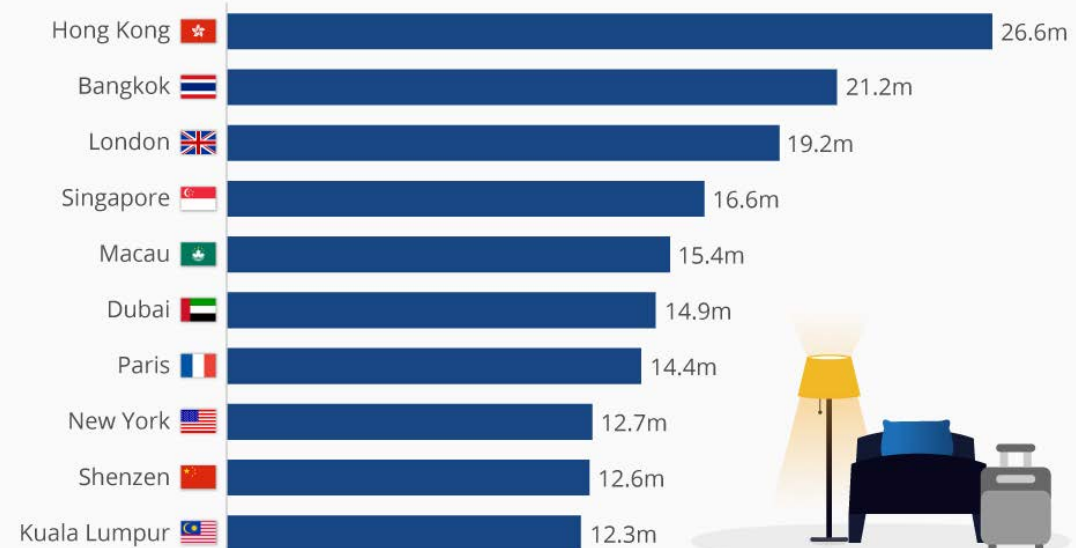
- These are the Largest Tunnels designed for people in a metropolitan City in the World with an annual capacity of 3m visitors; located in Central London.
- Last Major/Large Scale Heritage and History tourism attraction that can be reactivated in Central London. There are no other existing locations that can accept 3m visitors annually in London.
- Other Projects such as Sphere Entertainment will not get new constructions planning approval.
- London is the most visited Western City in the World; and the World's third most visited City. There are 50 million people located within one hour of this location.
- United Kingdom Armed Services Strategic Command partnership that brings authenticity and legitimacy to the story of the London Blitz and Special Operations Executive.
- Media coverage has reached over 6.3 billion people, in 30+ countries through 160 publications showing the global interest in the project.

MOST VISITED CITIES IN THE WORLD | LONDON



The World's Most Visited Cities

Cities with the most visitors in 2017*



CC BY ND @StatistaCharts

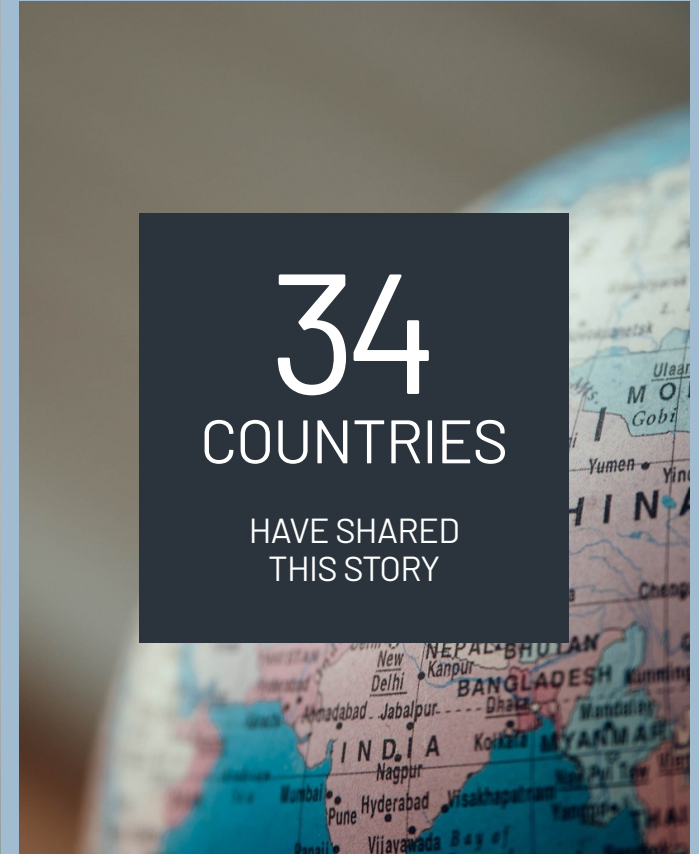
* People staying for at least 24 hours

Source: Euromonitor International via World Economic Forum

statista

Top 10 city destinations - London is the Most Visited Western City in the World 2017

PRESS RELEASE STATISTICS | GLOBAL IMPACT



COMPETITION | MOST VISITED FREE/PAID ATTRACTIONS

FREE

Name of attraction	Visitors 2018
TATE MODERN	5,868,562
BRITISH MUSEUM	5,828,552
NATIONAL GALLERY	5,735,831
NATURAL HISTORY MUSEUM	5,226,320
V&A MUSEUM	3,967,566
SCIENCE MUSEUM	3,174,963
SOMERSET HOUSE	3,413,626
NATIONAL PORTRAIT GALLERY	1,586,451
BRITISH LIBRARY	1,437,839
TATE BRITAIN	1,272,523

PAID

Name of attraction	Visitors 2018	Current ticket price**
THE LONDON EYE*	3,500,000	£25.50
TOWER OF LONDON	2,855,438	£33.60
MADAME TUSSAUDS	2,500,000***	£33.00
MAKING OF HARRY POTTER	2,000,000***	£53.10
ROYAL BOTANIC GARDENS	1,858,513	£17.00
ST PAUL'S CATHEDRAL	1,657,446	£20.50
ROYAL ACADEMY OF ARTS	1,594,140	£15.00
WESTMINSTER ABBEY	1,546,017	£29.00
ZSL LONDON ZOO	1,133,952	£31.00
HOUSES OF PARLIAMENT	1,075,550	£32.00


*The London Eye is almost at capacity of £3.65m visitors

** Approximately as at 13/10/2023

***Approximately

RENDERING | DEEPEST BAR IN THE WORLD





RENDERING | SPECIAL OPERATIONS EXECUTIVE



RENDERING | NATURAL WORLD



CONCLUSION |

London Stock Exchange (AIM)

It would seem this is the most “fitting” location for the company to be listed: London Stock Exchange

Advantage of Listing on AIM

Market for Small/Med Size Growth Companies

Tax Advantages

Team already engaged

6-8 Weeks until Listing

Equity Raised & Committed

The London Tunnels PLC has raised & committed funds of £31.5M

(not including retail investors)

(Seventh Largest IPO on LSE since 2022)

Valuation/ Upside

Current Valuation
£130m-£170m

Estimated Valuation
£480m-£620m

London Eye valued at £700m in 2015

London is the most visited Western City in the World

50 million people located within one hour of The London Tunnels

Last Major Historical/ Heritage Attraction in London

There are no other existing locations that can accept 3m visitors annually in Central London

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