Confidential
2026

Valuation Report

The London Tunnels Incorporated

Valuation date: 31 March 2026

Report date: 25 June 2026

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Important Notice and Limitations

Nature of this Report

This report has been prepared by bizval Ltd ("bizval") at the request of the addressee for the purpose of providing an independent valuation of London Tunnels Incorporated ("London Tunnels" or the "Company") as at 31 March 2026. The report is confidential and intended solely for the use of the addressee. It may not be reproduced, distributed, or relied upon by any other person without the prior written consent of bizval.

This report does not constitute investment advice, a prospectus, an offer to buy or sell securities, or a fairness opinion. Recipients must not act on the valuations herein without obtaining independent professional advice tailored to their specific circumstances.

Scope and Reliance

bizval's analysis is based on the following sources, none of which has been independently audited or verified by bizval unless stated:

- The London Tunnels Incorporated - Annual Report, year ended 31 March 2025
- London Tunnels Ltd - Draft accounts, year ended 31 March 2026 (KPMG, unaudited draft)
- RICS Asset Valuation - London Tunnels Ltd, ref 30330 (Vospers, March 2026)
- ABN AMRO - Indicative Valuation of Kingsway Exchange / London Tunnels (17 December 2025)
- The London Tunnels PLC - Prospectus
- Investor Presentation - Intro to Tunnels (May 2026)
- Management One-Pager - TLT Valuation Summary (29 May 2026)
- Meeting minutes - Management calls
- Information provided by management of London Tunnels Ltd during the engagement

bizval has not reviewed legal title to the leasehold, inspected any construction programme in detail, reviewed prospective operator management agreements, or reviewed the lease agreement between London Tunnels Ltd and Exchange Tunnels Limited (the freeholder, a related party). A bizval team member has conducted a limited site visit; however, this did not constitute a technical, structural, legal or construction due diligence review.

The valuation conclusion should be read subject to management’s assumed development funding structure, H1 2028 opening programme, visitor ramp, operating cost assumptions, planning and construction execution, and the lease economics reflected in the forecast model. The valuation further assumes that the lease is valid, enforceable, assignable and commercially consistent with those forecast assumptions. bizval has not independently verified legal title, lease terms, the construction programme, capex composition, operator agreements or planning outcomes.

Independence

bizval has no existing financial interest in London Tunnels Incorporated, London Tunnels Ltd, its shareholders, or any counterparty referenced in this report. bizval has not acted as financial adviser to London Tunnels in connection with any fundraising, disposal, or corporate transaction. This report is prepared on an arm's length basis.

1. Executive Summary

Valuation Conclusion

bizval's primary valuation of The London Tunnels Incorporated (TLT Holdings) is based on a discounted cash flow (DCF) model using a WACC of 11.83% and a 2% terminal growth rate. Under base case assumptions, the DCF yields an enterprise value of £305m and equity value of £242m, equivalent to £3.43 per share, compared with the current traded reference price of £2.23 per share. This comparison is shown for context only, given the matched-bargain nature and limited liquidity of the reference price. On a ±50bps WACC sensitivity, the per-share range is £3.10–£3.78.

Summary of Valuations

Method	EV	Equity	Per Share	Notes / Basis
DCF, Downside case	£270m	£208m	£2.94	WACC 12.00%; 6m delay (Q3 2028); 10% visitor shortfall; £62m net debt
DCF, Base case (primary)	**£305m**	**£242m**	**£3.43**	WACC 11.83%; H1 2028 opening; current assumptions
DCF, Upside case	£483m	£421m	£5.95	WACC 10.00%; 10% visitor upside; retail revenue included
CCA, 7.6x 2032 EBITDA	£535m	£473m	£6.69	Listed peer median 7.62x (FUN, PRKS, CDA); 2032 EBITDA £70.4m
CTA, 8.8x 2032 EBITDA	£620m	£558m	£7.89	DealStats and selected leisure / attraction transactions; limited direct comparability.
NAV, Fair value	£53m	£37m	£0.53	125-yr leasehold £51.35m (Vospers, Mar 2026); asset floor
NAV, Book equity	£25m	£25m	£0.35	Draft Mar 2026 accounts
Current traded price (reference)	—	—	£2.23	Matched-bargain; June 2026

2. Valuation Approach and Methodology

bizval has applied three methodologies: a discounted cash flow (DCF) analysis as the primary valuation method, supported by a comparable company analysis (CCA) and comparable transaction analysis (CTA). A net asset value (NAV) analysis is presented as an asset floor and does not reflect going-concern value.

The DCF is the primary method because London Tunnels is a development-stage, pre-revenue business. Multiples-based approaches require an operational EBITDA base; applying them to current or near-term EBITDA would produce misleading results. The DCF captures the full time-value of the development phase, the ramp-up period, and the terminal steady-state. The CCA and CTA are applied to projected 2032 EBITDA, the first full year of near-steady-state operations. They represent maturity-state reference values and are not current fair value conclusions; they are not discounted to the valuation date. Their appropriate use is as cross-checks on the DCF at the point the business reaches operational maturity, not as indicators of present value.

All DCF calculations use a mid-year discounting convention, reflecting that cash flows are received throughout each period rather than at year-end. Terminal value is calculated using a Gordon Growth Model applied to normalised year-10 unlevered free cash flow. Enterprise value is converted to equity value by deducting net financial debt of £62m. Equity value is divided by 70.7m shares outstanding to derive per-share value.

3. Company Overview

The Business

London Tunnels Ltd proposes to develop and operate a permanent visitor attraction within a network of disused WWII-era tunnels beneath Chancery Lane, London WC2. The tunnels served as a wartime government communications centre. The proposed attraction includes an immersive historical experience, bar and food and beverage facilities, and potential retail, events and sponsorship operations. Management targets an H1 2028 opening with additional “Explorer” tours during the build out.

The base case visitor assumption reaches approximately 2.35 million per annum by 2032, representing approximate steady state. The forecast peak is approximately 2.65 million visitors in 2035. The £37 base ticket price (2028 terms) is positioned below comparable premium London experiences, the Tower of London (£33), the London Eye (£32–38), and materially below immersive attractions such as The Crystal Maze (£50–80). The attraction has no direct listed comparable given its unique underground heritage format.

Corporate Structure and Tenure

TLT Holdings (The London Tunnels Incorporated, Cayman Islands) is the holding entity. The operating subsidiary is London Tunnels Ltd (England and Wales). The 125-year leasehold over the tunnels is held by London Tunnels Ltd under a lease granted by Exchange Tunnels Limited, the freehold owner. Exchange Tunnels Limited is a related party controlled by Angus Murray, who is also the majority shareholder (~80%) and a director of TLT Holdings. The terms of the lease, including annual rent, permitted use, assignment rights and break clauses, have not been reviewed by bizval.

Capital Structure

Item	£000s	Notes
BT debt	2,000	Obligation to BT
Development debt facility	46,000	Modelling assumption provided by management
Shareholder loans	14,000	Related party (A. Murray)
Net financial debt	**62,000**	Used in equity bridge
Shares outstanding (000s)	70,714	70.714 million shares

4. Discounted Cash Flow Valuation

Methodology

The DCF model projects unlevered free cash flow (UFCF) for ten years (2026–2035) and applies a Gordon Growth Model terminal value at year 10. UFCF is derived as: EBITDA less depreciation and amortisation, less tax on EBIT, plus D&A added back, less capital expenditure, less change in net working capital. The terminal value applies a 2.0% long-run growth rate, consistent with the Bank of England CPI target. All cash flows are discounted at the applied WACC of 11.83%.

Present Value Split and Equity Bridge

Under the base case, the present value of forecast period cash flows (2026–2035) is approximately £100m and the present value of the terminal value is approximately £205m, giving a total enterprise value of £305m. The high proportion of value in the terminal value (~67%) is typical for development-stage businesses and reflects the front-loading of development costs against back-loaded cash generation.

Item	£000s	Notes
PV of forecast FCFs (2026–2035)	~100,000	Discounting at WACC 11.83%
PV of terminal value	~204,500	Gordon Growth; g 2.0%; discounted at yr 10
Enterprise value	304,509	
Less: net financial debt	(62,000)	BT £2m + dev debt £46m* + shareholder loans £14m
Equity value	242,509	
Shares outstanding (000s)	70,714	
VALUE PER SHARE, BASE CASE	**£3.43**	WACC 11.83%; g 2.0%; mid-year discounting

**Because the £46m development facility had not been fully drawn at the valuation date, the reported equity value should be read as a pro forma post-funding equity value under management's assumed funding structure. Alternative funding structures, including equity funding, convertible instruments, delayed debt drawdown or different debt terms, could materially change the per-share value. This treatment is intended to present the value attributable to ordinary equity under the assumed completed funding structure, rather than a valuation-date balance sheet bridge based solely on debt drawn as at 31 March 2026.*

5. Forecast Assumptions

Revenue Streams

Revenue is generated from four streams in the base case: main experience tickets, bar and food and beverage, and pre-opening explorer tours (2026–2027 only). Retail, functions and events, and sponsorship are modelled in the system but switched off in the base case as these streams are unconfirmed and represent discrete upside. Key pricing: main experience ticket £37 in 2028 with 2% annual price inflation; bar average spend £11.67 per visit (2028); pre-opening explorer tours £25 per ticket.

Visitor Ramp-Up

Visitors (000s)	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035
Pre-opening explorer tour visitors	*150*	*350*	*0*	*0*	*0*	*0*	*0*	*0*	*0*	*0*
Main experience visitors	*0*	*0*	*600*	*1 200*	*1 700*	*2 100*	*2 350*	*2 500*	*2 580*	*2 650*
Bar visitors	*50*	*140*	*240*	*480*	*680*	*750*	*750*	*750*	*750*	*750*
TOTAL ANNUAL VISITORS	**200**	**490**	**840**	**1 680**	**2 380**	**2 850**	**3 100**	**3 250**	**3 330**	**3 400**

The base case visitor assumption reaches approximately 2.35 million main experience visitors by 2032, representing approximate steady state. The forecast peak is approximately 2.65 million visitors in 2035. Both figures are positioned below London's Tower of London (~2.9m) and London Eye (~3.5m). The visitor ramp reflects a gradual build from 600k in the opening year as the brand establishes itself.

Operating Cost Assumptions

The table below shows the principal operating cost lines in £000s for each year of the forecast.

OPERATING COSTS — SG&A (£000s)	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035
Operator management fee	-	-	(4 000)	(4 000)	(4 000)	(4 000)	(4 000)	(4 000)	(4 000)	(4 000)
Operator revenue share (30% above hurdle)	(1 300)	(3 115)	(300)	(600)	(1 109)	(1 123)	(1 077)	(837)	(708)	(805)

Exhibition & content	(1 000)	(1 000)	(8 000)	(3 000)	(3 000)	(3 000)	(8 000)	(3 000)	(3 000)	(3 000)
Personnel	(500)	(900)	(1 700)	(2 000)	(2 200)	(2 500)	(2 500)	(2 750)	(2 750)	(3 000)
Marketing & PR	(433)	(1 558)	(4 500)	(6 120)	(7 370)	(8 257)	(8 805)	(8 943)	(9 389)	(9 815)
Property & occupancy	-	(1 000)	(3 500)	(4 000)	(4 080)	(4 162)	(4 245)	(4 330)	(4 417)	(4 505)
Repairs & maintenance	-	-	(750)	(1 000)	(1 500)	(2 000)	(2 040)	(2 081)	(2 122)	(2 165)
Other operating costs	(400)	(400)	(800)	(1 200)	(1 600)	(1 640)	(1 673)	(1 706)	(1 740)	(1 775)
TOTAL SG&A	**(3 633)**	**(7 973)**	**(23 550)**	**(21 921)**	**(24 859)**	**(26 682)**	**(32 341)**	**(27 648)**	**(28 126)**	**(29 064)**

Capital Expenditure

Total development capex is modelled at £64m: £10m in 2026, £34m in 2027, and £20m in 2028 during the final fit-out phase. Post-opening maintenance capex is £1m per year from 2029–2033 and £2m from 2034–2035. The £64m figure is sourced from management. The Vospers RICS valuation (March 2026) references a total development cost of approximately £88m. Management's current operating plan is based on the lower figure of £64m; the differential may reflect items outside management's current scope. bizval has not independently verified the composition of either estimate or reconciled the two figures, and readers should seek clarification from management on the basis of the £64m figure before placing reliance on it.

Sector Visitor Benchmarks

The table below provides context for the base case visitor assumption against selected London and UK attractions.

Attraction	Location	Annual Visitors	Ticket Price	Notes
The British Museum	London	~6.2m	Free	Most visited UK attraction 2024
National Gallery	London	~5.5m	Free	DCMS 2024
The Tower of London	London	~2.9m	£33	Historic Royal Palaces
The London Eye	London	~3.5m	£32–38	Merlin Entertainments
Natural History Museum	London	~4.7m	Free	DCMS 2024
Alton Towers	UK	~2.0m	£30–55	Merlin Entertainments
London Tunnels, base case peak	London	**2,650k**	**£37 (2028)**	Base case; conservative relative to premium London attractions

6. WACC Derivation

The applied WACC of 11.83% is derived using CAPM for the cost of equity, with an illiquidity premium of 0.50% added to reflect the development-stage nature of the Company. The WACC derivation is shown below.

Component	Value	Source / Derivation
A. COST OF EQUITY, CAPM		
Risk-free rate (Rf)	3.90%	UK 10yr Gilt yield; Bank of England, June 2026
Equity risk premium (ERP)	3.20%	Damodaran, Implied ERP for UK, January 2026
Levered beta (β)	1.90	Re-levered peer beta + development-stage premium
Small firm / specific risk (SFRP)	4.50%	AIM-listed; pre-revenue; single-asset; thin market
Cost of equity (Ke)	**14.48%**	= 3.9% + (1.90 × 3.2%) + 4.5%
B. COST OF DEBT		
Pre-tax cost of debt (Kd)	7.30%	Bank development debt ~7.0%; shareholder loans 10.0%; weighted blend
Tax rate (t)	25.0%	UK main corporation tax rate
Post-tax cost of debt (Kd×)	5.475%	= 7.3% × (1 − 25%)
C. CAPITAL STRUCTURE		
Equity weight (We)	65.0%	Target steady-state structure; consistent with sector peers
Debt weight (Wd)	35.0%	
D. WACC CALCULATION		
CAPM WACC (pre-illiquidity)	**11.33%**	= 14.48% × 65% + 5.475% × 35%
Illiquidity premium	0.50%	Development-stage AIM stock; matched-bargain only; thin float
APPLIED WACC	**11.83%**	= 11.33% + 0.50%
E. BENCHMARKS		
UK mature listed leisure / entertainment	9.0%	Indicative; see peer group below
UK pre-revenue development project, indicative judgement range	11–13%	Indicative range reflecting single-asset, pre-revenue and development-stage risk profile.

7. Scenario Analysis

Three scenarios are modelled. The Downside case is the primary stress case. It combines a moderate set of concurrent stresses: a 6-month opening delay, a 10% visitor shortfall across all years, and a 17bps WACC increase, rather than modelling a single isolated event. The Downside case is not intended to represent a full failure, non-opening, materially dilutive funding or severe adverse planning/construction case. The Upside case is upside only and should not be presented as a central case.

- **Downside case:** WACC 12.00% (+17bps); 6-month delay (Q3 2028 opening); 10% visitor shortfall across all years; all other assumptions unchanged. Yields £2.94 per share, 32% above the current traded reference price of £2.23.
- **Base case:** WACC 11.83%; H1 2028 opening; current visitor and cost assumptions. Retail, functions, events and sponsorship excluded. Yields £3.43 per share.
- **Upside case:** WACC 10.00% (reflecting post-construction de-risking); 10% visitor upside; retail revenue switched on. Yields £5.95 per share.

The table below shows revenue and EBITDA across the three scenarios for 2027–2035. EBITDA in the base case opening year (2028) is £2.4m, reflecting the high cost of the opening exhibition programme against a partial year of visitor revenue.

£000s	2027	2028	2029	2030	2031	2032	2033	2034	2035
DOWNSIDE CASE:									
Revenue	10,180	15,001	45,902	66,327	82,570	93,232	100,612	105,624	110,415
EBITDA	**4,796**	**(6,567)**	**21,541**	**39,386**	**48,280**	**61,673**	**68,038**	**72,420**	**72,120**
EBITDA margin	47.1%	-43.8%	46.9%	59.4%	58.5%	66.2%	67.6%	68.6%	65.3%
BASE CASE:									
Revenue	10,180	25,001	51,002	73,697	91,744	103,591	111,791	117,360	122,683
EBITDA	**4,796**	**2,388**	**25,934**	**45,707**	**55,533**	**70,414**	**77,487**	**82,355**	**82,022**
EBITDA margin	47.1%	9.6%	50.8%	62.0%	60.5%	68.0%	69.3%	70.2%	66.9%
UPSIDE CASE:									
Revenue	10,180	27,501	56,107	81,067	101,918	125,727	136,071	143,098	150,338
EBITDA	**4,796**	**4,088**	**29,793**	**52,118**	**62,882**	**80,913**	**89,135**	**94,838**	**94,608**
EBITDA margin	47.1%	14.9%	53.1%	64.3%	61.7%	64.4%	65.5%	66.3%	62.9%

8. Sensitivity Analysis

The table below shows value per share under the base case operating assumptions across a range of WACC and terminal growth (g) rate combinations. The base case intersection (11.83% / 2.0%) is highlighted.

WACC	g = 1.0%	g = 1.5%	g = 2.0%	g = 2.5%	g = 3.0%
9.00%	£5.42	£5.75	£6.12	£6.55	£7.05
10.00%	£4.42	£4.65	£4.92	£5.22	£5.57
11.00%	£3.63	£3.81	£4.00	£4.22	£4.46
11.83% base	**£3.12**	**£3.26**	**£3.43**	**£3.59**	**£3.78**
13.00%	£2.48	£2.58	£2.69	£2.82	£2.95

Observations:

- **DCF sensitivity:** At 13% WACC / 1% terminal growth, the model produces £2.48 per share, 11% above the current traded reference price, under base case operating assumptions. This sensitivity output should be interpreted narrowly: it reflects only WACC and growth-rate variation. It does not incorporate execution risk, funding risk, dilutive equity issuance, planning consent risk, construction cost overruns, lease or title risk, operator underperformance, or any scenario in which the opening does not proceed. The sensitivity table is not a downside floor.
- **10% WACC scenario:** A WACC compression to 10% may be achievable post-construction if material development, funding and operating risks are reduced.
- **9% WACC (mature sector):** At £6.12, approaches the CCA multiple of £6.69, broadly consistent, the remaining gap reflects the difference between a 9% WACC DCF and a 7.6x static multiple applied at maturity.
- **Terminal growth sensitivity:** The value is more sensitive to WACC than to g; a 100bp WACC change has approximately 2–3x the per-share impact of a 50bp change in g.

9. Comparable Company Analysis (CCA)

The CCA applies market trading multiples of listed leisure and attractions companies to London Tunnels' forecast EBITDA. Given the Company's development stage, CCA multiples are applied to 2032 EBITDA, the first full year of near-steady-state operations, rather than LTM or NTM earnings.

Company	Ticker	EV/EBITDA	EV/Revenue
Six Flags Entertainment	FUN:NYSE	8.8x	2.47x
United Parks & Resorts	PRKS:NYSE	7.6x	2.35x
Compagnie des Alpes	CDA:EPA	4.6x	1.34x
Standalone attraction reference points (not listed peers)	**For context only, not direct trading comps**		
Skydeck Chicago (Willis Tower)	Private	~11x	~8x
Listed peer median	—	**7.6x**	2.35x
Applied CCA multiple (bizval)	—	**7.6x**	—

CCA Valuation Output

Item	7.6x (CCA)	8.8x (CTA)
2032 EBITDA	£70.4m	£70.4m
Enterprise value	£535m	£620m
Less: net debt	(£62m)	(£62m)
Equity value	£473m	£558m
Per share	**£6.69**	**£7.89**

Note: the CCA and CTA outputs are maturity-state reference values based on projected 2032 EBITDA. They are not current fair value conclusions and have not been discounted to the valuation date. They indicate the equity value the business may support once operational and de-risked. The current fair value conclusion is the DCF base case of £3.43 per share, which reflects the full time-value of the development and ramp-up phases.

10. Comparable Transaction Analysis (CTA)

The CTA analyses control transactions in the European leisure and attractions sector. Acquisition multiples typically exceed trading multiples by 15–30% (control premium), supporting the 8.8x applied multiple as reasonable for a strategic buyer scenario.

Transaction	Year	EV/EBITDA	EV/Revenue	Premium
Blackstone acq. Merlin Entertainments	2019	~12.0x	—	Control
Kentucky Kingdom (amusement park)	1997	8.77x	2.95x	—
Peak Resorts (ski resorts)	2019	10.64x	2.80x	—
ClubCorp (golf/country clubs)	2017	11.05x	2.02x	Control
Selected subset median (3 transactions)	—	**10.64x**	—	—
Transaction median	—	~10x	—	—
Applied CTA multiple (bizval)	—	**8.8x**	—	—

The CTA is used as a secondary cross-check only. The transaction set has limited direct comparability due to differences in geography, asset type, operating model, transaction date and control characteristics. Accordingly, the CTA is assigned lower evidentiary weight than the DCF.

11. Net Asset Value Analysis

The NAV analysis provides an asset-based reference point only, based on the fair value of the Company's assets less financial liabilities. It does not reflect going-concern value, execution risk, timing risk, liquidity or realisation costs.

Item	Value
Leasehold, fair value (125-year lease from Exchange Tunnels Ltd)	£51.35m
Total assets at fair value	£53.35m
Less: BT debt	(£2m)
Less: shareholder loans	(£14m)
Total financial liabilities	(£16m)
NAV, FAIR VALUE	**£37.35m**
Per share	**£0.53**
Book equity (draft Mar 2026)	£25m

The DCF equity bridge deducts total net debt of £62m, comprising the BT leasehold acquisition debt (£2m), the development facility (£46m) and shareholder loans (£14m). The development facility is included because the DCF model assumes this facility will be fully drawn to fund construction; the negative UFCFs in 2026–2028 represent the cash outflow funded by this drawdown. In the NAV table, the book equity figure (£25m per KPMG draft accounts) reflects the balance sheet as at 31 March 2026, at which date the development facility had not yet been drawn in full. The two presentations are therefore consistent: the DCF deducts the full expected drawn debt; the NAV reflects the actual drawn balance at the accounts date. Investors should note that if the development facility is not drawn (for example, if alternative funding is sourced), the net debt deduction in the DCF bridge would need to be revised accordingly.

12. Valuation Ramp-Up

The table below illustrates how equity value per share evolves as the forecast horizon shortens and construction risk unwinds. The methodology is a DCF roll-forward: at each future date, the implied enterprise value is derived by rolling the base case EV forward at the WACC (11.83%) and subtracting the actual forecast UFCF consumed in that year. Net debt is held constant at the valuation date figure of £62m for illustration purposes but would decrease as debt is repaid. This analysis is not a forecast share price path or investment return forecast. It is a mechanical DCF roll-forward under the Base case only and assumes the Base case remains valid at each future date.

	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035
Enterprise Value (£m)	£305m	£350m	£422m	£489m	£528m	£556m	£581m	£597m	£610m	£621m
Net Debt (£m, held constant)	£62m	£62m	£62m	£62m	£62m	£62m	£62m	£62m	£62m	£62m
Equity Value (£m)	£243m	£288m	£360m	£427m	£466m	£494m	£519m	£535m	£548m	£559m
Per Share	**£3.43**	**£4.07**	**£5.09**	**£6.04**	**£6.59**	**£6.99**	**£7.34**	**£7.56**	**£7.75**	**£7.91**

Key milestones on the value ramp:

- **2026 (£3.43):** Full construction and ramp uncertainty priced in. The WACC of 11.83% embeds a 4.5% small-firm risk premium and 0.5% illiquidity discount reflecting development-stage capital structure.
- **2028 (£5.09):** Construction years consumed; the attraction opens. Risk profile improves materially as development uncertainty converts to operational uncertainty. Implied value up 48% from today.
- **2030 (£6.59):** Visitor volumes approaching steady state; base case EBITDA of £45.7m generating strong positive FCF. Value approximately 2x today's reference price.
- **2032 (£7.34):** Operations mature; the business resembles a traded operator. The discount on the remaining forecast horizon narrows further.
- **2035 (£7.91):** By this point, most development and ramp-up risk is assumed to have unwound, and the valuation is increasingly driven by the terminal value.

13. Upside Not Captured in Base Case

The base case is deliberately conservative. The following items are excluded from this valuation and represent discrete sources of additional value.

Upside item	2032 Rev est.	2032 EBITDA est.	At 9x: +EV / +ps	Basis
Retail	£11.6m	£6.4m	**+£58m / +£0.81**	2,650k × 35% × £14.07; 45% COGS
Functions & events	£3–8m	£2.5–6.8m	**+£23–61m / +£0.32–0.86**	Private/corporate hire; comparable London venues
Sponsorship	£1–5m	£0.9–4.5m	**+£8–41m / +£0.11–0.58**	Naming rights, brand activations, content deals
WACC compression 11.83%→9%	—	—	**+£194m / +£2.73**	DCF at 9% WACC (mature sector): £6.12/share
Visitor upside +10%	+£8.8m	~+£6.5m	**+£58m / +£0.82**	High operational leverage on incremental visitors
Tax loss utilisation	—	—	**~+£4–8m / +£0.06–0.11**	Pre-opening losses ~£35m; DTA at 25%
Conservative combined upside	**~£27m**	**~£16m**	**+£2.00–3.50ps**	Retail + low end functions + WACC 10%

The most significant single upside factor is WACC compression. The difference between intrinsic value at 11.83% (£3.43) and at 9.0% (£6.12) is £2.69 per share, larger than the combined conservative estimate of all revenue-side upside items. This compression may occur as the business progresses through construction and early operations, provided key execution, funding, planning and operating risks are reduced.

14. Key Risks and Mitigants

Risk	Likelihood	Impact	Detail
Construction cost overrun	Medium	**High**	RICS (Mar 2026) flags blue asbestos; unquantified. Bear case assumes £12m overrun. Independent QS sign-off on full cost plan required.
Opening date, central risk	High	**High**	RICS programme Jan 2027–Jun 2029 (30 months); management targets H1 2028, a gap of up to 12 months on the programme. Each 6-month delay reduces DCF equity by approximately £25–35m. The Downside case is structured around a delay case and represents the primary downside sensitivity to the valuation conclusion.
Planning consent / S106	Medium	**High**	Formal planning consent not yet received. S106 obligations under negotiation. Refusal or onerous conditions could be value-destructive.
Funding / going concern	Medium	**High**	KPMG emphasis of matter Mar 2025. £243k cash Mar 2025. No committed development facility confirmed. Equity or debt funding execution risk is material.
Dilutive equity issuance / capital stack	High	**High**	Any strategic investment (including Amazon) could materially alter the capital stack and per-share value. If £50m of equity is issued at or near the current market price of £2.23/share, approximately 22.4m new shares would be created, diluting existing shareholders by ~24% on a per-share basis. The model assumes no new equity and a fixed capital stack. Any deviation, including strategic partner equity, convertible notes or new debt, will require a re-run of the DCF. Existing shareholders should seek confirmation that any investment is structured as non-dilutive (e.g. at a premium to the base case value, or as pure debt) before committing capital.
Visitor demand shortfall	Low-Med	**Medium**	Base case 2,650k peak is conservative vs London attractions. However, immersive underground format is novel; demand forecasting uncertainty is high.
Operator performance	Low	**Medium**	Operator agreement not reviewed. Management fee and revenue share structure may not incentivise volume maximisation above hurdle.
Governance concentration	Existing	**Medium**	Angus Murray ~80% shareholder; related-party loans at 10%; Exchange Tunnels Limited (freeholder, controlled by A. Murray) holds the freehold and grants TLT a 125-year lease. Multiple related-party relationships require scrutiny.
Interest rate / refinancing	Low	**Low**	Shareholder loans at 10% pa. If refinancing at commercial rates post-opening, Kd could reduce; modestly positive for equity.

15. Valuation Conclusion

The following conclusions are drawn from bizval's independent valuation of The London Tunnels Incorporated as at 31 March 2026:

- **Base case:** DCF value per share of £3.43, compared with the current traded reference price of £2.23 per share. This comparison is provided for context only and should not be interpreted as an investment recommendation or market price target.
- **Downside case:** DCF value per share of £2.94 under the assumptions adopted. This scenario combines a 6-month delay, 10% visitor shortfall, WACC 12% and unchanged net debt of £62m. It is a moderate combined stress case and should not be interpreted as a downside floor.
- **Upside case:** DCF value per share of £5.95 under the assumptions adopted. This scenario requires stronger visitor volumes, retail revenue activation and a lower WACC. It represents upside potential only and should not be presented as a central case.

Retail revenue is included in the Upside case only. Functions, events and sponsorship are excluded from all three DCF scenarios. Including any of these streams in the Base or Downside cases would increase EBITDA and per-share value in those scenarios.

16. Sources and References

Documents Reviewed

- The London Tunnels Incorporated, Annual Report, year ended 31 March 2025
- London Tunnels Ltd, Draft accounts, year ended 31 March 2026 (KPMG, unaudited draft)
- RICS Asset Valuation, London Tunnels Ltd, ref 30330 (Vospers, March 2026)
- ABN AMRO, Indicative Valuation of Kingsway Exchange / London Tunnels (17 December 2025)
- The London Tunnels PLC, Prospectus
- Investor Presentation, Intro to Tunnels (May 2026)
- Management One-Pager, TLT Valuation Summary (29 May 2026)