

# LIVE. WORK. PLAY.

## The Azure Tower

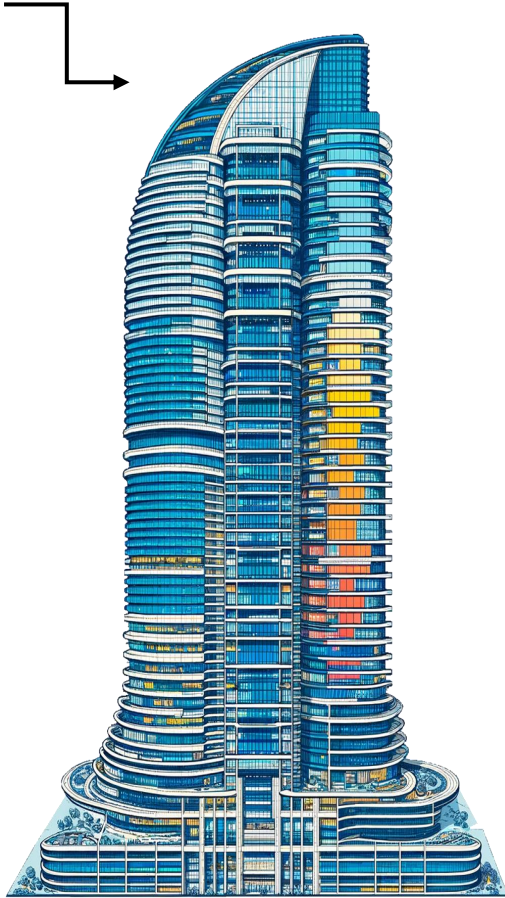
**1 Undershaft**

*Upper Ground*

*London, EC3, United Kingdom*



**73-Story  
Mixed Use Building**



**154,264<sub>m<sup>2</sup></sub>**  
Office | Hotel | Fitness | Conference  
Viewing | Restaurant | Amenities

**Class-A**  
London, England | Financial District

**21%**

Lev IRR

**£1.1B**

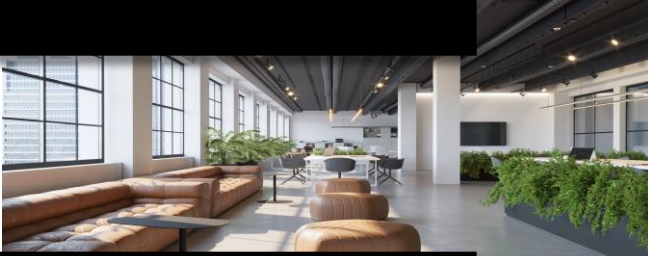
Total project cost

**60<sub>month</sub>**

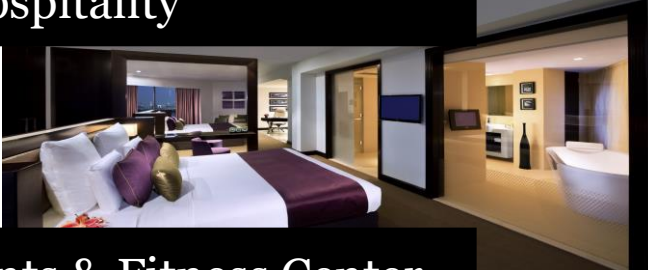
Hold Period

# Highest & Best Use Analysis

## Office



## Hotel/Hospitality



## Restaurants & Fitness Center



## Conference Center



- Fulfilling City of London's goal to deliver 2M sqm of new office by 2026
  - Various floorplans to cater to **large & small firms**
  - Modern amenities, sleek fixtures, and **balconies with lush naturalistic elements**
  - Office tenants will have ease of access to dining, lodging and entertainment
- 
- Luxury Boutique Hotel above the city skyline with **139 keys (Pullman Brand)**
  - Synergies of hotel amenities with in-building contemporary offerings
  - Pullman brand ethos **caters to the cosmopolitan big city traveler**
  - Growing hotel demand in London with emphasis on Class-A locations
- 
- 5 dining options anchored by **Luxury Restaurant & SkyBar** on Floor 69
  - **2,500 Sqm + dining space**, variety of cuisine options and open floorplan
  - Iconic upscale fitness center (**Third Space Gym**) catering to office workers
  - Offerings cater to the 15,000+ daily building goers
- 
- Current **mismatch in Supply/Demand** in London Conference Center luxury product with a severe shortage.
  - Facility will be NNN leased to **Conference Center tenant**
  - Efficient and open space allow for hosting thousands of event guests
  - Allows for over **2,500 people per event** with high space efficiency and open layout



# Planning & Policy Considerations

## OBJECTIVES

### Goals:

1

Speed, Credibility,  
and Efficiency of  
Transaction

- Taking on bridging loans to get access to immediate financing for development and acquisition
- Creditworthiness of financing partners: PIF, Deutsche Bank, and Santander all have high creditworthiness

2

Contributing to  
the London  
Community

- Creating +10,000 jobs throughout the investment life cycle of the project
- Enhancing the tourism ecosystem through high-end dining, public viewing gallery, and a premium hotel

3

Matching the  
Market Demand

- Office: Class A office demand significantly outstrips office supply, especially in The City of London
- Conference: Post Covid-19 in-person conference demand boom, lack of supply in the London market to match

## MARKET ANALYSIS

## Supply/ Demand

- Demand for Class-A office far outstrips supply
- Increasing Conference Center demand in urban London environments

## Office

- Strong market rent of £158 per Sqm per month
- Conference Center demand forecasted to increase 45% from 2022-2026 without match in supply

## Hotel

- Significant rise in tourism rates (140% increase) in the London CBD area with limited new supply

## London Fundamentals

- Average YoY GDP growth of ~6.8%
- Second-most visited globally and the third most visited for business travel

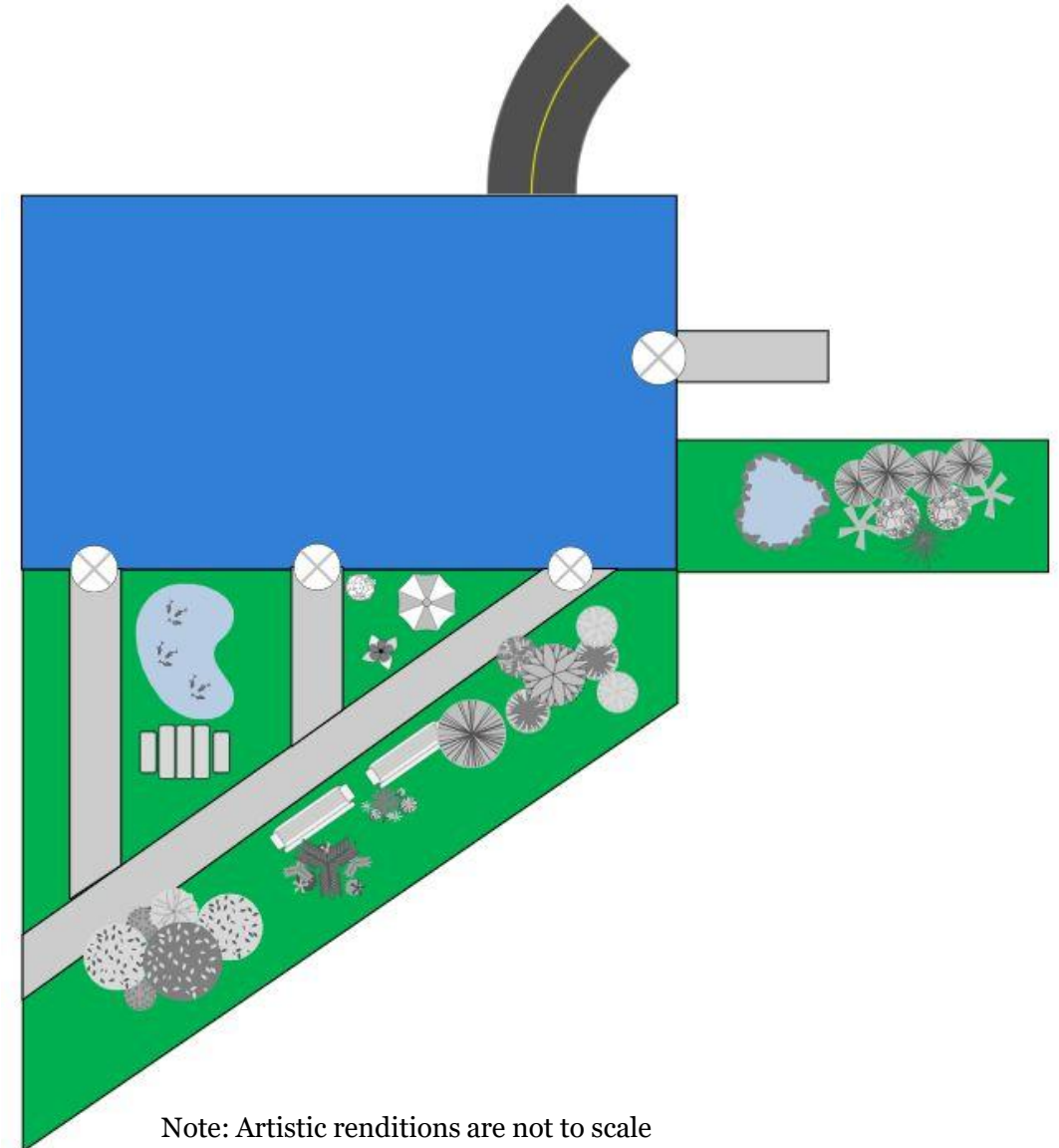
## Local Submarket

- City of London is a thriving Commercial Business District that houses established professional sectors (Finance, Legal, Research)
- Home to 13 tube stations with access to the entire city, within a 6-minute walk

## SITE PLAN

## Site Description

- The main building is at the center of our site with a revolving door entering into the main foyer of the lobby
- In front of the building lies a small park featuring a pond and assorted foliage – an oasis amidst the city
- Directly adjacent to the building, we will build a large park with paths, a koi pond, places to sit, and greenery
- Visitors can drive into the many levels of basement parking from the driveway connecting to the main road



Note: Artistic renditions are not to scale

# Acquisition & Development Strategy

## ACQUISITION & DEVELOPMENT STRATEGY

### ACQUISITION

£405.6m

purchase

LP: Public Investment Fund  
(Saudi Arabian SWF)

*Appetite, capital, and  
experience to undertake  
Landmark Development in  
London CBD*

£516m

equity

### ENVIRONMENTAL CONSCIOUSNESS

Building new space with **decarbonizing materials** to reduce maintenance costs, deliver a **new landmark**, and cultivate sky top and street level **green space**.

**6.5% Premium** to achieve LEED **Gold** and BREEAM “**Excellent**”

### DEBT FINANCING

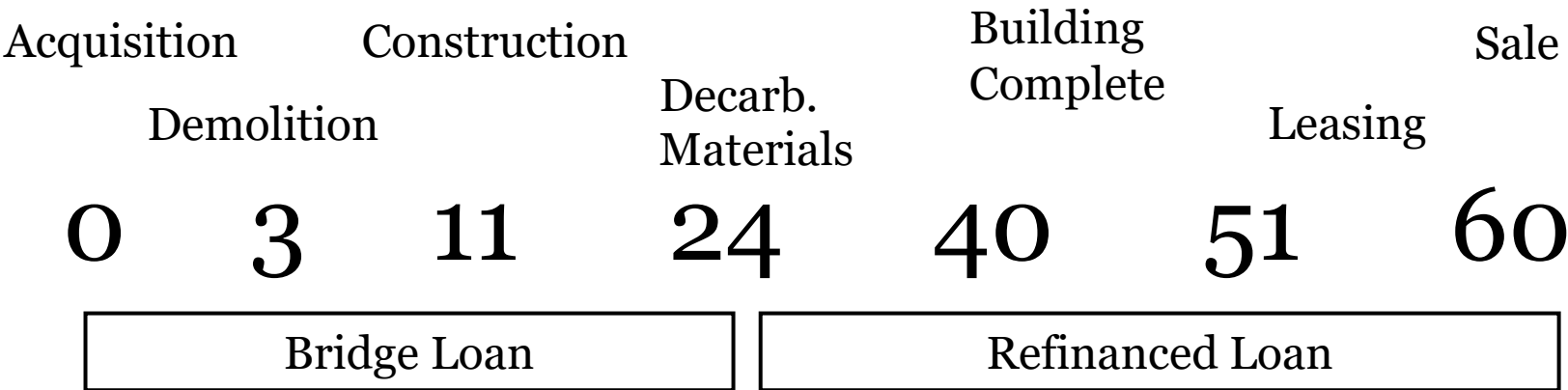


Santander &  
Deutsche Bank



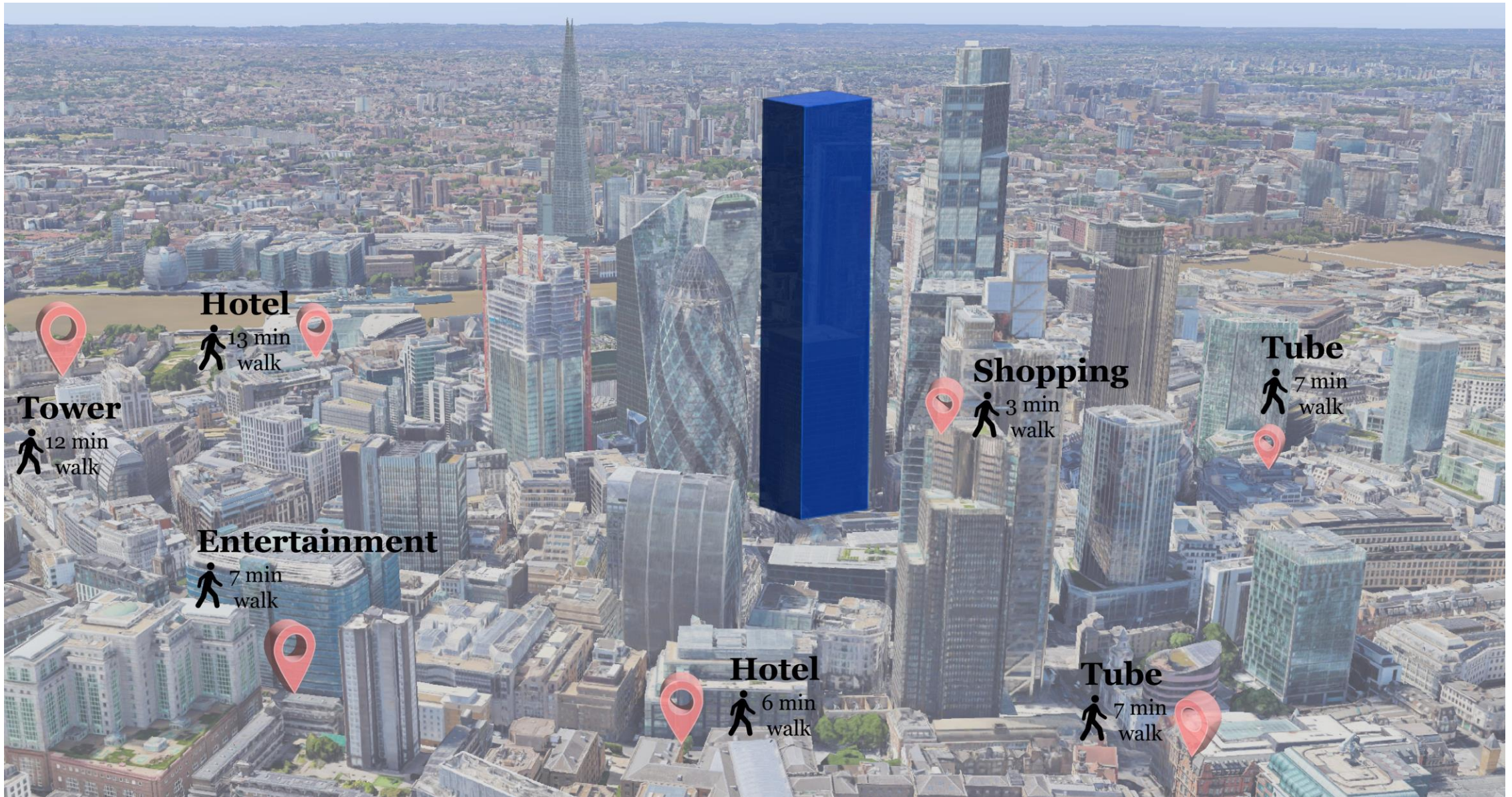
Large balance sheet  
banks with history of  
CRE construction &  
acquisition financing

### DEVELOPMENT TIMELINE (MONTHS)



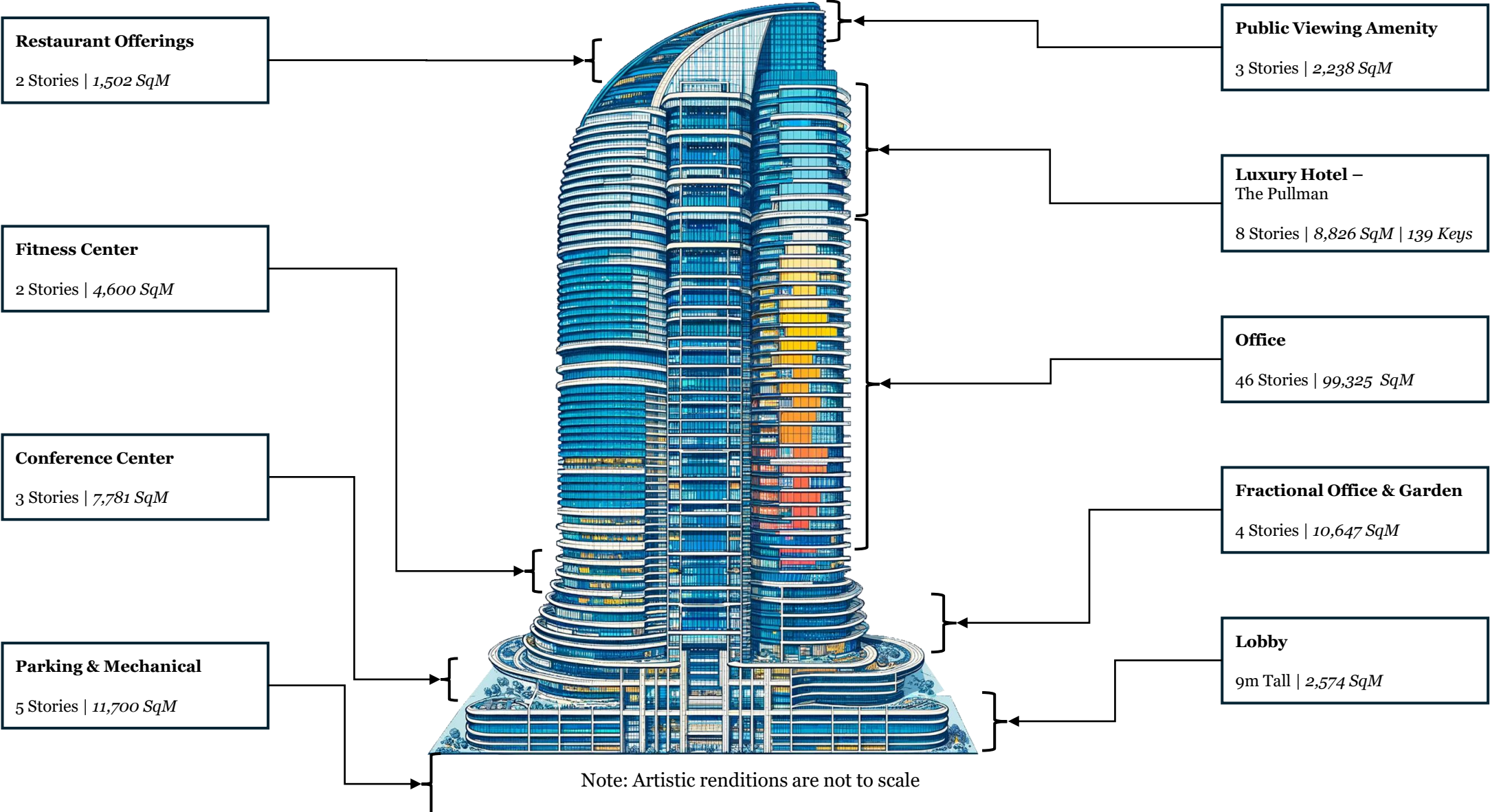


## SITE CONTEXT

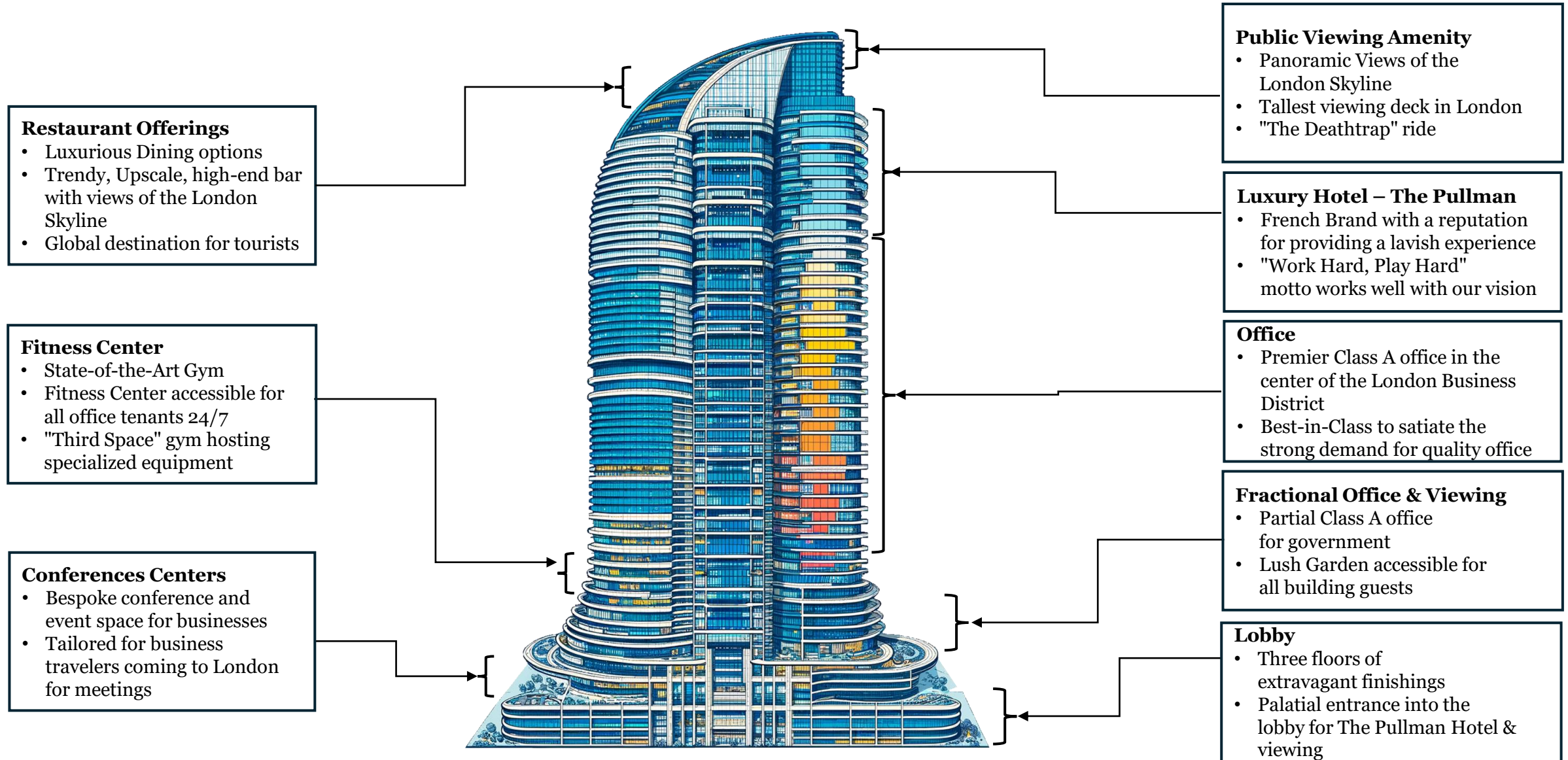




## Development Structure

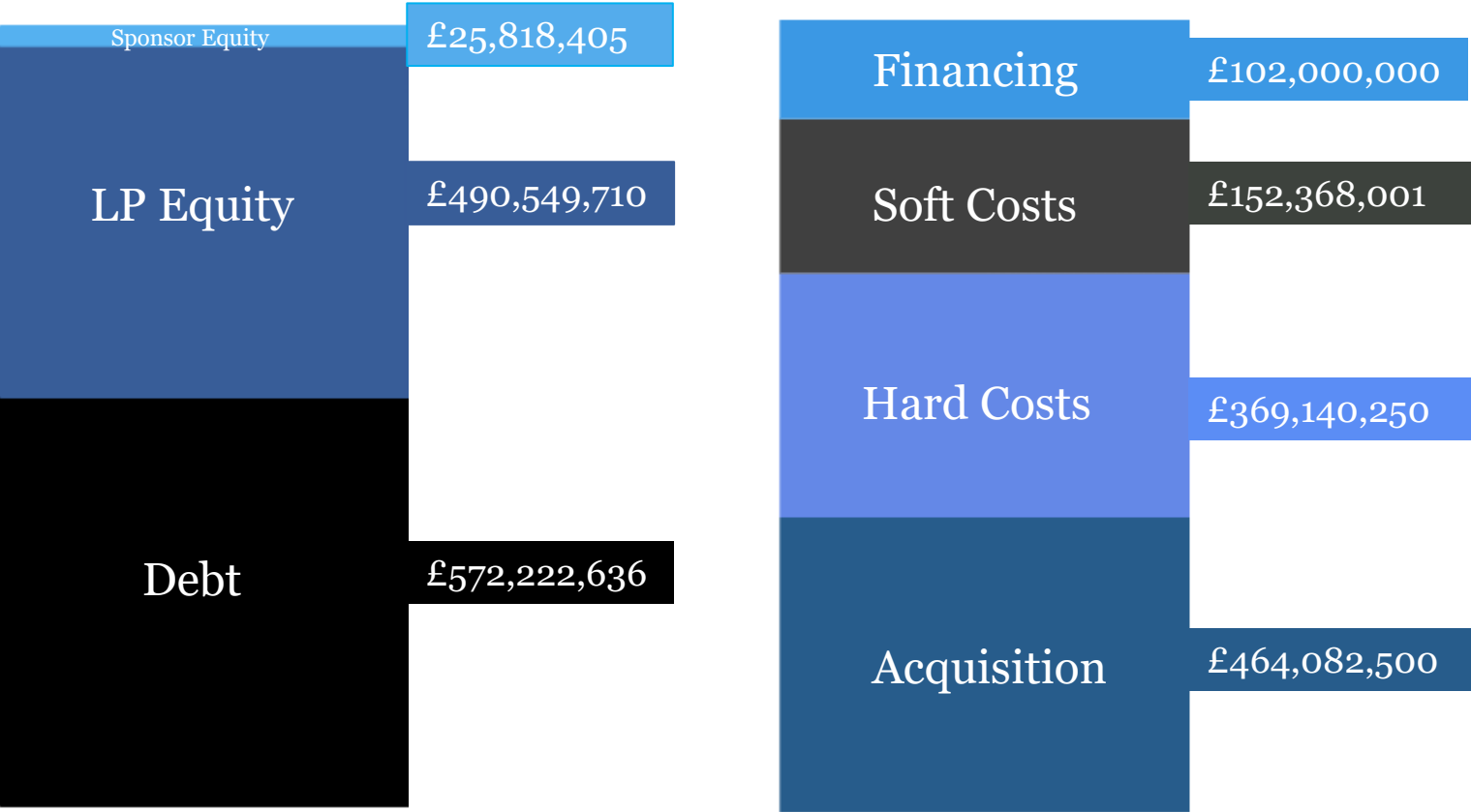


## Positioning Strategy



Note: Artistic renditions are not to scale

# Capital Stack & Financial Returns



## RETURN METRICS

Project Unlevered IRR: 9.50%  
Project Levered IRR: **23.03%**

Unlevered Equity Multiple: 1.57x  
Levered Equity Multiple: **2.15x**

Investor Equity (95%): £490,549,710  
Sponsor Equity (5%): £25,818,405

## CAP RATES & PROFITS

Exit Cap Rate: 6.75%

Purchase Price: £1,088,590,752  
Sale Price: £1,637,633,424

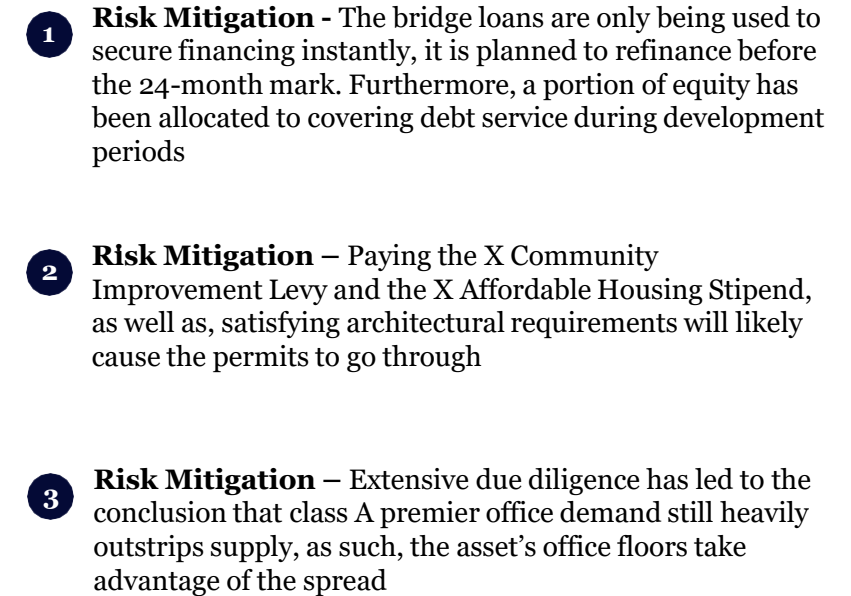
Net Profit (Unlevered): £625,442,840  
Net Profit (Levered): **£595,004,948**



CAPITAL STACK & FINANCIAL RETURNS

		Sensitivities	Bull Case	Base Case	Bear Case
Bull	Strong Sale Demand	Exit Cap Rate	6.25%	6.75%	7.50%
		Loan-to-Cost	66%	58%	50%
Base	On Plan	Project Unlevered IRR	11.10%	9.50%	7.37%
		Project Levered IRR	28.12%	23.03%	17.23%
		Lev. Equity Multiple	2.64x	2.15x	1.74x
Bear	Market Weakening	GP Levered IRR	63.60%	51.36%	17.23%
		LP Levered IRR	25.06%	21.64%	17.23%

## Risk Mitigation Strategies



PROJECT SUMMARY

Property Information

Name	The Azure Tower	
Address	1 Undershaft	
City	London, United Kingdom	
Acquisition Price	£	464,082,500

Development Schedule

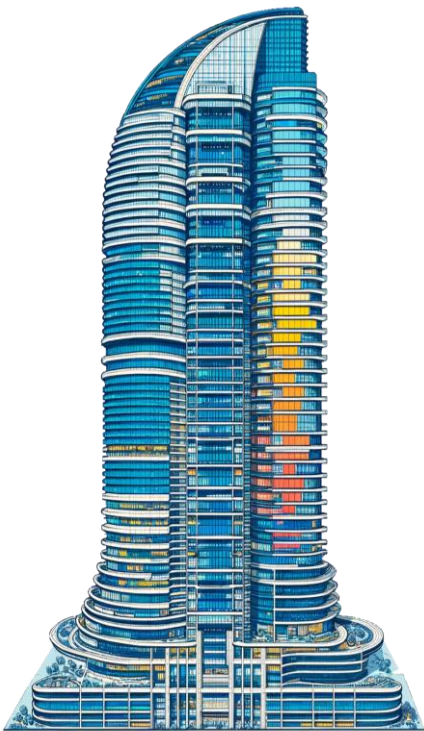
Acquisition	1-Apr-24
Exit Date	31-Mar-29
Overall Duration	60 Months

Groundworks Start	1-Jun-24
Construction Duration	48 Months
Hold	10 Months

Rent + Price Assumptions

		Average
Office	£	88
Hotel	£	356
Conference	£	41
Restaurant	£	32
Fitness	£	10
Parking	£	44,460

Mixed-Use in City of London



PROJECT

Total Development Cost	£	1,088,590,751
Stabilized YTC		10.55%
Unlevered IRR		9.50%
Exit Cap		6.75%
Total Equity Invested	£	516,368,115
Levered IRR		23.03%
Gross Equity Multiple		2.15x

INVESTOR

Total Equity	£	490,549,710.01
Unlevered IRR		8.45%
Levered IRR		21.64%
Gross Equity Multiple		2.00x

SPONSOR

Total Equity	£	219,453,465
Unleveraged IRR		24.52%
Leveraged IRR		51.36%
Gross Equity Multiple		5.00x

Equity	Rate	Sponsor	Investor
Preferred Return	15%	5%	95%
Hurdle #1	18%	17.4%	82.7%
Final Hurdle	24%	22.1%	77.9%