



Our Ref: Albany House

Your Ref:

7 October 2024

The Board of Directors
China Motor Bus Company, Limited (the “Client”)
2606-08, 26/F Island Place Tower
510 King’s Road North Point
Hong Kong

Dear Sirs

Property: Albany House, 94-98 Petty France, London SW1H 9EA (the “Property”)

INSTRUCTIONS, PURPOSE AND VALUATION DATE

In accordance with your instructions, we are instructed to provide you with a report and valuation of the Property as at 31 July 2024 for disposal purposes.

VALUATION STANDARDS

We confirm that our valuation and report has been prepared in accordance with the current RICS Valuation – Global Standards effective from 31 January 2022 published by the Royal Institution of Chartered Surveyors (the RICS Red Book) and the Red Book UK National Supplement effective 1 May 2024 on the basis of Market Value as defined in the Definitions and Reservations for Valuations, which follows the International Valuation Standards Council’s International Valuation Standards with reference to Chapter 5 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

VALUATION BASIS

In arriving at our valuation, we have adopted the residual method¹ and have cross-checked this with a capital value rate per sq. ft. which is deduced from market comparables² and have satisfied ourselves that they do support the residual method valuation, in that the value per sq.

¹ The residual method is used to determine the value of a property through the potential available after a scenario of exploitation. The residual method is the standard method of valuation in the UK for assessing the value of development land and development projects. It is often used to value developments in the course of construction. In valuing Albany House, we have used the residual method since the Property is in our opinion in need of refurbishment before it can be re-let at close to prime rents in the Westminster/Victoria sub-market.

² The capital value rate per sq. ft. is deduced from market comparables as set out under the heading "Investment Comparables" on page 5 of this letter, by taking the market value based on comparables after allowing for adjustments and dividing it by the redevelopment area.

ft. as deduced by the residual method is within the range of value per sq. ft. based on comparables after allowing for adjustments. Whilst kept in reasonable repair by the current tenant, the Property is in need of refurbishment and some would consider it as coming close to the end of its economic life. We have assumed that the building is refurbished and re-let as offices and have adopted the residual method of valuation on this basis which we believe to be appropriate in the circumstances.

VALUATION ASSUMPTIONS

- You have advised us that the Property is held as an investment.
- We understand that we saw representative parts of the Property and we have assumed that any physical differences in parts we did not inspect will not have a material impact on its value.
- We have been provided with floor areas by your managing agent, Savills LLP and have assumed that these are in accordance with the RICS Professional Statement – RICS Property Measurement 2nd Edition, January 2018 and the RICS Code of Measuring Practice (6th edition). As agreed, we have relied upon these floor areas for the purposes of this valuation exercise.
- We have therefore relied on areas measured on the basis of the RICS Professional Statement – RICS Property Measurement 2nd Edition, January 2018 and the RICS Code of Measuring Practice 6th Edition, and have calculated the floor areas on a net internal area basis.
- We have not been provided with environmental reports prepared on the Property. Our valuation therefore assumes that there are no significant environmental issues that affects the property and that the property is suitable for its continued use as a an office.
- Unless we have been informed to the contrary we have assumed that no tenants are in arrears.
- Our opinion assumes that the building will be refurbished.
- We have made no special assumptions.

VALUATION METHODOLOGY

The Property, which is situated in Victoria, falls within the "West End" market of Central London and more specifically, within the Victoria and Westminster sub-markets.

Westminster's wealth of large buildings leased on secure covenants to government departments makes it a popular investment destination during downturns, particularly for core investors. However, repositioning and redevelopment have been the primary investment themes in recent quarters. In May 2024, Criterion Capital bought the soon-to-be-vacant Nobel House for £50 million in a redevelopment proposition.

Prime headline rents in the core Mayfair market³ increased from £150.00 per sq. ft. in Q1 to £160.00 per sq. ft. in Q2, although there have been some exceptional deals at significantly higher rents than this. Other sub-markets that saw rental growth included St James's (rising from £130.00 per sq. ft. in Q1 to £135.00 per sq. ft. in Q2) and Covent Garden (up from £90.00 per sq. ft. in Q1 to £95.00 per sq. ft. in Q2).

Prime rents in the Westminster/Victoria sub-market are £90.00 to £100 per sq. ft..

There is limited demand for un-refurbished/basic space, with rents around £30.00 to £35.00 per sq. ft., although long marketing periods can be expected.

No.	Date	Address/ Location	Leasing Comparables			Comment
			Area (sq. ft.)	Tenant	Rent (psf)	
1.	05/2024	First floor, One Old Queen Street SW1H 9JA	3,258	Aperture Investors	£93.50	Five year lease with a tenant only break at year 3
2.	05/2024	18 th Floor, 21-24 Millbank SW1P 4QP	3,429	Green Alliance	£30.00	Basic, refurbished space
3.	05/2024	50 Pall Mall, SW1 5JH	3,125	Bonroy Petchem	£85.00	Let for a term of five years.
4.	05/2024	46-48 Grosvenor Gardens SW1W 0EB	15,742	Taipei Representative Office	£76.23 (average)	Let for a term of ten years. Lease of lower ground through to the fifth floor at an average rate of £76.23 per sq. ft.
5.	05/2024	123 Pall Mall, SW1 5AE	1,510	Aravis Capital	£80.00	Let for a term of five years with a break at year three. Four months rent free.
6.	04/2024	The Peak, 5 Wilton Place SW1V 1AP	10,818	Global Infrastructure Partners	£85.00	Leased for a term of five years

³ Prevailing rents in the core Mayfair market are considered to be much higher than the prevailing rents in the Westminster/Victoria sub-markets.

No.	Date	Address/ Location	Leasing Comparables		Rent (psf)	Comment
			Area (sq. ft.)	Tenant		
7.	04/2024	123 Pall Mall, SW1 5AE	10,685	Confidential	£87.50 to £89.97 on the main space	Let for a term of 10 years without break – 15 months rent free
8.	04/2024	10-11 Grosvenor Place, SW1X 7HH	3,879	G Modiano	£65.00	Let for a term of five years

In arriving at our opinion of Market Rent⁴ we have had regard to the above transactions. The leasing comparables were chosen as those reflecting the redeveloped office assumptions within the valuation, as well as other factors such as their transaction dates and their geographical proximity. It is observed that the leasing comparables are all located in the SW1 area of London i.e., the same area within which the Property is located, and the transaction dates for these leasing comparables are all within the six month-period prior to the date of this valuation. These leasing comparables may not necessarily be exhaustive, but they are considered by us to be most appropriate from the information available to us through published sources or commercial databases. Our opinion assumes that the building will be refurbished.

We have adopted an average rent of £75.00 per sq. ft. totalling **£4,335,675 per annum**. We have not applied a rental value to the basement car parking spaces as we believe there will be limited demand for these and a developer would incorporate this space in to tenant arrival and departure facilities.

In arriving at our opinion of market value we have had regard to the transactions set out below for investment properties actually sold, which were chosen based upon location, date of transaction and similarity of use. Where possible, we have chosen investment comparables which are located in the SW1 area of London, for which the transaction dates fall within the period of 6 to 12 months prior to the date of this valuation. Because of shortage of transactions, we have also examined other investment comparables in the SE1 area. These investment comparables may not necessarily be exhaustive, but they are considered by us to be most appropriate from the information available to us through published sources or commercial databases.

⁴ Market Rent is defined within the RICS Valuation – Global Standards (incorporating the IVSC International Valuation Standards) effective from 31 January 2022 together with the UK National Supplement effective 14 January 2019, together the “Red Book” as *“The estimated amount for which an interest in real property should 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.”*

No.	Date	Address/ Location	Investments Comparables			Comment
			Area (sq. ft.)	Sale Price (psf)	Yield	
1.	06/2024	3 Albert Embankment SE1 7SP	48,024	£40.80m (£849.58 psf) Marketed before sale as “offers invited”	N/A ⁵	The fourteen-storey office property measures 48,024 sq ft and was built on the Royal Doulton manufacturing site in 1982. The waterfront property sits atop a 0.3-acre land parcel. Planning permissions were in place for the property for change of use from office to residential and was granted in 2015. The purchasers will convert the property to accommodate 28 luxury apartment units with 18 car parking spaces.
2.	04/2024	Nobel House, 14 Smith Square, SW1P 3HZ	143,412	£50.0m (£348.65 psf) Marketed before sale as “offers invited”	9.41%	The UK Government has a lease on the building for Department for Environment, Food & Rural Affairs (DEFRA) that expires in May 2024. We understand that the purchaser will change the use. The majority of interest was from hotel operators.
3.	04/2024	Alliance House, 12 Caxton Street, SW1H 0QS	24,974	£12.6m (£504 psf) Marketed before sale for offers in	6.40%	This is a eight storey office building arranged over basement, ground and six upper floors, totalling to 24,974 square feet and sits on a 0.13 acre site. The building was developed in 1938. Multi-let to seven tenants with a WAULT of 1.4 years to breaks and 4.7 years to expiries on let accommodation

⁵ No leasing information is available from published sources or commercial databases.

No.	Date	Address/ Location	Investments Comparables			Comment
			Area (sq. ft.)	Sale Price (psf)	Yield	
				excess of £15.0m		
4.	12/2023	25-27 Victoria Street, SW1H EX	53,652	£42.50m (£792 psf) Marketed before sale as “offers invited”	6.67%	Developed in 1996 by Landsec, 25 Victoria Street is a Grade A office, retail and leisure building in the heart of Victoria. The Property is multi-let to five office tenants with one retail and one leisure tenant providing a contracted rent of £2,884,126 per annum with WAULT of 5.1 years to expiries and 4.2 years to breaks.
5.	10/2023	8-10 Great George Street, SW1 3AE	58,518	£57.0m (£974 psf) An asking price was not stated before sale.	N/A ⁶	The property comprises a mid-terraced building which was built in 1927 with office accommodation arranged over nine floors including the basement level. In April 2019 planning permission was granted for a proposal to convert the office building into a 134-room luxury hotel with a full spa with pool, gym, internal courtyard and restaurant and lounge/bar at ground floor level or 83 premium serviced apartments comprising of 45 studios and 38 one-bedroom apartments.

There have been few prime sales to draw upon. Most reports from London market researchers pointed to a 4.00% yield in Q2 2024 for prime West End office, although there are few transactions to support this. We have had regard to capital value rates per sq. ft. and the above comparables show a range of £348.65 per sq. ft. to £974 per sq. ft.. The former is for a building

⁶ No leasing information is available from published sources or commercial databases.

with alternative use potential requiring planning consent, the latter an attractive period building also with an alternative use.

We have capitalised the market rent at a 5.55% yield⁷, which in our opinion would be appropriate having regard to the macro and micro economic circumstances within the UK investment market, the location of the Property, the type of building and its potential and deducted purchaser's costs of 6.80% representing Stamp Duty Land Tax and agents/legal costs. This produced a net development value of £67,800,000. We have adopted refurbishment costs of £200 per sq. ft. (based upon a gross internal area (GIA) : net internal area (NIA) ratio of 83%) which in our opinion would be appropriate having regard to the construction and dilapidations works which would be required to be carried out to the Property and also the need to improve the energy performance rating of the Property and then deducted professional fees, marketing and disposal costs together with interest payments. Finally, we have deducted a developer's profit of 12.50% on cost, which in our view would be the required return for a development of this type, given this is a relatively straight-forward scheme and having regard to the normal range of developer's profit which is 10% to 15% depending on complexity and risk. Finally, we arrive at a rounded Fair Value of £35,000,000 equating to £605 per sq. ft. based on the NIA, by applying the formula:-

$$\text{Fair Value} = \text{net development value} - (\text{development costs} + \text{finance costs} + \text{developer's profit})$$

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We have used the "Argus Enterprise Developer" software in arriving at the Fair Value and the calculations are embedded within that software. Our valuation printout is set out in the **Appendix** hereto.

We have undertaken sensitivity analysis varying the rent and constructions costs. This produces the following matrix for the Fair Value:-

		Rent: Rate /ft ²				
		-2.00 /ft ²	-1.00 /ft ²	0.00 /ft ²	1.00 /ft ²	2.00 /ft ²
Construction: Rate /ft ²		73.00 /ft ²	74.00 /ft ²	75.00 /ft ²	76.00 /ft ²	77.00 /ft ²
-10.00 /ft ²	190.00 /ft ²	£34,401,176	£35,062,245	£35,723,314	£36,384,384	£37,045,453
-5.00 /ft ²	195.00 /ft ²	£34,046,212	£34,707,281	£35,368,351	£36,029,420	£36,690,489
0.00 /ft ²	200.00 /ft ²	£33,691,248	£34,352,317	£35,013,387	£35,674,456	£36,335,526
5.00 /ft ²	205.00 /ft ²	£ 33,336,283	£33,997,353	£34,658,423	£35,319,492	£35,980,562

⁷ The 5.55% yield is lower than the yields in the above investment comparables as they have to be adjusted to take into account their location, type of building and potential. In particular, the 9.41% yield in comparable no.2 is derived from a lease which will soon expire.

⁸ The following numbers, as appearing in our valuation printout in the **Appendix** hereto, are used in arriving at a Fair Value of £35,000,000: £67,800,000 (net development value), £20,437,065 (development costs including construction costs, professional fees, acquisition fees, marketing and disposal costs), £4,816,421 (finance costs) and £7,533,371 (developer's profit). Construction costs are calculated by (i) firstly, taking the product of the NIA of the Property (i.e., 57,809 sq. ft.) and the rate of £200 per sq. ft. and dividing such product by 0.83 (being the GIA:NIA ratio), and (ii) adding a 5% contingency thereto. Developer's profit is calculated at 12.50% of the total costs of £60,266,873 as shown in the **Appendix**.

10.00 /ft²	210.00 /ft²	£ 32,981,319	£ 33,642,389	£ 34,303,458	£34,964,528	£35,625,598
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Finally, we have cross-checked our valuation with the capital value rate per sq. ft.as deduced from the market comparables as set out under the heading "Investment Comparables" on page 5 of this letter, to ensure that it falls within the range of the comparables.

SITE INSPECTION

The Property was inspected on 20 August 2024 by Robert Baldwin MBA MRICS, Principal, a RICS Registered Valuer within the Valuation Consultancy Department of our office at 65 Gresham Street, London EC2V 7NQ. Access was available to the majority of the Property with the exception of the parts occupied by the British Transport Police. We inspected enough of the building to form our view on valuation.

We have inspected the property for valuation purposes. We would comment that generally the subject property is in a satisfactory state of repair and condition. Whilst kept in reasonable repair by the current tenant, the property is in need of refurbishment and some would consider it is coming close to the end of its economic life and suitable for redevelopment. We have reflected this within our valuation. We are of the opinion that given reasonable maintenance and periodic repair, the subject property will have a remaining economic life in excess of 20 years. With an on-going maintenance and repair programme, the life could be extended further.

INFORMATION SOURCES

In preparing our valuation we have been provided with information from the Client. The extent to which this has been relied upon and verified by us in arriving at our opinion of value, is referred to in our report.

TITLE INVESTIGATION

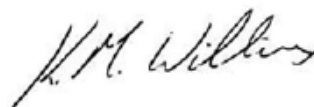
We have not been provided with a report on title; however, you have advised us that the property is held freehold. We understand that the Property has good and marketable title.

Our valuation certificate is attached hereto.

Yours faithfully,
For and on behalf of
Avison Young (UK) Limited



Robert Baldwin MBA MRICS
RICS Registered Valuer
Principal
Email:
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Kristian Williams MRICS CIS HypZert
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RICS Registered Valuer
Director

Address of Avison Young (UK) Limited:
65 Gresham Street, London EC2V 7NQ

VALUATION CERTIFICATE

Property	Description and tenure	Details of occupancy	Market value as at 31 July 2024
Albany House, 94-98 Petty France, London SW1H 9EA	<p>The subject property is a terraced office building and was originally constructed in 1965 and extended in the late 1980s.</p> <p>Albany House is a self-contained office building providing 57,809 sq. ft. (5,371 sq. m.) of office accommodation on ground and eleven upper floors with a basement.</p> <p>There are a total of 45 car parking spaces provided to the property, consisting of 31 basement spaces and 14 surface level spaces. This provides a ratio of 1:1,285 sq. ft.. Access to the car parking is from Palmer Street. The current occupier uses the basement car park which is unusual in Central London.</p> <p>The property is located on Petty France which is within walking distance of St James's Park Underground Station and Victoria Railway Station. Petty France is located in the heart of Victoria in Central London. Victoria Street, which is the main thoroughfare in Victoria, runs parallel to Petty France approximately 400 metres to the south. Transport connections are excellent with Victoria</p>	<p>The property is let to London Underground Limited on a 25-year, full repairing and insuring lease, from 22 December 1999, expiring 21 December 2024, thus having approximately 0.25 years unexpired. The current passing rent (before tax) is £2,350,000 per annum which equates to £38.44 per sq. ft. (£414 per sq. m.) overall, with £2,500 and £3,000 per space applied to the surface and basement car parking spaces respectively. The rent is subject to five yearly upwards only rent reviews, with the March 2022 review outstanding, although it has not been instigated given that any increase is unlikely.</p> <p>A portion of the basement floor is let to the London Electricity Board by a lease dated 13 May 1963 for a term of 99 years commencing from 24 June 1963 for use as a transformer chamber.</p> <p>The majority of the property has been sub-let to parties linked to London Underground Limited.</p> <p>There are no outgoing or disbursements from the</p>	£35,000,000

mainline and underground station being located half a mile to the west of the subject property. current passing rent of the Property.

We are of the opinion that the Property has consent for the current use as offices. We are not aware of any enforcement actions, outstanding applications which affect the Property. We have made online enquiries on Historic England of The National Heritage List for England (the “**List**”) to determine whether there are any listed buildings on the site. As far as we can establish, nothing on the site with the postcode SW1H 9EA appears in the List. The Property is not situated in a conservation area.

Note:

- a) No allowance has been made for any expenses of realisation, or for taxation (including VAT) that might arise in the event of a disposal and the Property has been considered free and clear of all mortgages or other charges that may be secured thereon.
- b) The capital value of the Property in its current state as at 31 July 2024 is £35,000,000. (see page 5 of our letter as to how the capital value rate of the Property is calculated and what considerations were made)
- c) The Official Title Register (number: NGL782116) shows the registered owner of the Property as Oxney Investments Limited (incorporated in British Virgin Islands).

Appendix

Currency in £

REVENUE

Annual Rental Income	4,335,675	
Net Capital Value (see Note (1))		72,747,042
Purchaser's Costs (see Note (2))		(4,946,799)

NET REALISATION

67,800,244

OUTLAY

Acquisition

Site Purchase Cost	35,013,387	Say £35,000,000
Site Purchase Fees	2,525,870	
Total Acquisition		37,539,257

Construction

Construction Costs	14,667,700	
Professional Fees	1,526,140	
Total Construction		16,193,840

Marketing/Letting

Marketing		50,000
Letting		650,351

Disposal

Sales Costs		1,017,004
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Finance

Project Length	20 months	
Debit Rate 7.000%, Credit Rate 0.000% (Nominal)		
Site Finance	4,093,487	
Construction Finance	722,934	
Total Finance		4,816,421

TOTAL COSTS

60,266,873

PROFIT

7,533,371

Note (1): Capitalising the annual rental income of £4,335,675 (incorporating a 18-month rent-free period) at a 5.55% yield.

Note (2): Representing Stamp Duty Land Tax and agents/legal costs at 6.8% of net capital value.