ROI calculation

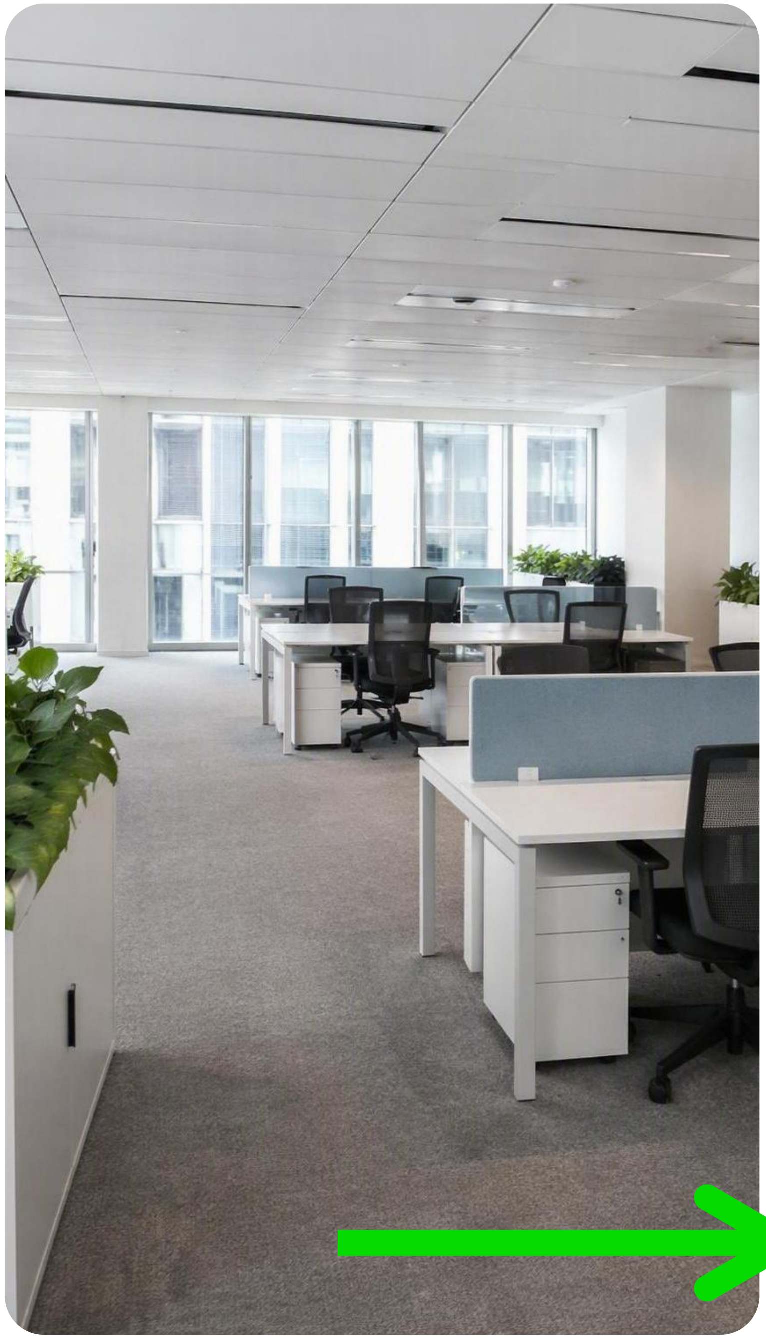
1) Office space optimisation

Improves office utilisation from **56%** to **75%**, required space factor is:

56% ÷ 75% ≈ 0.747 → needs 74.7% of current space → this **frees up 25.3%**

- Applied to **240,000 sq ft**, × 25.3% = **60,720 sq ft** (5,641 m^2)
- Rent savings offices: 60,720 × £35 = **£2.13M**
- O&M savings offices: 60,720 × £8.86 = **£0.54M**

Note: Smaller locations are excluded from utilisation-based optimisation because data quality and lease flexibility vary across that part of the portfolio. This creates potential upside not captured in the model.



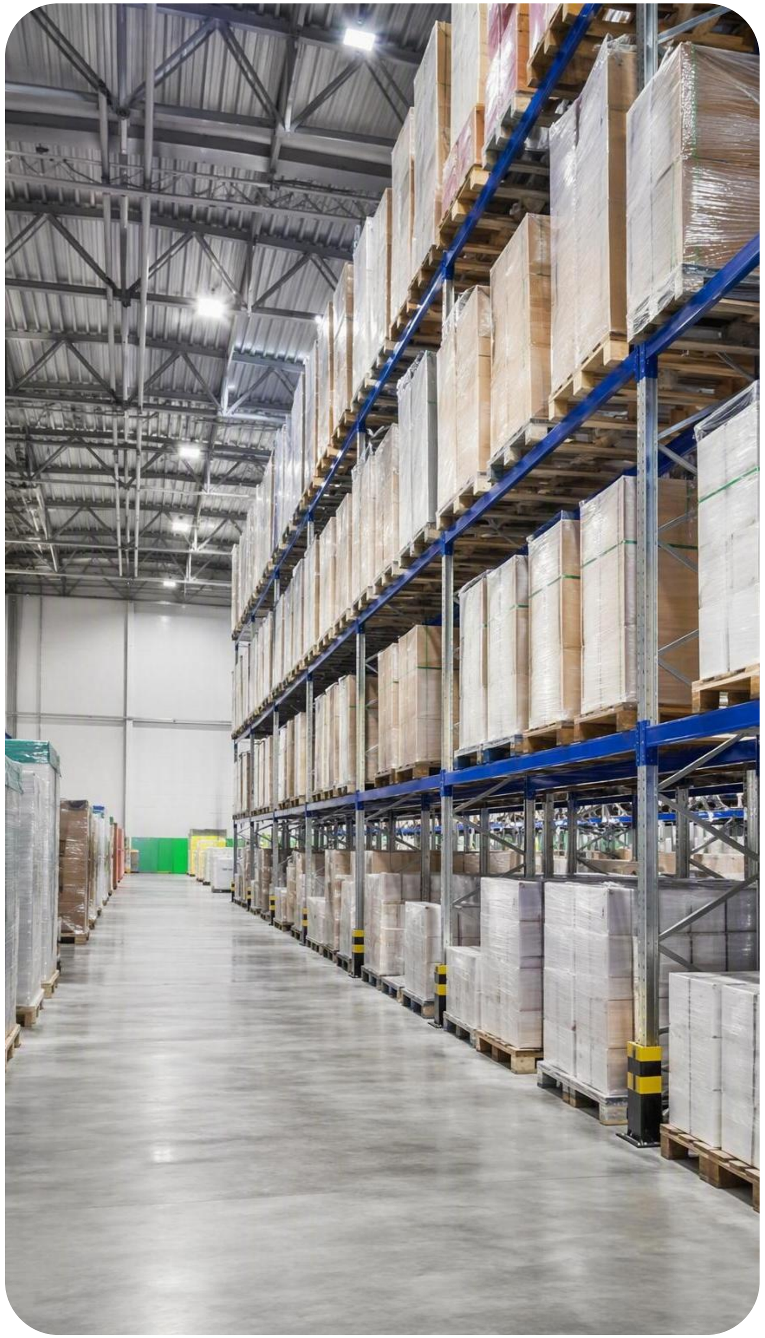
ROI calculation

2) Hub right-sizing

Improves hub utilisation from **75%** to **83%**, required space factor is:

75% ÷ 83% ≈ 0.904 → needs 90.4% of current space → this **frees up 9.64%**

- Applied to **400,000 sq ft** × 9.64% = **38,560 sq ft** (3,582 m^2)
- Rent savings for hubs: 38,560 × £10 = **£0.39M**
- O&M savings for hubs: 38,560 × £8.86 = **£0.34M**



ROI calculation

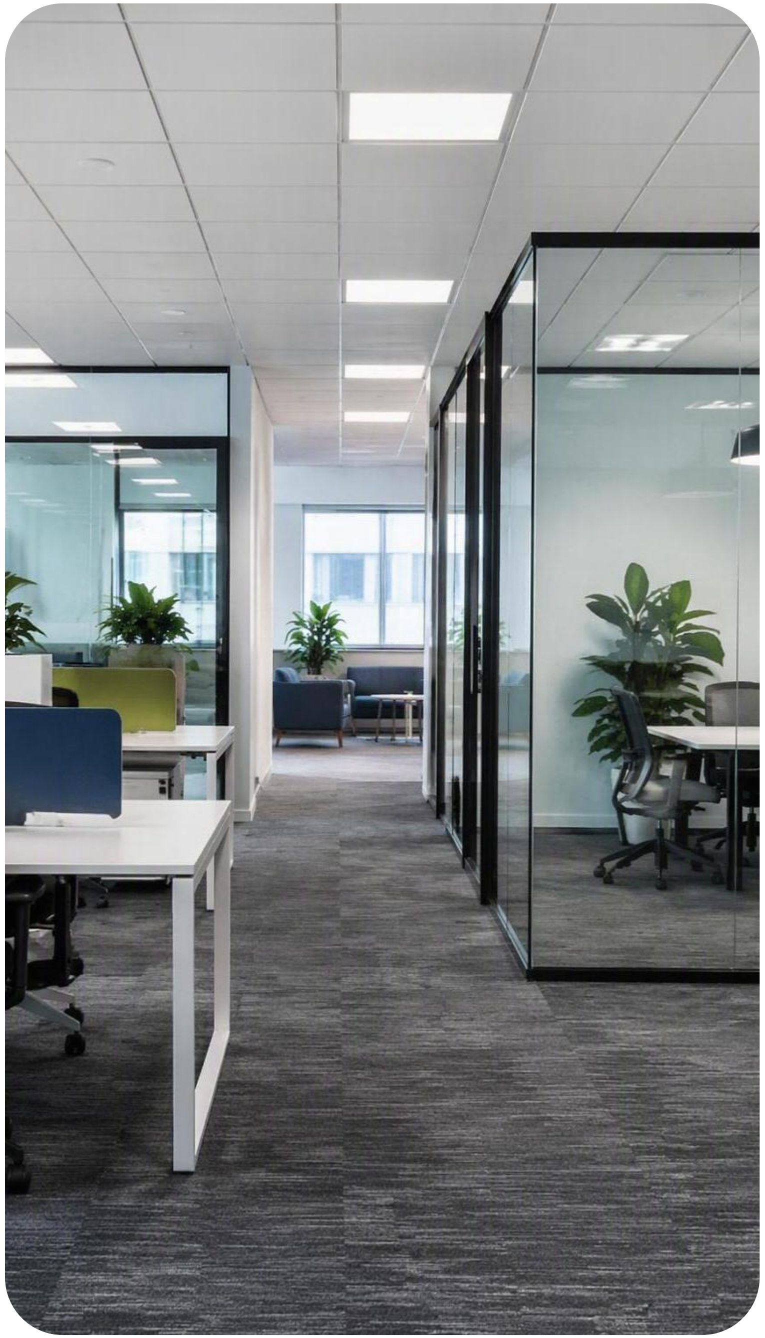
3) Released space: cost savings and rental income

Total freed rent value: £2.13M freed office rent + £0.39M freed hub rent = **£2.51M**

Total freed O&M value: £0.54M freed office O&M + £0.34M freed hub O&M = **£0.880M**

- **Rent savings** exited space = 50% × £2.51M = **£1.26M**
- **O&M savings** exited space = 50% × £0.88M = **£0.44M**
- **Rental income** remaining space = 50% × £2.51M × 70% headline rent = **£0.88M**

Note: Exited space and let space are treated as mutually exclusive, so no square foot generates both a cost saving and rental income. For leased space that continues to be let to a subtenant, head rent and O&M continue to be paid, with only rental income recognised. Owned space that is let has no head rent to offset.



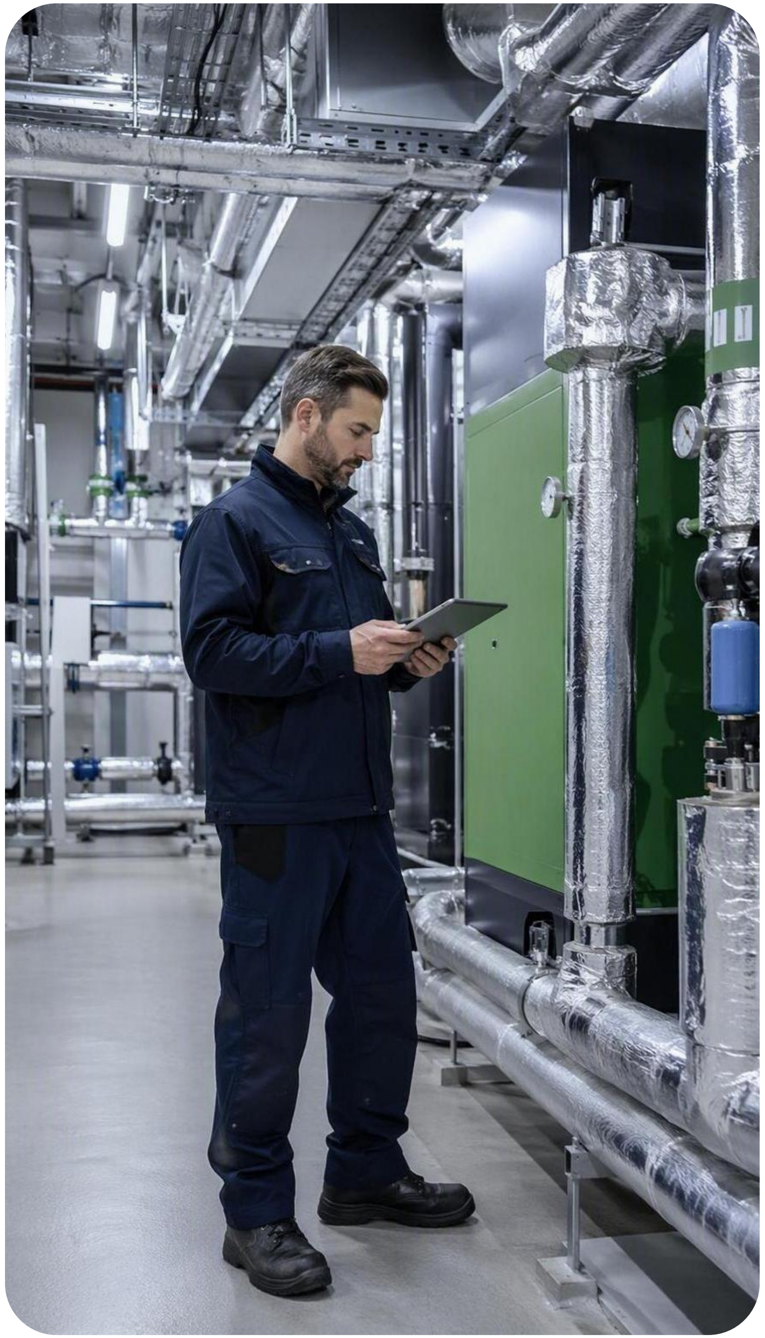
ROI calculation

4) Operations & maintenance (O&M) efficiency

8% on remaining footprint

- Remaining footprint: 1,640,000 sq ft total portfolio – 99,280 sq ft vacated = **1,540,720 sq ft**
- Remaining O&M: 1,540,720 × £8.86 = **£13.65M**
- × 8% efficiency gain = **£1.09M**

Note: The 8% O&M efficiency assumption is applied to the remaining footprint and is weighted toward controllable operational categories such as utilities, cleaning and maintenance.



ROI calculation

5) Lease leakage reduction

0.5% of remaining rent

- Remaining rent = £32.40M − £1.26M = **£31.15M** (rent on sublet space still being paid)
- × 0.5% saving = **£0.16M**

Note: Lease leakage refers to recurring costs from missed break clauses, auto-renewals, unchallenged service-charge increases and rent overpayments.

ROI calculation

6) ROI metrics

- Net annual benefit: **£3.22M**
- Payback period (post go-live): £1.8M ÷ £3.22M ≈ 0.56 years, **approx. 6.7 months**
- 5-year NPV (10%**): £10.41M**, held flat across 5 years as a steady-state run rate.
- Approx. **6.9% reduction in annual occupancy costs**

Value driver	**Annual impact**
Rent savings	**£1.26M**
O&M savings	**£0.44M**
Rental income	**£0.88M**
O&M efficiency	**£1.09M**
Lease leakage reduction	**£0.16M**
Gross annual benefit	**£3.82M**
Annual subscription	**(£0.60M)**
Net annual benefit	**£3.22M**

Note: Figures are shown as a steady-state annual run-rate once portfolio targets have been reached, not as a Year 1 projection.