

**East Midlands Gateway
Phase 2 (EMG2)**

Document DCO 4.5

Viability Appraisal

APRIL 2026

The East Midlands Gateway Phase 2
and Highway Order 202X and The East Midlands Gateway
Rail Freight and Highway (Amendment) Order 202X

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The East Midlands Gateway Phase 2 and Highway Order 202X

VIABILITY APPRAISAL (DOCUMENT DCO 4.5)

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East Midlands Gateway 2 – Residual Appraisals

The Author

1. I am Colin Michael David Cottage, Managing Director of Compensation at Ardent Management Limited (“**Ardent**”), an independent firm of property consultants specialising in compulsory purchase and compensation. I have worked in the property industry for more than 35 years since obtaining an Honours Degree in Land Administration in 1988. I qualified as a Chartered Surveyor in 1991, and I am also an honorary member of the Compulsory Purchase Association. I was chairman of the Association in 2016-2017.
2. I joined Ardent on 1 September 2018, where I direct a team advising on a wide range of regeneration, transport and utilities infrastructure projects involving site assembly through compulsory purchase. Prior to joining Ardent, from 2004, I was a partner at Glenny LLP, where I led the firm’s Regeneration & Infrastructure Division; the primary function of which was to provide advice in relation to compulsory purchase and compensation. Although Glenny LLP is predominantly a regional practice, operating in North, East and Southeast London, Essex, Hertfordshire and Kent, the regeneration and infrastructure Division operated nationwide.
3. I have provided advice on compulsory purchase and compensation matters for more than 25 years and have specialised in this area of work since 2004. My experience extends to advising both acquiring authorities and claimants and involves undertaking statutory valuations and compensation assessments on a daily basis.
4. Projects I am currently involved with, acting on behalf of acquiring authorities, include HS2, East West Rail, the White Horse Reservoir, the Intermodal Logistics park North, the Cory Decarbonisation Project, the Gullwing Bridge in Lowestoft, Clyde Metro, East Midlands Gateway 2 and the Silvertown Tunnel.
5. My claimant clients include Pret-a-Manger, the Royal Horticultural Society, the BBC, Comer Homes, the Peel Group and Associated British Ports.
6. A significant proportion of the work I undertake involves CPOs, DCO’s, and other statutory powers used to deliver regeneration and infrastructure where land may have pre-existing development potential. I therefore have wide ranging experience of dealing with claims for compensation where development value (both residential led and commercial) and the viability

of development is a factor. I am also currently advising a number of project promoters, where compulsory purchase is proposed, on issues surrounding scheme viability.

7. I have experience of valuing development land for acquisition and loan finance purposes and have undertaken development viability reviews for the purpose of agreeing affordable housing allocations and planning contributions.
8. I have given written and oral expert evidence at CPO Public Inquiry, DCO Examination, the High Court and the Upper Tribunal (Lands Chamber). I am a RICS accredited expert witness.

Background and Explanation

9. While the nature of many Nationally Significant Infrastructure Projects (“NSIPs”) means that financial viability (as opposed to the availability of funding) is not often a central focus in the consenting process, it is an extremely important issue for that part of the East Midland Gateway 2 development being promoted through a Development Consent Order (“The EMG2 DCO Scheme”). This is because to justify undertaking the development the promotor, whether SEGRO or any other commercial developer, will need to ensure it achieves a target rate of return (a “hurdle rate”) consistent with that it would expect from any other, similar, project into which it could invest its time and capital.
10. Moreover, because both Prologis¹ and East Midlands International Airport² have suggested in their relevant representations that development of the EMG2 Main Site could effectively be brought forward in two ‘phases’ (with Prologis undertaking a first phase on 102 acres of land to the north of Hyams Lane (“the Prologis Land”) pursuant to the joint planning application (“the Joint Application”) made by Manchester Airport Group (“MAG”) on 31 May 2024 (Ref: 24/00727/OUTM) (“the Prologis Scheme”) and SEGRO undertaking a second phase on land it controls to the south of Hyams Lane, it is important to understand whether, if that were to happen, each phase would be independently viable. If either phase were not independently viable, because it would not achieve a return in excess of a normally acceptable developer’s hurdle rate, this would risk that phase not being brought forward within any readily foreseeable time period (including by September 2031 when the Freeport benefits come to an end), or at all.
11. Having regard to the above, while I currently have insufficient information (in terms of construction costs, infrastructure costs and land acquisition prices) to undertake an appraisal

¹ Two separate but identical relevant representations were submitted by Prologis UK Limited and Prologis UK 121 Limited.

² Two separate but identical relevant representations were submitted by East Midlands International Airport and East Midlands Airport Property Investments (Industrial) Limited. Both are part of the Manchester Airport Group

of the Prologis Scheme, I have undertaken development appraisals of the following in order to facilitate an understanding of the EMG2 DCO Scheme's viability:

- i) Appraisal 1 - The entirety of the EMG2 DCO Scheme.
- ii) Appraisal 2 - The EMG2 DCO Scheme, but without compulsory acquisition powers over the Prologis Land. This approach assumes that:
 - a) the Prologis Land will be developed by Prologis pursuant to the Joint Application as a first phase of the EMG2 DCO Scheme.
 - b) SEGRO will develop the remainder of the EMG2 DCO Scheme (including the highway works at J24 of the M1 ("the Highway Works")) and other necessary infrastructure.
 - c) The HGV Park and bus interchange that would be provided by the EMG2 DCO Scheme will not be provided. A reduced HGV park facility will be provided on the Prologis land pursuant to the Joint Application.³
 - d) SEGRO will bear the cost of an estate link road passing through the Prologis Land and providing access to the south of Hyams Lane from the A453.

12. A site plan illustrating the EMG2 DCO Scheme Main Site development included in Appraisal 1 is at Appendix A and a site plan illustrating the EMG2 DCO scheme excluding the Prologis Land included in Appraisal 2 is at Appendix B.

Development Appraisals

13. A development appraisal can be used to calculate either the residual value of a development site, or the residual development profit it will produce.⁴ For the purpose of this document, I hereinafter refer to my calculations as residual appraisals (the output of which is an assessment of profit) to distinguish them from residual valuations (the output of which is an assessment of land value).
14. A residual appraisal involves an assessment of the total value of a proposed development once completed (it's Gross Development Value ("GDV")), from which the expected costs of constructing the development and acquiring the land on which it will be constructed are deducted in order to identify the profit/return the developer will achieve. If the profit is equal to or greater than the developer's hurdle rate, the development will be considered viable. If the development fails to achieve that hurdle rate, the development will be considered unviable by the developer.

³ To serve its required purpose the bus interchange needs to be provided in the northern part of the EMG2 DCO Scheme site, but there is no provision for it in the Joint Application

⁴ It can also be used to calculate other outputs, but these are not relevant to the exercise I have undertaken

15. Because the purpose of my residual appraisals is to determine viability and the expected price to be paid for land that has to be acquired for the EMG2 DCO Scheme is a fixed input into the calculation, I have assumed that the fixed land costs are either:
- a) The agreed land price set out in the terms of option agreements SEGRO has entered into, or
 - b) If not yet set by agreement, the land cost included in SEGRO's land acquisition cost estimates for the EMG2 DCO Scheme⁵
16. I have used the Argus development appraisal package to produce my residual appraisals; in this context I note that Argus is an industry recognised platform. The appraisals have been informed by SEGRO's residual appraisals and valuations of the EMG2 DCO Scheme, albeit my instructions are to undertake an independent assessment. The key inputs in the appraisals have been independently assessed by the following consultants, and I have relied upon the advice they have provided:
- Gardiner & Theobald – Infrastructure Costs
 - Knight Webb – Construction Costs
 - CBRE – Value (rents, yields and incentives)
 - Utility Connection – Utility Costs
 - Barry Chin Associates – Landscape Consultants
17. When undertaking my residual appraisals, I have had regard to the RICS Professional Standard – Valuation of Development Property 1st Edition (October 2019) and the RICS Valuation – Global Standards.

Appraisal 1 – The EMG2 DCO Scheme

Gross Development Value

18. The illustrative masterplan I have been provided with (Appendix A) indicates that the EMG2 DCO Scheme will provide 272,873 sq.m (2,937,200 sq.ft) of logistics and advanced manufacturing accommodation, together with a HGV park, a bus interchange, a 14.3-hectare (35 acre) community park, the provision of 22mVA of power, and a package of significant works to Junction 24 of the M1. The revenue generating accommodation at EMG2 (against which the project's financial viability will be assessed) will comprise the following logistics and manufacturing space:

⁵ This is included within the EMG2 DCO Scheme delivery cost referenced at paragraph 4.3 of the DCO Funding Statement (Document DCO 4.2)

Unit 1	74,508 sq.m	802,000 sq.ft
Unit 2	19,119 sq.m	205,800 sq.ft
Unit 3A	36,306 sq.m	390,800 sq.ft
Unit 3B	17,893 sq.m	192,600 sq.ft.
Unit 4	28,865 sq.m	310,700 sq.ft
Unit 5A	34,495 sq.m	371,300 sq.ft
Unit 5B	30,667 sq.m	330,100 sq.ft
Unit 6	31,020 sq.m	333,900 sq.ft
Total	272,873 sq.m	2,937,200 sq.ft

19. I am advised that, although formal marketing has not yet commenced, SEGRO is already seeing strong interest in the proposed logistics and advanced manufacturing space from a range of potential occupiers. This includes a number of pharmaceutical and healthcare companies, logistics operators and airfreight-related businesses. Interest is also being expressed by existing EMG1 tenants such as Maritime Transport, MAERSK, CEVA Logistics, Games Workshop, Amazon and DHL. Because of this early demand and having regard to SEGRO's track record of delivering EMG1 on a pre-let-led basis, I have assumed that the EMG2 DCO Scheme will be fully pre-let with no material void periods. However, this does not prevent SEGRO from bringing forward some or all of the floorspace on a speculative basis, should it choose to do so and if market conditions support that approach.
20. To inform its understanding of the level of rent accommodation that EMG2 might achieve, SEGRO has taken advice from CBRE, whose UK Industrial & Logistics team has extensive experience in the logistics/large shed market. The advice provided by CBRE is at Appendix C and a summary is set out below.

Unit	Floor Area (per sq.ft)	Rent (per sq.ft)	Total Rent (per annum)
Unit 1	802,000	£10.50	£8,421,000
Unit 2	205,800	£10.25	£2,109,450
Unit 3A	390,800	£10.00	£3,908,000
Unit 3B	192,600	£10.25	£1,974,150
Unit 4	310,700	£10.25	£3,184,675
Unit 5A	371,300	£10.00	£3,713,000
Unit 5B	330,100	£10.25	£3,383,525
Unit 6	333,900	£10.25	£3,442,475
Total	2,937,200		£30,116,275

21. CBRE has also provided advice in relation the investment yield it would expect the completed EMG2 development to be able to achieve and concluded that this would range from 5.25% - 5.75% dependent on the size of the individual units (see Appendix C). On the basis of the rental values set out above, this would generate a total GDV for the development as set out below, before any allowance is made for rent free periods/purchaser's costs.

Unit	Rent	Yield	Capital Value
Unit 1	£8,421,000	5.75%	£146,452,174
Unit 2	£2,109,450	5.25%	£40,180,000
Unit 3A	£3,908,000	5.50%	£71,054,545
Unit 3B	£1,974,150	5.25%	£37,602,857
Unit 4	£3,184,675	5.50%	£57,903,182
Unit 5A	£3,713,000	5.50%	£67,509,090
Unit 5B	£3,383,525	5.50%	£61,518,636
Unit 6	£3,442,475	5.50%	£62,590,455
Total	£30,116,725		£544,810,939

22. SEGRO's business model as a REIT is to retain assets for the long term and derive income from tenant occupation. However, the purpose of my residual appraisals is not to reflect SEGRO's particular project specific hold strategy, but to assess the commercial viability and deliverability of the EMG2 DCO Scheme to the market generally through an established and market recognised valuation methodology.
23. On that basis, I consider it appropriate to deduct 6.8% for purchaser's costs from the GDV of £544,810,939, reflecting the assumption that the EMG2 DCO Scheme will be sold 24 months after its practical completion and recognising the fact that CBRE has confirmed that the yields used to calculate the GDV are net initial yields.⁶ The deduction of purchaser's costs reflects standard valuation practice and is the correct basis upon which to assess viability irrespective of SEGRO's intended ownership strategy.
24. Having regard to the advice provided by CBRE, and also using my own judgement, I have also allowed for rent-free periods, of between 12 and 24 months on new lettings. Although CBRE's advice links the length of rent-free periods to lease term, as I do not know how long individual units will be let for, I have instead assumed longer rent-free periods for the larger units.

⁶ A net initial yield is calculated by dividing the net annual rent by the purchase price, including transaction costs. Therefore, to calculate the net development value (the price the developer will actually receive) the purchasers costs reflected in the adopted net initial yield need to be deducted

25. Once adjustments are made for purchaser's costs and rent-free periods, I calculate the net development value of the EMG2 DCO Scheme to be £468,443,652.

26. Development Timetable

I have assumed that, following the ongoing DCO examination process, development consent and compulsory purchase powers will be granted for the EMG2 DCO Scheme at the end of Q1 / early Q2 2027 and that it will therefore be possible for SEGRO to vest the land it requires to deliver the development in July 2027. Development of the infrastructure necessary for the EMG2 DCO Scheme (including the planned highways improvements) would then start in October 2027, with the construction of the logistics/advanced manufacturing buildings commencing from April 2028. The infrastructure works would be completed by October 2029, while the last of the buildings would be completed and occupied by July 2031. Although CBRE has advised that, despite the EMG2 DCO Scheme's Freeport status, no rental premium should be assumed, they do consider that the absorption rate (i.e. the period of time it will take to let buildings) will be accelerated to circa 1 million sq.ft per annum.

27. As I have previously noted, SEGRO intends to pre-let the EMG2 DCO Scheme and so I have assumed the receipt of income following practical completion and the expiry of rent-free periods. However, while SEGRO is committed to hold the development as an investment, I have also assumed a notional sale of the development 12 months after practical completion, in line with normal market valuation convention.

28. Land Purchase Costs

On the basis of the option agreement SEGRO has reached with landowners to the south of Hyams Lane (and reflecting the RPI increases that agreement provides for), I have adopted a land purchase cost of circa £225,000 per acre for all of the land required to develop the EMG2 Main Site; both the 147.64 acres of land controlled by SEGRO to the south of Hyams Lane and the 102 acres comprising the Prologis Land. This level of value assumes that planning permission exists for logistics/warehouse development and that a negotiated settlement is reached with Prologis/MAG.

29. In addition to the land needed for the EMG2 Main Site, SEGRO also owns circa 10 acres of land close to J24 of the M1 which is needed to deliver the EMG2 DCO Scheme Highway Works. Although SEGRO already owns the land, I have also included a notional cost of £15,000 per acre for this land, reflecting its value as undevelopable amenity land close to a major road. There is also a further circa 3 acres of land in third party ownership that needs to be acquired. This also various small plots and strips of amenity or agricultural land and I have again assigned it a value of £15,000 per acre.

30. Because there is currently an exemption for “qualifying land,” no allowance has been made in my appraisal for SDLT on land purchases. However, I have allowed for agent’s fees at 1% of the land purchase price and legal fees at 0.5% of the land purchase price. A deduction of £10,532,951 has also been made for DCO Application costs (based on SEGRO’s latest estimate) and I have in addition allowed £1,700,000 for the discharge of requirements connected to the grant of development consent. This estimate is based on SEGRO’s experience from the Northampton Gateway DCO.

31. Construction Costs

An independent assessment of the building construction costs has been undertaken by Knight Webb and is at Appendix D. Knight Webb assesses the build costs to be between £57.62 per sq.ft and £68.27 per sq.ft, with an average across the EMG2 DCO Scheme, as a whole, of £60.67 per sq.ft. The total estimated building construction cost is £178,187,902 and includes allowances for fees, overheads and profit and preliminaries. The cost assessment does not however include a contingency allowance, and I have therefore added a contingency allowance at 2% of the construction costs.

32. Infrastructure Costs

The on and off-site infrastructure costs needed to deliver the EMG2 DCO Scheme are considerable and are estimated at £106,157,484. In addition, I have applied a contingency of 5% to the infrastructure costs in line with normal market practice.

33. Within Appraisal 1, the infrastructure works packages broken down into the following major cost centres:

Discharge of Conditions	£1,445,000
Section 106	£2,500,000
Section 278 / Bonds / Commuted Sums	£5,232,000
Earthworks & Highways	£52,800,000
New Utilities	£28,491,249
Utility Diversions	£4,985,000
Other Infrastructure & Enabling Works	£5,260,000
Detailed Design Consultant Fees	£4,661,000
Misc Land Costs	£783,235
Total	£106,157,484

34. The two largest infrastructure cost items are earthworks and highways and the provision of utilities. An independent assessment of the earthworks and highways infrastructure costs necessary to deliver the EMG2 DCO Scheme has been undertaken by Gardiner & Theobald, and includes allowances for site clearance, earthworks, drainage, site access, estate roads,

the J24 M1 Highways Works, dealing with local impacts and construction of a bus terminal. Advice on estimated new utility and utility diversion costs has been provided by Utility Connections. Both the Gardiner & Theobald and Utility Connection infrastructure cost estimates are attached at Appendix E.

35. Professional Fees

As I have noted, professional fees associated with the construction of buildings and infrastructure are reflected in construction and infrastructure costs detailed above. Professional fees related to obtaining development consent, including planning and legal fees are reflected in the DCO Application costs (referenced at paragraph 32). However, an allowance has also been made for project management fees at 1% of the total building construction cost. Project management fees for the infrastructure costs are included within the infrastructure cost estimate provided by Gardiner & Theobald.

36. Marketing and Sales/Lettings Costs

An allowance of £1,000,000 has been made for marketing costs, which is based on SEGRO's experience of marketing similar developments to EMG2. In addition, in line with normal market expectations, letting agents' fees equating to 15% of the gross rent achievable from the buildings has been assumed (assuming two agents instructed on a joint agency basis), while legal fees for lettings have been allowed for at 5% of the gross rent.

37. Further allowances have been made to reflect the costs that would be incurred in selling the buildings once let. Sales agents fees equating to 1% of the net development value (i.e. the GDV - purchasers' costs) have been assumed, as well as legal fees equating to 0.5% of the net development value. As I have noted previously, SEGRO intends to hold the EMG2 DCO Scheme as an investment, so that these sales costs are notional and calculated on the basis of an assumed sale 12 months after the last unit at the development has been let.

38. Finance

I have not adopted SEGRO's specific corporate financing arrangements for the EMG2 DCO Scheme within my residual appraisals and have instead followed the established methodology used in the market, by assuming a blended finance rate of 6.5% per annum applied to all building construction and infrastructure costs. I consider that this represents a reasonable and prudent allowance for finance having regard to the risk profile of a development of the scale and complexity of the EMG2 DCO Scheme, which involves significant up-front infrastructure costs and extended delivery timescales. While alternative financing structures could be modelled, such refinements would not, in my experience, materially affect the appraisal outputs or the conclusions as to EMG2 DCO Scheme's viability. I have applied the same finance assumptions to both of my residual appraisals.

39. Development Appraisal Output

The output of my Appraisal 1 residual appraisal of the EMG2 DCO Scheme, as a comprehensive single development, is expressed in terms of profit on cost. As will be seen from the residual appraisal at Appendix F, on the basis of the assumptions and inputs described above, the EMG2 DCO Scheme produces a profit on total development cost of 15.91%.

40. In my experience, and having regard to prevailing market practice, a profit on cost in the order of circa 15% would be regarded as the minimum level of return (hurdle rate) acceptable for a development of the nature and scale of the EMG2 DCO Scheme. The return generated by the EMG2 DCO Scheme exceeds that hurdle rate and, in my opinion, falls squarely within the range of return at which a properly advised developer would commit capital and resources to deliver the project.

41. I would also note that the development profit derived from my residual appraisal has been achieved despite the fact that I have arguably been cautious in both the rents and yields I have adopted when calculating the development's GDV and the finance rate I have used. If I adopted slightly more aggressive yields and a tighter finance rate this would increase the profit on cost.

Appraisal 2 - The EMG2 DCO Scheme, but without compulsory purchase powers over the Prologis land

42. Appraisal 2 assumes that the EMG2 DCO Scheme would be brought forward with Prologis developing the Prologis Land, pursuant to the Joint Application, while SEGRO would deliver the remainder of the EMG2 DCO Scheme, including the Highways Works and providing access from the A453.

43. The EMG2 DCO Scheme site plan at Appendix B illustrates that the EMG2 main Site development south of Hyams Lane would deliver Units 1, 2, 3a, 3b and 4. Assuming the same rents would be achievable as those I have adopted in Appraisal 1, the total rental value from the reduced development would be.

Unit	Floor Area (per sq.ft)	Rent (per sq.ft)	Total Rent (per annum)
Unit 1	802,000	£10.50	£8,421,000
Unit 2	205,800	£10.25	£2,109,450
Unit 3A	390,800	£10.00	£3,908,000
Unit 3B	192,600	£10.25	£1,974,150

Unit 4	310,700	£10.25	£3,184,675
Total	1,901,900		£19,597,275

44. Assuming the same yield and sale price could be achieved, the development's GDV would be:

Unit	Rent	Yield	Capital Value
Unit 1	£8,421,000	5.75%	£146,452,174
Unit 2	£2,109,450	5.25%	£40,180,000
Unit 3A	£3,908,000	5.50%	£71,054,545
Unit 3B	£1,974,150	5.25%	£37,602,857
Unit 4	£3,184,675	5.50%	£57,903,182
Total	£19,597,275		£353,192,758

45. As with Appraisal 1, I have made a deduction of 6.8% for purchaser's costs from the total GDV of £353,192,758 and have also allowed for the grant of rent-free periods of between 12 and 24 months when new leases are agreed. My allowance for purchaser's costs has been made notwithstanding that, as with the EMG2 DCO Scheme as a whole, SEGRO would be likely to hold the reduced development as an asset, rather than sell the development.

46. Once adjustments are made for purchaser's costs and rent-free periods, I calculate the net development value of the EMG2 development (excluding the Prologis Land) to be £303,339,387.

47. Development Timetable

Consistent with Appraisal 1, I have assumed that, following the ongoing DCO examination process, development consent would be granted for the EMG2 DCO Scheme excluding the Prologis Land at the end of Q1 / early Q2 2027 and SEGRO would vest the land it requires to deliver the development (other than the Prologis Land) in July 2027. Development of the infrastructure necessary for the EMG2 DCO Scheme (including the planned highways improvements) would then start in October 2027, with the construction of the logistics/advanced manufacturing buildings commencing from April 2028. The reduced infrastructure works would be completed by July 2029, while the last of the buildings would be completed and occupied by July 2030.

48. As with Appraisal 1, I have assumed the receipt of income following practical completion and the expiry of rent-free periods. I have also assumed a notional sale of the development 12 months after practical completion, in line with normal market valuation convention.
49. Land Purchase Costs
Adopting the same approach as I adopted for Appraisal 1, I have assumed a land purchase cost of circa £225,000 per acre for the 147.64 acres of land forming part of the EMG2 DCO Scheme Main Site that SEGRO controls to the south of Hyams Lane. This level of value assumes that planning permission exists for logistics/warehouse development and reflects the terms of the option agreement that SEGRO has entered into. I have also, again, included a notional cost of £15,000 per acre for the circa 10 acres of land SEGRO owns close to J24 of the M1 which is needed to deliver the Highway Works and the additional circa 3 acres of amenity land in third party ownership
50. I understand that Prologis is suggesting that if the EMG2 DCO Scheme is delivered in two phases, it would expect SEGRO to make it a “ransom” payment in return for providing access to the land south of Hyams Lane from the A453, across the Prologis Land. However, for the purposes of this residual appraisal, I have not included a payment of this type. This is because the extent to which the EMG2 DCO Scheme excluding the Prologis Land is viable without a ransom payment needs to be determined before the amount of any ransom payment can be calculated. If the development is shown to be unviable, even without a ransom payment, then no payment would logically be made. A developer would not pay a price to access land for development when it is not viable to develop that land.
51. As with Appraisal 1, no allowance has been made in Appraisal 2 for SDLT on land purchase costs. However, I have again allowed for agent’s fees at 1% of the land purchase price and legal fees at 0.5% of the land purchase price. Moreover, as delivery of the remainder of the EMG2 DCO Scheme would still require a DCO if the Prologis Land were developed by Prologis pursuant to the Joint Application (and the reality is that a DCO has now been submitted and the examination is ongoing whether EMG2 DCO Scheme is delivered by a single developer or two developers), I have allowed the same £10,532,951 for DCO Application costs as I did in Appraisal 1, and have also allowed a reduced sum of £1,150,000 for the discharge of requirements.
52. Construction Costs
I have assumed that development of buildings would involve the same unit construction costs that would be incurred with the EMG2 DCO Scheme as a whole. This produces a total development cost for buildings to the south of Hyams Lane of £115,933,657. As with Appraisal 1, I have also added a contingency of 2%.

53. Infrastructure costs

I have been provided with an infrastructure cost estimate for the EMG2 DCO Scheme development excluding the Prologis Land at £97,383,884, which I understand would be broken down into the following major cost centres:

Discharge of Conditions	£1,445,000
Section 106	£2,500,000
Section 278 / Bonds / Commuted Sums	£5,232,000
Earthworks & Highways	£44,300,000
New Utilities	£28,491,249
Utility Diversions	£4,985,000
Other Infrastructure & Enabling Works	£4,820,000
Detailed Design Consultant Fees	£4,127,400
Misc Land Costs	£783,235
Total	£97,383,884

54. While the infrastructure costs are less than they are for the EMG2 DCO Scheme, the majority of the larger costs (e.g. highways, new utilities, utility diversions s.278/bonds/commuted sums) would still need to be incurred. Many of the costs relate to works outside of the Main Site. The largest cost reduction would be for earthworks costs and Gardiner & Theobald have produced a revised earthworks and highways infrastructure cost estimate, assuming the Prologis land is excluded from the EMG2 DCO Scheme, which illustrates this. See Appendix G. The estimate includes an allowance for the cost of providing an access estate road over the Prologis Land.

55. I have also made an allowance for contingencies adopting the same 5% I used in Appraisal 1.

56. Professional Fees

Appraisal 2 adopts the same approach to professional fees used for Appraisal 1. Professional fees associated with the construction of buildings and infrastructure costs are reflected in the construction costs, while fees related to obtaining development consent, including planning and legal fees, are reflected in the DCO Application costs. An allowance has made for project management fees at 1% of the total building construction cost, with project management fees for the infrastructure costs being included within the estimate provided by Gardiner & Theobald.

57. Marketing and Sales/Lettings Costs

An allowance of £400,000 has been made for marketing costs, reflecting the reduced scale of the marketing exercise for the five buildings that would be constructed south of Hyams Lane in the Appraisal 2 scenario. As with appraisal 1, I have allowed for letting agents' fees equating

to 15% of the gross rent achievable from the buildings and legal fees equating to 5% of the gross rent.

58. While SEGRO would also be likely to retain a development excluding the Prologis Land in line with its normal business model, I have again made a notional allowance to reflect costs that would be incurred in selling the buildings once let. As with Appraisal 1, this takes the form of sales agent fees equating to 1% of the net development value (i.e. the GDV - purchasers' costs) and legal fees equating to 0.5% of the net development value.

59. Finance

Consistent with Appraisal 1, I have assumed that interest will be charged at 6.5% on all construction and infrastructure costs.

60. Residual Appraisal Output

My Appraisal 2 residual appraisal of the EMG2 DCO Scheme excluding the Prologis Land (assuming that Prologis would bring forward a separate first phase of development pursuant to the Joint Application, with SEGRO delivering development only on the land to the south of Hyams Lane together with the Highway Works), produces a profit on cost of 3.62%. See Appendix H.

61. In my opinion, returns of this level fall significantly below the minimum hurdle rate of 15% that the market would require for a development involving the promotion and delivery of a DCO, extensive highway works, significant up-front infrastructure expenditure and exposure to delivery and market risk over a prolonged period. For a scheme of this complexity and risk profile, the market would reasonably require a profit on cost materially in excess of that generated by Appraisal 2. I therefore consider the development of the EMG2 DCO Scheme without the Prologis Land to be unviable.

Summary of Conclusions

62. Given the very low level of return identified for the EMG2 DCO Scheme excluding the Prologis Land, it is highly unlikely that a developer would proceed with delivery of that scheme (including the Junction 24 M1 Highway Works), either now or within any reasonably foreseeable period. Appraisal 2 demonstrates that, without the inclusion of the Prologis Land, within a single comprehensive development, the EMG2 DCO Scheme would fail to generate a sufficient commercial return to justify the commitment of capital, management resource and risk required to deliver it.

63. Viability Assessment - Comparative Conclusions

My residual appraisals therefore demonstrate a clear and material distinction between:

- the EMG2 DCO Scheme delivered comprehensively as a single development, which is viable and capable of being delivered; and
- the EMG2 DCO Scheme delivered without the Prologis Land, which is not viable and would not be brought forward by the market.

64. This distinction is fundamental. It shows that the Prologis Land is integral to the commercial viability and deliverability of the EMG2 DCO Scheme as a whole, rather than being merely desirable or a convenient addition.

65. Phased Development and Alternative Scenarios

On the evidence available to me, there is no realistic prospect that the EMG2 DCO Scheme could be delivered in a phased or fragmented manner by separate developers working independently. Accordingly, if the EMG2 DCO Scheme is not consented and delivered as a single, integrated project, there is a material risk that neither the wider development nor the strategic Highway Works would be brought forward within any reasonable timescale, or at all.

66. Absence of Viability Evidence for the Prologis Land

I note that the Prologis Land does not currently benefit from planning permission and that no development appraisal for the Prologis Scheme has been submitted to the Examination. In the absence of such evidence, it is not possible to conclude that development of the Prologis Land in isolation would itself be viable, deliverable, or capable of contributing to, or underwriting, the strategic infrastructure costs associated with the EMG2 DCO Scheme. Any assertion that development on that land would come forward independently is therefore, currently, unsubstantiated.

67. Ransom Value Considerations

I also note the clear indications already given during the DCO Examination that access to land south of Hyams Lane would be made conditional upon the payment of a ransom to Prologis/MAG. However, ransom value can only arise where a scheme generates sufficient profit to support such a payment. My Appraisal 2 demonstrates that, once the Prologis Land is excluded, the EMG2 DCO Scheme is unviable even before consideration of any ransom payment. In those circumstances, there is no surplus value from which any ransom payment could logically be made. It would not be commercially rational for a developer to incur additional costs to secure access to land forming part of a scheme which is incapable of delivery on viability grounds.

68. Ultimate Conclusion on the Grant of Development Consent

My ultimate conclusion is that, in order to ensure that development takes place within the EMG2 DCO Scheme application area, and to provide certainty that the Highway Works are delivered, development consent should be granted for the EMG2 DCO Scheme in its entirety, including compulsory acquisition powers over all of the land required for its delivery.

69. Only a comprehensive, single developer approach produces a viable and deliverable scheme. Any alternative scenario relying on fragmented delivery, separate phases, or third-party land control carries a substantial risk that the development and associated infrastructure will not be brought forward at all within any reasonably foreseeable timescale.

Colin Cottage BSc (Hons) MRICS

Ardent

2 April 2026

APPENDIX A



Dimensions are in millimeters, unless stated otherwise. Scaling of this drawing is not recommended. It is the recipient's responsibility to print this document to the correct scale. All relevant drawings and specifications should be read in conjunction with this drawing.

Schedule of Accommodation

Total GIA		- 2,937,200 ft ² (272,873 m ²)
Unit 1		
Warehouse Area	- 765,700 ft ²	(71,228 m ²)
Office Area (incl. GF core)	- 25,000 ft ²	(2,323 m ²)
Transport Office's	- 10,000 ft ²	(929 m ²)
Gatehouse	- 300 ft ²	(28 m ²)
Unit 1 GIA	- 802,000 ft²	(74,508 m²)
Unit 2		
Warehouse Area	- 190,500 ft ²	(17,698 m ²)
Office Area (incl. GF core)	- 10,000 ft ²	(929 m ²)
Transport Office	- 5,000 ft ²	(465 m ²)
Gatehouse	- 300 ft ²	(28 m ²)
Unit 2 GIA	- 205,800 ft²	(19,119 m²)
Unit 3a		
Warehouse Area	- 366,300 ft ²	(34,030 m ²)
Office Area (incl. GF core)	- 19,200 ft ²	(1,784 m ²)
Transport Office	- 5,000 ft ²	(465 m ²)
Gatehouse	- 300 ft ²	(28 m ²)
Unit 3a GIA	- 390,800 ft²	(36,306 m²)
Unit 3b		
Warehouse Area	- 178,000 ft ²	(16,537 m ²)
Office Area (incl. GF core)	- 9,300 ft ²	(864 m ²)
Transport Office	- 5,000 ft ²	(465 m ²)
Gatehouse	- 300 ft ²	(28 m ²)
Unit 3b GIA	- 192,600 ft²	(17,893 m²)
Unit 4		
Warehouse Area	- 290,200 ft ²	(26,960 m ²)
Office Area (incl. GF core)	- 15,200 ft ²	(1,412 m ²)
Transport Office	- 5,000 ft ²	(465 m ²)
Gatehouse	- 300 ft ²	(28 m ²)
Unit 4 GIA	- 310,700 ft²	(28,865 m²)
Unit 5a		
Warehouse Area	- 347,700 ft ²	(32,302 m ²)
Office Area (incl. GF core)	- 18,300 ft ²	(1,700 m ²)
Transport Office	- 5,000 ft ²	(465 m ²)
Gatehouse	- 300 ft ²	(28 m ²)
Unit 5a GIA	- 371,300 ft²	(34,495 m²)
Unit 5b		
Warehouse Area	- 308,600 ft ²	(28,670 m ²)
Office Area (incl. GF core)	- 16,200 ft ²	(1,505 m ²)
Transport Office	- 5,000 ft ²	(465 m ²)
Gatehouse	- 300 ft ²	(28 m ²)
Unit 5b GIA	- 330,100 ft²	(30,667 m²)
Unit 6		
Warehouse Area	- 312,200 ft ²	(29,004 m ²)
Office Area (incl. GF core)	- 16,400 ft ²	(1,524 m ²)
Transport Office	- 5,000 ft ²	(465 m ²)
Gatehouse	- 300 ft ²	(28 m ²)
Unit 6 GIA	- 333,900 ft²	(31,020 m²)

P15	18.08.25	Titleblock amended	LM	MS
P14	30.07.25	Boundary amended	LM	MS
P13	16.07.25	Key amended	LM	MS
P12	16.07.25	Layout amended to latest highways	LM	MS
P11	15.07.25	Boundary amended	LM	MS
P10	10.07.25	Secondary access option removed	LM	MS
Rev	Date	Details of issue / revision	Drw	Rev

ISSUES & REVISIONS



THE EAST MIDLANDS GATEWAY PHASE 2 AND HIGHWAY ORDER 202[]

Drawing Title
ILLUSTRATIVE MASTERPLAN

Scale	1:2500	Drawn	LM
Size	A1	Reviewed	MS
Regulation	5(2) (o)	Document	2.6

Drawing Status
SUBMISSION

Drawing No.	Revision
EMG2-UMC-SI-01-DR-A-0089	P15

Illustrative Masterplan
Scale 1:2,500

Key

- EMG2 DCO order limits
- Land not in order limits within which existing telecom mast retained
- Existing Public Right of Way
- Proposed/Diverted Public Right of Way
- Proposed pedestrian routes
- Existing Vegetation Retained
- Existing Trees Retained
- Existing Hedgerow Retained
- Indicative location of proposed SUD's within open land/landscaping
- Area for development signage for upto 4 signs
Sign Board - max size (including supporting frame) 7.5m High x 18.3m, Wide x 1.3m Deep
Totem Sign - max size (including supporting frame) 15.5m High x 4.0m, Wide x 4.0m Deep
- Area within which estate road will cross Hyams Lane
- Point of restriction to Hyam's Lane -No public access for motor traffic east of this point
- Fixed spot heights in metres above ordnance datum, identified along the ridge-line of each length of strategic mitigation mounding +/- 0.5m.
- Between any two consecutive spot heights marked on the ridge, the height of the bund at its ridge will be no lower than the lower of the two spot heights and no higher than the higher of the two spot heights.

APPENDIX B



Illustrative Masterplan
Scale 1:2,500

- Key**
- EMG2 DCO order limits
 - Land not in order limits within which existing telecom mast retained
 - Existing Public Right of Way
 - Proposed/Diverted Public Right of Way
 - Proposed pedestrian routes
 - Existing Vegetation Retained
 - Existing Trees Retained
 - Existing Hedgerow Retained
 - Indicative location of proposed SUD's within open land/landscaping
 - Area for development signage for upto 4 signs
Sign Board - max size (including supporting frame) 7.5m High x 18.3m, Wide x 1.3m Deep
Totem Sign - max size (including supporting frame) 15.5m High x 4.0m, Wide x 4.0m Deep
 - Area within which estate road will cross Hyams Lane
 - Point of restriction to Hyam's Lane
-No public access for motor traffic east of this point

Fixed spot heights in metres above ordnance datum, identified along the ridge-line of each length of strategic mitigation mounding +/- 0.5m.

Between any two consecutive spot heights marked on the ridge, the height of the bund at its ridge will be no lower than the lower of the two spot heights and no higher than the higher of the two spot heights.

Dimensions are in millimeters, unless stated otherwise. Scaling of this drawing is not recommended. It is the recipient's responsibility to print this document to the correct scale. All relevant drawings and specifications should be read in conjunction with this drawing.

Schedule of Accommodation		
Total GIA	-	1,901,900 ft² (176,692 m²)
Unit 1		
Warehouse Area	-	766,700 ft ² (71,228 m ²)
Office Area (incl. GF core)	-	25,000 ft ² (2,323 m ²)
Transport Office's	-	10,000 ft ² (929 m ²)
Gatehouse	-	300 ft ² (28 m ²)
Unit 1 GIA	-	802,000 ft² (74,508 m²)
Unit 2		
Warehouse Area	-	190,500 ft ² (17,698 m ²)
Office Area (incl. GF core)	-	10,000 ft ² (929 m ²)
Transport Office	-	5,000 ft ² (465 m ²)
Gatehouse	-	300 ft ² (28 m ²)
Unit 2 GIA	-	205,800 ft² (19,119 m²)
Unit 3a		
Warehouse Area	-	366,300 ft ² (34,030 m ²)
Office Area (incl. GF core)	-	19,200 ft ² (1,784 m ²)
Transport Office	-	5,000 ft ² (465 m ²)
Gatehouse	-	300 ft ² (28 m ²)
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Office Area (incl. GF core)	-	9,300 ft ² (864 m ²)
Transport Office	-	5,000 ft ² (465 m ²)
Gatehouse	-	300 ft ² (28 m ²)
Unit 3b GIA	-	192,600 ft² (17,893 m²)
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Warehouse Area	-	290,200 ft ² (26,960 m ²)
Office Area (incl. GF core)	-	15,200 ft ² (1,412 m ²)
Transport Office	-	5,000 ft ² (465 m ²)
Gatehouse	-	300 ft ² (28 m ²)
Unit 4 GIA	-	310,700 ft² (28,865 m²)

P16	24.03.26	Parking and plot access updates	LM	MS
P15	18.08.25	Titleblock amended	LM	MS
P14	30.07.25	Boundary amended	LM	MS
P13	16.07.25	Key amended	LM	MS
P12	16.07.25	Layout amended to latest highways	LM	MS
P11	15.07.25	Boundary amended	LM	MS
Rev	Date	Details of issue / revision	Drw	Rev

ISSUES & REVISIONS

SEGRO

THE EAST MIDLANDS GATEWAY PHASE 2 AND HIGHWAY ORDER 202[]

Drawing Title
ILLUSTRATIVE MASTERPLAN

Scale	1:2500	Drawn	LM
Size	A1	Reviewed	MS
Regulation	Document		
5(2) (o)	2.6		

Drawing Status
SUBMISSION

Drawing No. EMG2-UMC-SI-01-DR-A-0089	Revision P16
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50m SCALE 1:2500

APPENDIX C

CBRE

EAST MIDLANDS GATEWAY II

MARKET REPORT – MARCH 2026

PREPARED FOR:

SEGRO

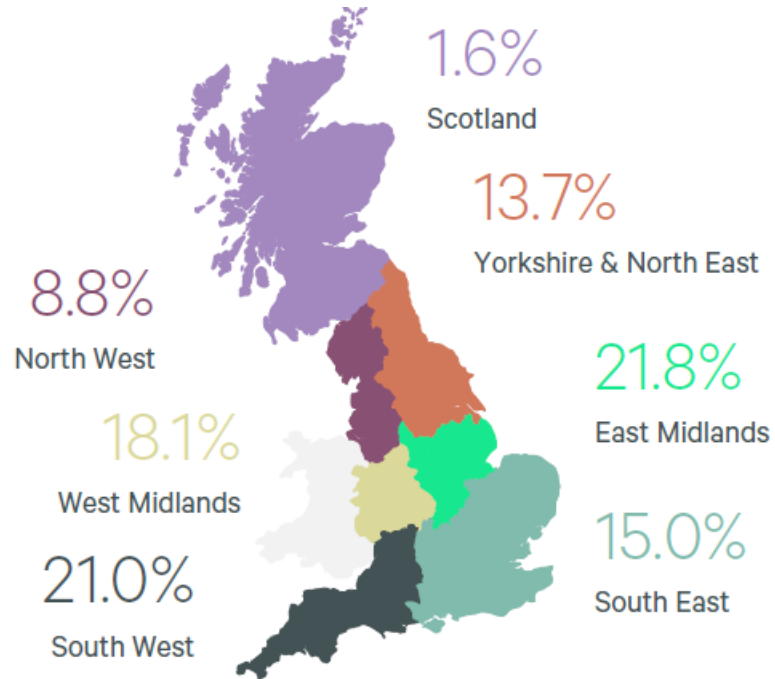




Market Overview

National Overview

UK Logistics take-up
share by region,
12 months to end Q4 2025

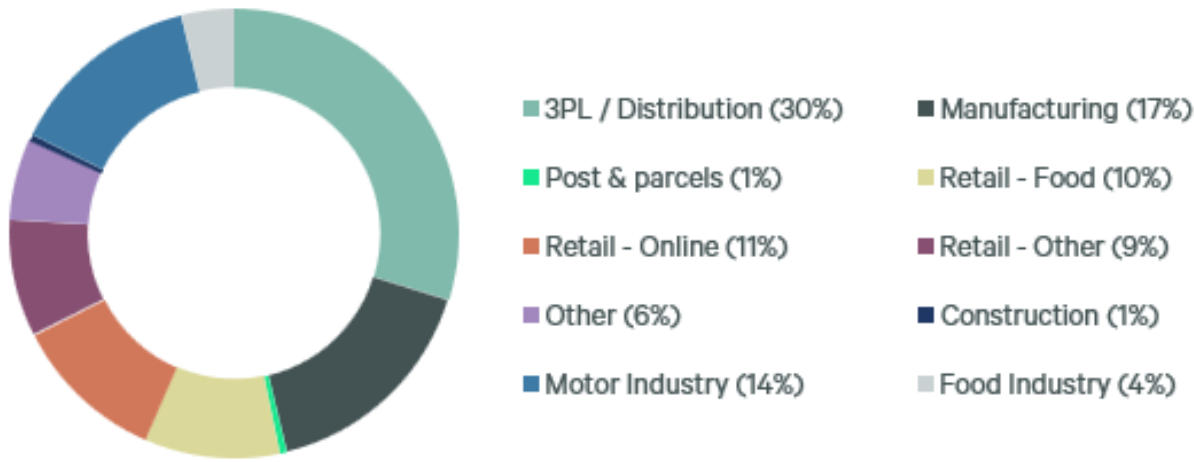


Source: CBRE

- Q4 2025 take-up in the UK totalled 4.3m sq ft, down 48% quarter-on-quarter but in line with the same period last year. Overall take-up this year totalled 25.6m sq ft, a 22% increase compared to 2024. Despite reduced demand in Q4, rolling 12-month net absorption increased by 4% to 11.4m sq ft year-on-year.
- The West Midlands region recorded the highest share of take-up for the quarter at 32.9%. The East Midlands has seen the highest share of take-up on a 12-month rolling basis, at 21.8%, followed by the Southwest and the West Midlands.
- At the end of 2025, there was 46.6m sq ft of space available across the UK. Throughout the quarter, the amount of available second-hand space increased by 14%, while speculative space under construction decreased by 8% and newly completed speculative availability declined by 2%.

National Overview

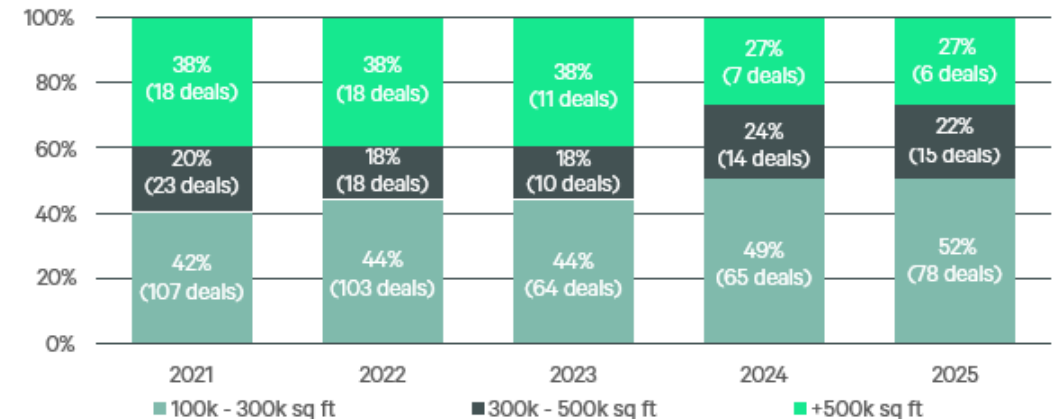
UK Logistics take-up by sector, 12 months to end Q4 2025



Source: CBRE

- Through 2025, the 3PL/Distribution sector accounted for 30% of take-up, followed by manufacturing at 17% and motor industry at 14%.
- Throughout 2025, units between 100-300k sq ft constituted 52% of take-up, the largest share recorded since 2011. Units between 300k-500k sq ft took-up 22% and units over 500k sq ft accounted for 27%. The average lot size was 258k sq ft, a slight increase from 244k sq in 2024

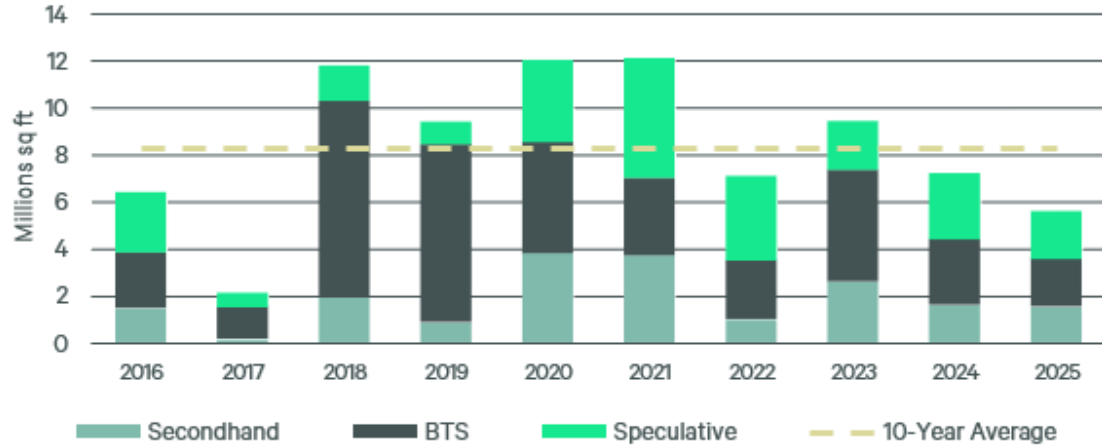
UK Logistics take-up (%) and number of deals by size band



Source: CBRE

East Midlands Overview

East Midlands Logistics take-up, Q4 2025



Source: CBRE

East Midlands Logistics availability, Q4 2025



Source: CBRE

- Q4 take-up in the East Midlands was 603k sq ft, bringing 2025 take-up to 5.6m sq ft, a 23% decrease year-on-year. BTS and speculative spaces each accounted for 37% of the region’s take-up for the year, whilst second-hand space represented 27%. Under offer space increased by 1.1m sq ft to 1.3m sq ft over the quarter.
- Availability in the East Midlands remained at 14.5m sq ft, historically the highest availability in the UK. The region’s vacancy rate rose by 45bps to 9.70% due to increases in available second-hand and new completed speculative spaces throughout the quarter.
- The East Midlands prime rent increased by 25 pence to £10.50 psf in Q4 2025.

2

Competing Schemes & Available Units

Competing Schemes

PLP, J27 M1 (Sherwood):
 Outline planning
 Units Sized:
 100,000 sq. ft
 110,000 sq. ft
 120,000 sq. ft
 325,000 sq. ft
 Agents: CPP

Central M1 230(Exchanged):
 230,852 sq. ft
 Quoting: £8.25
 Agents: CBRE, FHP, C&W

Fulwood 190:
 190,598 sq. ft
 Quoting £8.25
 Agents: CPP, Moriarty

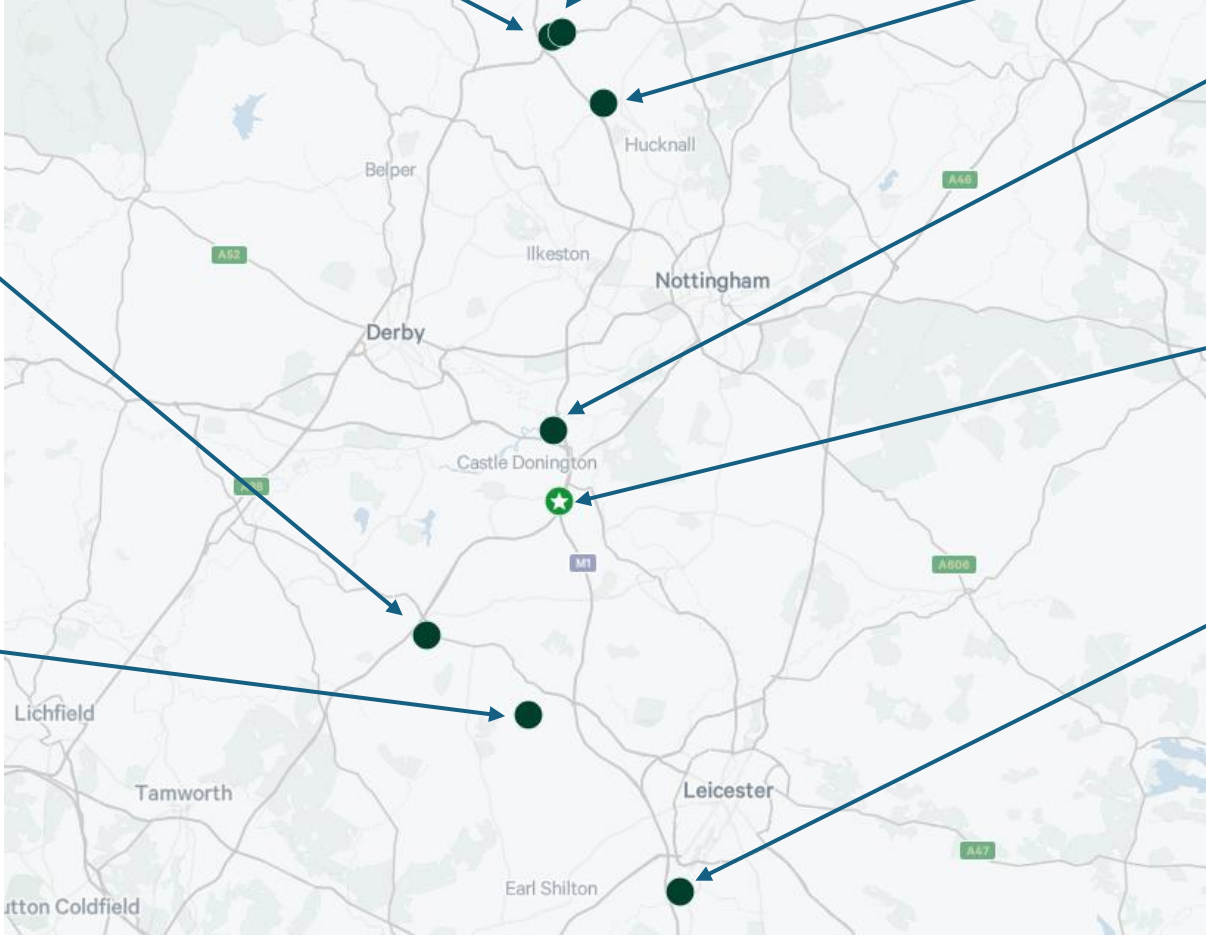
VGP Park East Midlands:
 Two Phase Development:
 Phase 1:
 Unit 3: 256,258 sq. ft
 Unit 4: 141,000 sq. ft
 Phase 2:
 Unit 1: 95,000 sq. ft
 Unit 2: 342,258 sq. ft
 Agents: APEX LLP, LSH, JLL

East Midlands Gateway II:
 Up to 800,000 sq. ft
 Agents: CBRE

Enderby Logistics Hub:
 Planning permission for:
 1,150,000 sq. ft of B8/B2 Space
 Agents: C&W, Mather Jamie

G Park Ashby:
 Build-to-Suit opportunity
 753,477 sq. ft
 Or
 Unit 1 – 499,964 sq. ft
 Unit 2 – 239,527 sq. ft
 Agents: Knight Frank, Savills

Diamantem Park, Bardon:
 Detailed Planning
 Units Sized:
 Unit 1: 535,955 sq. ft
 Unit 2: 411,695 sq. ft
 Agents: CBRE, DTRE



Available Units

DVP 196:
195,679 sq. ft
Quoting: £8.00
Freehold: £150
Agents: CBRE, C&W, APEX LLP

Derby 507:
508,003 sq. ft
Quoting: £9.50
Agents: CBRE, Savills, C&W

OXW 326 (Under Offer):
326,243 sq. ft
Quoting: £9.00
Agents: Colliers, DTRE, BOX4

B295 Burton:
294,889 sq. ft
Quoting: £8.50
Agents: LSH, SBH

Unit 3 VGP Park:
256,258 sq. ft
Quoting: £10.50
Agents: APEX LLP, LSH, JLL

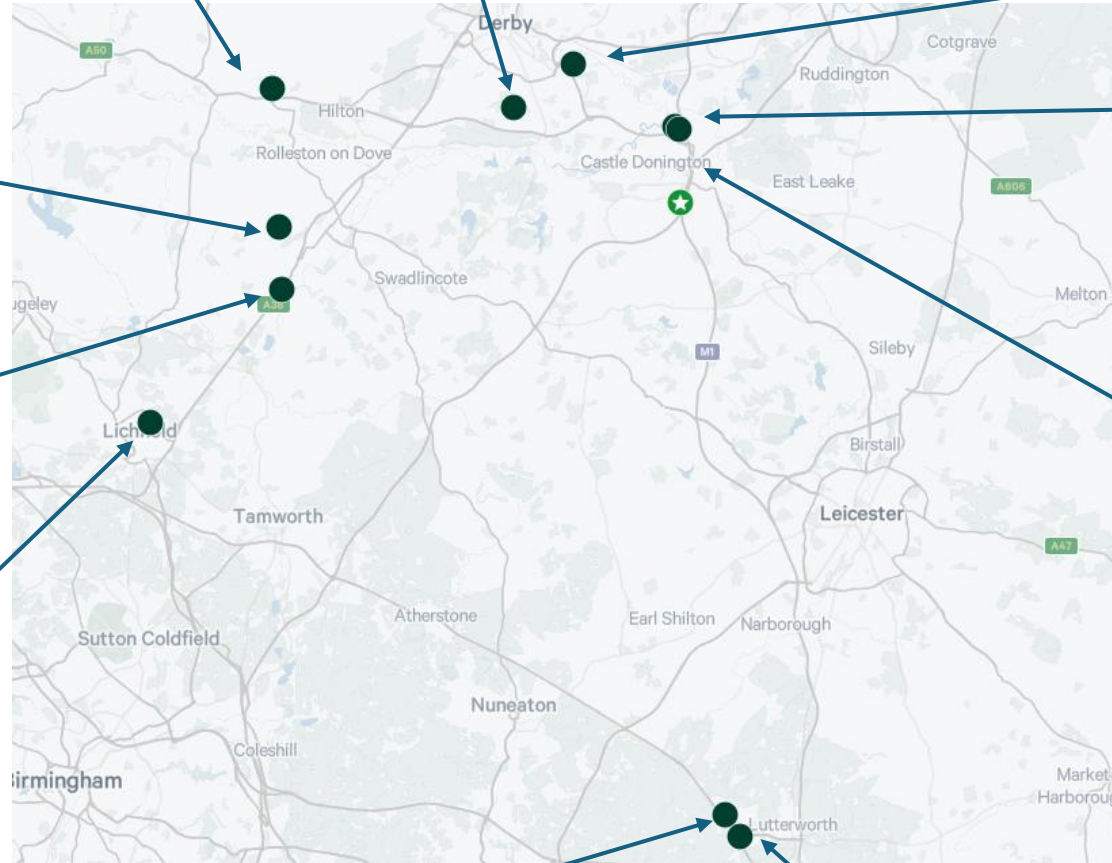
B173 Burton:
173,356 sq. ft
Quoting: £9.50
Agents: BOX4, Savills

M1 XL:
645,285 sq. ft
Quoting: £10.75 - £10.95
Agents: APEX LLP, Savills

Fradley 437:
437,054 sq. ft
Quoting: £8.50
Agents: Newmark

MPN 761:
761,361 sq. ft
Quoting: £10.95
Agents: DTRE, C&W

MPS 187:
187,253 sq. ft
Quoting: £10.50
Agents: DTRE, C&W





3

Relevant
Transactions & RFI
Take Up

Relevant Transactions

Unit 2 Horizon 29:
133,614 sq. ft
June 2025
Achieved Rent: £8.25

Central M1 345:
334,945 sq. ft
April 2025
Achieved Rent: £8.25

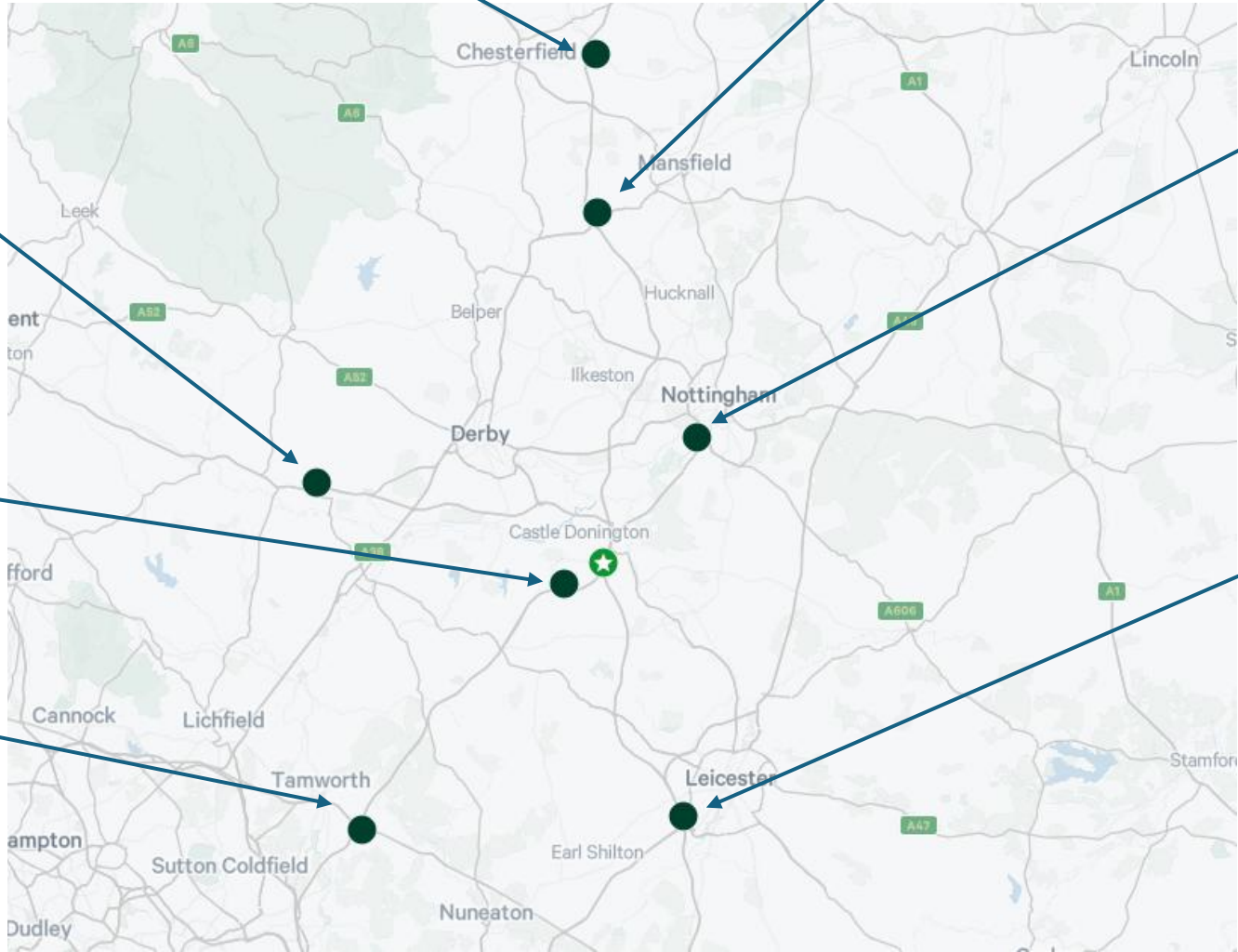
DVP 113:
113,051 sq. ft
June 2025
Achieved Rent: £8.25

Power 146, Nottingham:
146,321 sq. ft
March 2025
Achieved Rent: £7.50

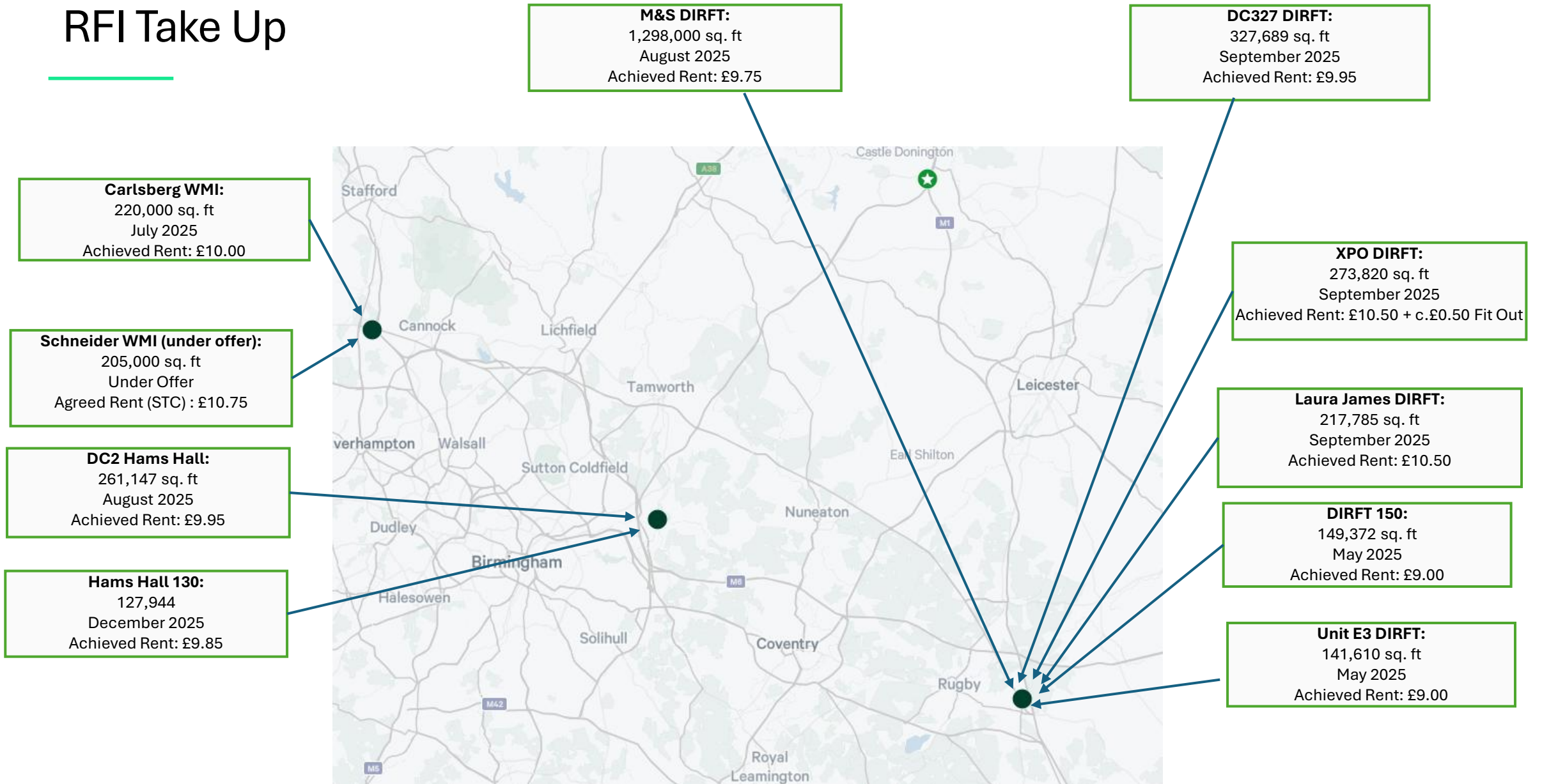
EMDC 343:
342,744 sq. ft
January 2025
Achieved Rent: £8.25

Optimus 277:
277,475 sq. ft
August 2025
Achieved Rent: £9.35

T119 Tamworth:
119,372 sq. ft
October 2025
Achieved Rent: £10.00



RFI Take Up



● 4

Rents and Incentives

Rent Profile

- Over the three years from 2022, average comparable rents grew by c. £1.00 per sq ft from £7.50 - £8.50 per sq ft
- Prime schemes such as Magna Park and DIRFT are commanding the highest rents, DIRFT achieving £10.50 per sq ft on the recent BTS for XPO
- Other BTS discussions on RFI connected sites are showing rents of up to £10.75 per sq ft such as West Midlands Interchange.
- Comparable schemes in the location of EMG II, not rail connected are showing quoting rents of up to £10.50 per sq ft such as VGP Park and in the case of M1XL £10.75 - £10.95 per sq ft
- Lower achieved rents in the vicinity to EMG II have been in the region of £8.25 per sq ft (EMDC) and £9.35 per sq ft (Optimus 277). This for the main has been due to a lack of up and built space.

EMG II - The Local Market

- Despite the very strong road, rail and air connectivity, there has been limited speculative industrial development in this location over the last couple of years with the majority of development on the basis of BTS opportunities at EMG.
- More recently, PLP / Indurent are speculatively developing M1XL, a 645,285 sq ft unit to the north of EMG II on Tamworth Road. Guide rental tone in the region of £10.75/£10.95 psf and due to PC in December 2026.
- VGP have commenced speculative construction of Phase I of their scheme also accessed from Tamworth Road. Two units of 141,000 sq ft and 256,258 sq ft will PC in December 2026, guiding £10.50 psf. There is a further Phase II which can deliver a 95,000 sq ft unit and a 342,258 sq ft unit albeit on a BTS basis only at present.
- Whilst both of the above schemes appear to have been well designed, the accessibility of the respective locations to East Midlands Airport and the EMG Rail Freight Interchange are inferior to EMG II.
- To the east of J24 situated on Derby Road is a former data centre site which may come forward for Industrial redevelopment for a circa 140,000 sq ft unit STP. Whilst the site is in close proximity to EMG II, it is inferior to EMG II based on the location, access and configuration of the site and residential neighbouring use.
- Clowes/Hines speculatively developed a EMDC 342 which was let to SuperSmart in January 2025 on the basis of a 15 year lease. Clowes/Hines also speculatively developed a 190,000 and 280,000 sq ft units which were let to Mainfreight and Bunzl.
- Terms achieved at EMDC are on the basis of 10 to 15 year lease terms at rents ranging from £7.95 psf to £8.25 with tenant incentives ranging from between 12 to 24 months which is broadly in line with what we would normally expect.
- The units at EMDC were void for between approximately 18-24 months post PC albeit there was a reasonable amount of competing units of similar size available at that time which increased the void period beyond what would typically be expected.
- Whilst also in close proximity to EMG and East Midlands airport, EMDC does not have the same high quality 'pull' factor of EMG II. In addition to the very strong take up achieved at EMG, the above further demonstrates the appeal to occupiers and reinforces the high quality of this location.

SWOT Analysis

Strengths

- National, strategically important Logistics site
- Exceptional connectivity to Road, Rail and Air
- Lower achieved

Opportunities

- Provides an extension to the very successful EMG
- Benefit from the very strong 'Brand Creation' of EMG.
- Drive rental tone to improve value at EMG

Weakness

- Some occupiers may wish to be located further south towards the Golden Triangle
- Slower rental growth in schemes not rail connected in the area.

Threats

- Manufacturing occupiers may be deterred by a Logistics focused Industrial park
- Potential local opposition from neighbouring occupiers / residents

EMG II Guide Rents

Below is what we believe you could be looking to quote and achieve should EMG II be up and built as per the masterplan:

Size Band	Quoting Rent (psf)	Achieving Rent (psf)
100,000 sq ft	£11.00	£10.75
200,000 – 350,000 sq ft	£10.50	£10.25
350,000 – 600,000 sq ft	£10.25	£10.00
700,000 sq ft plus	£10.75	£10.50

* Based upon the market rents as of Q1 2026

Incentive Packages

We are typically seeing incentives average on the below basis:

Term	Rent Free
5 Years	Up to 6 months
10 Years	Up to 16 months
15 Years	Up to 24 months
20 Years	24 – 30 months

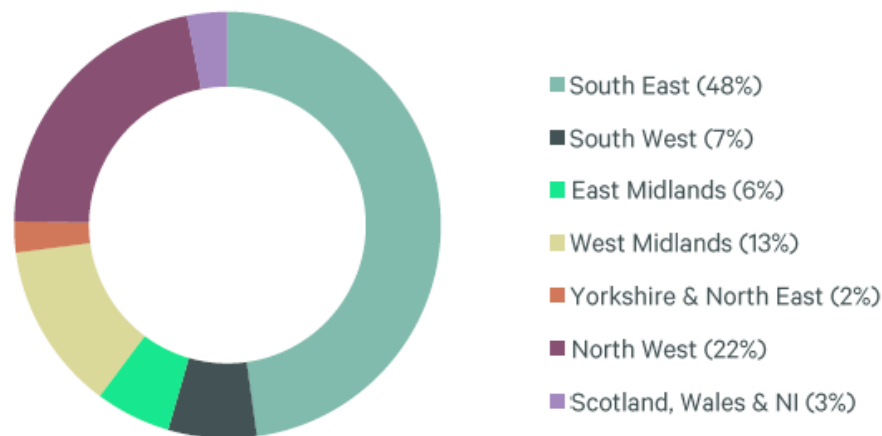
05

Investment Market and Capitalization Rates

Investment

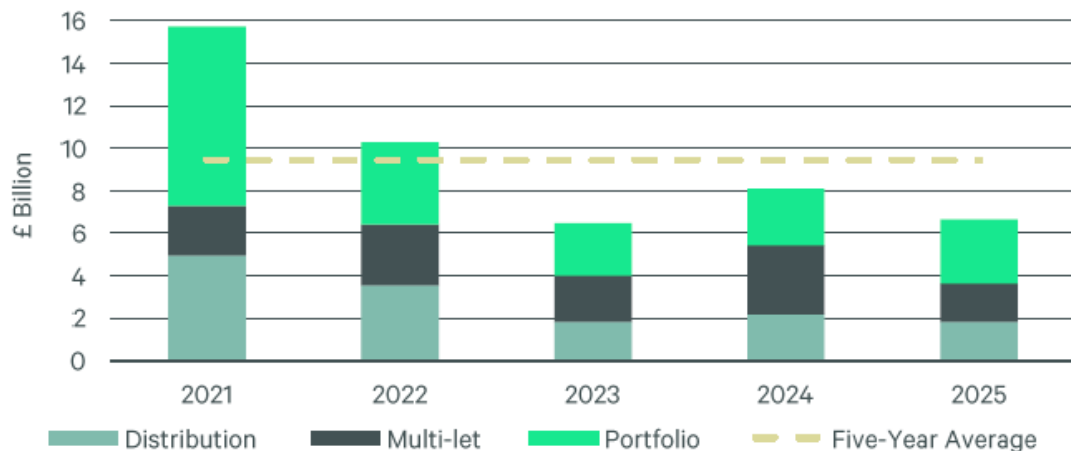
- Investment volumes (transactions over £5m) totalled £3.0bn in Q4 2025, bringing the total volume of transactions for the year to £6.6bn, an 18% decrease compared to 2024. Portfolio transactions contributed 45% of the year's investment, followed by multi-let and distribution transactions at 28%, and 27%, respectively.
- For Q4, 56% of investment (excluding portfolios) were transacted in the South East, followed by the West Midlands (19%). Across 2025, the South East saw the largest share of investment volumes, accounting for 48%, followed by the North West (22%), and West Midlands (13%).
- Investment from property companies constituted the largest share of investment on a 12-month rolling basis, at 33%. Private equity accounted for 29% of transaction volumes, followed by REITs and UK institutions, at 20% and 11%, respectively.

UK Logistics investment by region (excl. portfolios), 12 months to end Q4 2025



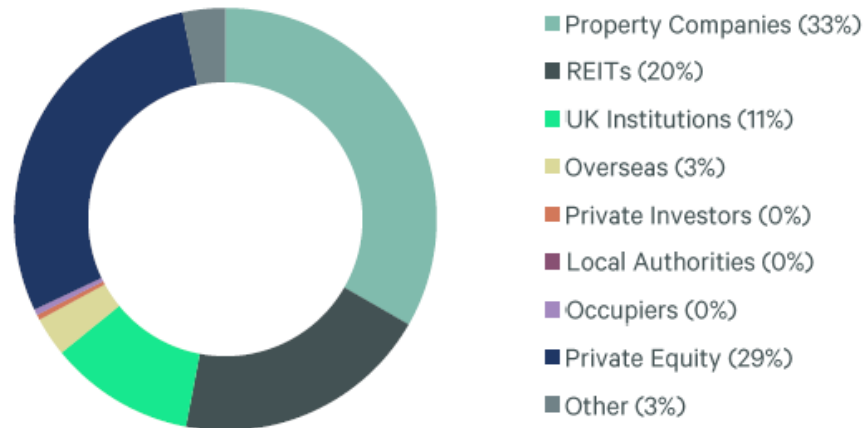
Source: CBRE

UK Logistics investment volumes



Source: CBRE

UK Logistics investment by purchaser type, 12 months to end Q4 2025



Source: CBRE

Note: Investment data in this report relates to transactions greater than £5m.

Cap rates & Commentary

Scale

*Larger assets are less liquid**

- Domestic core buyers focussed on smaller assets, smaller parks or MLI investments
- Core+ buyers have risk adjusted their returns outwards, however there are more buyers in this segment vs 2024/5
- *infra and insurance buyers starting to appear for strategic parks

Debt

More 'for sale' but less selling

- Availability of financing means vendors are more likely to attempt a sale
- Volumes in 2025 depressed vs 'activity' and sentiment in the market
- Pricing in the spotlight as the bid-ask spread is stubborn for core, prime assets

Strategic Disconnect

Investment and occupier markets disconnected

- Investors want defensive, granular assets
- Parks and MLI estates give less binary performance and access to an active running yield
- Occupiers want larger more strategic assets
- We expect this to slowly starts to change as occupational markets recover

We advise appraising the scheme on the following below basis:

Size Band	Cap rate
(Units 2&3b) c. 200,000 sq ft	5.25%
(Units 3a, 4, 5a&b, 6) 300,000 – 400,000 sq ft	5.50% (300k sq ft perhaps inside this level if strong credit secured)
(Unit 1) 800,000 sq ft	5.75%

• 6

Conclusion & Recommendations

Conclusion & Recommendations



Illustrative Masterplan
Scale 1:2,500

- We strongly believe that if units were available on the EMG II site today, you could look to achieve rents between £9.75 - £10.75 per sq ft.
- You will note that the larger unit 1 commands a premium over the smaller 300 – 400,000 sq ft size range, this is due to the lack of supply, increased demand for larger more efficient units and lack of readily available land to develop XXL facilities.
- EMG II leverages strong UK logistics market growth and prime East Midlands location for competitive advantage.
- Increasing demand for high-specification, scalable logistics space supports EMG II's development plan.
- Focus on EMG II's connectivity, operational advantages, and brand strength to attract strong occupier interest.
- EMG II would outperform regional competitors with superior site quality, brand recognition, and access efficiencies.

Thank you

CBRE

Gracias	धन्यवाद	Salamat	Asante	धन्यवाद	Obrigado	Tack	謝謝
O Se	Спасибо	감사합니다	Bedankt	Grazi	ਧੰਨਵਾਦ	Merci	شکریہ
תודה	Teşekkürler	Danke	ありがとう	Dziękuję	Terima Kasih	شکرا	

APPENDIX D



East Midlands Gateway Ph2

10 March 2026

Rev.

Rev. B

East Midlands Gateway Ph2

KWL Project No: KWL-653
Client: Segro

Issue Date: 10-Mar-26

Revision	Prepared By	Project Status	Base Date (Rates Applicable)	Site Area (Acres)	GIA (ft ²) Total	Overall Site Density	Nr of Units in Scheme
Rev. B	Ian Dalton	Feasibility	1Q2026	132.66	2,937,200	51%	8

East Midlands Gateway Ph2

KWL Project No: KWL-653
Client: Segro

Issue Date: 10-Mar-26

CONTENTS

1.	Executive Summary	
2.	Site Layout Drawing	
3.	Dimensional Information	
4.	Services & LZC Technologies	
5.	Clarifications	
6.	Infrastructure Elemental Breakdown	N/A
7.	Unit Elemental Breakdown	N/A

East Midlands Gateway Ph2

KWL Project No: KWL-653
Client: Segro

Issue Date: 10-Mar-26

1. EXECUTIVE SUMMARY

1	SITEWIDE EARTHWORKS & INFRASTRUCTURE	Sub-Total £	Per m ²	Per ft ²
	See Infrastructure Elemental Breakdown	£ -	£ -	£ -
TOTAL SITE WORKS COST		£ -	N/A	

2	CONSTRUCTION COST SUMMARY	Building Area (ft ²)	Sub-Total £	Per m ²	Per ft ²
	Unit 1	802,000	£ 46,207,420.22	£ 620.17	£ 57.62
	Unit 2	205,800	£ 14,050,207.37	£ 734.87	£ 68.27
	Unit 3a	390,800	£ 23,572,552.87	£ 649.27	£ 60.32
	Unit 3b	192,600	£ 13,062,728.54	£ 730.05	£ 67.82
	Unit 4	310,700	£ 19,040,748.11	£ 659.65	£ 61.28
	Unit 5a	371,300	£ 22,026,895.02	£ 638.56	£ 59.32
	Unit 5b	330,100	£ 20,584,176.65	£ 671.22	£ 62.36
	Unit 6	333,900	£ 19,643,173.36	£ 633.24	£ 58.83
	Estate Roads		Incl		
	SUBTOTAL	2,937,200	£ 178,187,902.14	£ 653.01	£ 60.67
	FEES		Incl		
	OH & P		Incl		
	PRELIMINARIES		Incl		
	TOTAL CONSTRUCTION COST		£ 178,187,902.14	£ 653.01	£ 60.67

3	SITE SPECIFIC ABNORMALS	Sub-Total £	Per m ²	Per ft ²
	Ground Improvement (See clarifications for Details)	Excl		
	Site Retaining Walls	Excl		
	TOTAL ABNORMAL COST	£ -	N/A	N/A

4	TOTAL COST	Sub-Total £	Per m ²	Per ft ²
	Build Costs Incl. Sitewide Earthworks (1 + 2)	£ 178,187,902.14	£ 653.01	£ 60.67
	Site Specific Abnormals (3)	£ -	£ -	£ -
	Indexation	Excl	N/A	N/A
	Contingency	Excl	N/A	N/A
	TOTAL BUILD COST	£ 178,187,902.14	£ 653.01	£ 60.67

East Midlands Gateway Ph2

KWL Project No: KWL-653
Client: Segro

Issue Date: 10-Mar-26

3. DIMENSIONAL INFORMATION

Unit	Site Area (Acres)	Warehouse		Office		Total	
		m ²	ft ²	m ²	ft ²	m ²	ft ²
Unit 1	38.01	71,255	766,700	3,253	35,000	74,507	801,700
Unit 2	10.10	17,704	190,500	1,394	15,000	19,099	205,500
Unit 3a	17.43	34,043	366,300	2,249	24,200	36,292	390,500
Unit 3b	10.16	16,543	178,000	1,329	14,300	17,872	192,300
Unit 4	14.31	26,970	290,200	1,877	20,200	28,848	310,400
Unit 5a	14.31	32,314	347,700	2,165	23,300	34,480	371,000
Unit 5b	13.44	28,680	308,600	1,970	21,200	30,651	329,800
Unit 6	14.90	29,015	312,200	1,989	21,400	31,004	333,600
TOTAL	132.7	256,524	2,760,200	16,227	174,600	272,751	2,934,800

Unit	Site Density	Dock Levellers	L/A Doors	Haunch Height	Office (% of Unit)	SW Atten. (m ³)*
Unit 1	48.45%	120	8	18.0	4.57%	0
Unit 2	46.73%	20	4	15.0	7.87%	0
Unit 3a	51.46%	40	4	18.0	6.61%	0
Unit 3b	43.48%	19	2	15.0	8.03%	0
Unit 4	49.84%	30	4	18.0	6.96%	0
Unit 5a	59.56%	33	4	18.0	6.70%	0
Unit 5b	56.37%	32	4	18.0	6.87%	0
Unit 6	51.42%	29	3	18.0	6.85%	0
TOTAL	50.91%	323	33	138	6.33%	0

East Midlands Gateway Ph2

KWL Project No: KWL-653
Client: Segro

Issue Date: 10-Mar-26

4. SERVICES & LZC TECHNOLOGY

The following Low Carbon Technologies have been included in the Units:

LOW / ZERO CARBON TECHNOLOGIES - PHOTOVOLTAIC PANELS					
Unit 1	2,247	m2	Unit 5a	1,040	m2
Unit 2	577	m2	Unit 5b	925	m2
Unit 3a	1,095	m2	Unit 6	936	m2
Unit 3b	540	m2			
Unit 4	871	m2			
TOTAL				8,230	m2

We have made allowance for the following Statutory Supplies:

STATUTORY SUPPLIES					
	Electricity (kVA)	Gas (kw)		Electricity (kVA)	Gas (kw)
Unit 1	Excl	Excl	Unit 5a	Excl	Excl
Unit 2	Excl	Excl	Unit 5b	Excl	Excl
Unit 3a	Excl	Excl	Unit 6	Excl	Excl
Unit 3b	Excl	Excl			
Unit 4	Excl	Excl			
TOTAL				-	-

APPENDIX E

EMG 2 - DCO
Scheme,
Earthworks and
Highways

Feasibility Estimate Review

Revision -

Segro

Issue date: *27 February 2026*



CONTENTS

- 1 EXECUTIVE SUMMARY
- 2 CONSTRUCTION COST SUMMARY
- 3 BASIS, ASSUMPTIONS & EXCLUSIONS

APPENDIX

APPENDIX A – SCHEDULE OF DESIGN INFORMATION

1. EXECUTIVE SUMMARY



1.1 – EXECUTIVE SUMMARY

Notes

G&T have been requested to carry out verification of the Segro high level estimate for the East Midlands Gateway Phase 2 DCO scheme, and specifically for the on-site infrastructure and off-site Highways Sections.

The following pages show the results of the exercise carried out. It should be noted that limited information is available at present, and where possible G&T have assessed the works required. For the significant item of the J24 M1 Green Package lump sum of £18m, given the limited level of information available, this is concurred as an appropriate sum.

This Cost Summary validation also provides a RAG status of the cost risk of each item, noting the available information mentioned above.

2. CONSTRUCTION COST SUMMARY



2.1 – CONSTRUCTION COST SUMMARY VALIDATION

Notes

- DCO Scheme

Element	£	Comments	RAG
Site Clearance	500,000		
Earthworks	15,500,000	1,700m3 cut / fill deficit assumed to balance. Prelims and OH&P added to earthworks rate to reflect market rates	
SW Drainage	6,000,000	As attached	
FW Drainage	1,700,000	As attached	
A453 Site Access Roundabout & new bellmouth of existing roundabout	1,000,000	Allowance based on minimal detail available	
Estate Roads	6,900,000	G&T measure 1,150m, and included prelims and OH&P	
J24 M1 Green Package	18,000,000	Assume correct at high level allowance. Cost risk until greater scope definition, as significant sum	
Local Impacts	2,500,000	Based on measure for cycle route and allowance for Finger Farm roundabout works	
Bus Terminal	700,000	Based on building only, and GIA of 2,300sqft, although scope definition required	
Total	52,800,000		



2.1 – CONSTRUCTION COST SUMMARY COMPARSION

Notes

- Breakdown to SW and FW Drainage

SW Drainage			£
Formation of catchpits	11 nr	50,000	550,000
Downstream defender	item		200,000
Below ground attenuation	14475 m3	200	3,000,000
Existing water course diversion			100,000
Hyams Lane highway drainage diversion	item		300,000
Surface water sewer	1325 m	500	700,000
Manholes	53 nr	5,000	250,000
Allowance for MC Prelims and OH&P	@20%		1,020,000
Total			6,120,000

FW Drainage			£
Outfall connection at Long Holden, say	item		100,000
Pumping station	item		500,000
Foul connection at Ashby Road	2 nr	100,000	200,000
Foul rising main	1275 m	500	650,000
Allowance for MC Prelims and OH&P	@20%		290,000
Total			1,740,000

3. BASIS, ASSUMPTIONS & EXCLUSIONS

3.1 KEY ASSUMPTIONS

The following should be read in conjunction with Sections 1-2 and are a list of key assumptions that have been made to inform the basis of our cost review :-

Key Assumptions	
1	Estimated costs have been prepared using current day pricing levels (Q1 2026), with inflation allowances for Tender Period and Construction Period inflation to be held separately held by Segro.
2	Design, procurement and construction contingency held separately by Segro
3	Development contingency held separately by Segro
4	SW and FW Drainage costs are based on Based on Concept Drainage Strategy drawing EMG2-BWB-WAT-ZZ-DR-CD-0501 P1
5	The J24 "Green Package" is assessed on the limited high level information available
6	No allowance has been made for any phasing of the work (provided programme assumed indicative).
7	The procurement strategy for the works is advised to be single stage competitive tender, based on NEC 3 / 4 – Option A
8	Soft Landscaping package allowed for separately by Segro
9	Advised no public realm works required
10	New utilities and diversions allowed elsewhere in the Segro cost plan.
11	Main Contractor Preliminaries and OH&P allowances are based on 20% of the measured works costs.
12	Assumes no hazardous material / contamination / asbestos (as agricultural land)
13	Works assumed split into 4 Contracts - On-site Works, Off-site Highways, Utilities and Landscaping
14	Estimate based on GI carried out to date
15	Works include to form plot plateaus only, and not belmouths
16	Cut / fill deficit assumed of 1,700m ³ assumed will be balanced by the Contractor, with no export or import of material required.

3.2 LIST OF INCLUSIONS/EXCLUSIONS

The following should be read in conjunction with all previous Sections and are a list of inclusions / exclusions that have been used to inform the basis of our cost review. The items highlighted as 'included' below have been allowed for within our Cost Estimate. No allowances have been costed for those items identified as 'excluded' below. The items noted under the heading 'client' are deemed to have been accounted for by the client elsewhere in their development appraisal.

List of inclusions/exclusions	Incl.	Excl.	Client
1 Value Added Tax			X
2 Land acquisition costs and fees			X
3 Client finance, legal or marketing costs			X
4 Professional fees (e.g. design, PCSA, PM, surveys etc), say 16% with appropriate contingency			X
5 Planning, Bonds or Commuted Sums			X
6 Benefits arising from any potential Capital Allowances or other government incentives / grants		X	
7 Project insurances			X
8 Section 106 / 278 Contributions			X
9 Community Infrastructure Levy Contributions or similar		X	
10 Costs resulting from tariffs or other charges following the withdrawal of the UK from the European Union		X	
11 Statutory changes		X	
12 Works outside of the site boundary except where specifically stated		X	
13 Statutory Utility Costs		X	
14 Phasing of the works		X	
15 Works outside of normal working hours (other than Highways Works)		X	
16 Infrastructure utility costs outside of the plot(s) boundary		X	
17 Asbestos removal; full survey should be carried out		X	
18 Fees, works or costs associated with abnormal ground conditions, including contamination		X	
19 Archaeological investigations and exploratory or resulting works		X	
20 Diversion of existing below ground services		X	
21 Costs relating from force majeure events.		X	
22 Changes in costs and / or programme caused by an epidemic or pandemic disease; advice or guidance issued and / or laws or actions taken by the UK Government or other relevant governmental or regulatory bodies (including the NHS) in the UK (or abroad) in relation thereto.		X	
23 Carbon offset payments		X	

APPENDIX A

Schedule of Design Information



A - DESIGN INFORMATION SCHEDULE

The compilation of this document is on the basis of the following design information:-

Reference	Title
Segro - EMG2-UMC-SI-01-DR-A-0089 Rev P15	ILLUSTRATIVE MATERPLAN SUBMISSION
Segro - EMG2-BWB-GEN-XX-SK-CH-SK023 Rev P19	COMPONENTS PLAN
Segro - EMG2-BWB-HGN-XX-DR-H-0102 Rev P08	HIGHWAY PLANS GENERAL ARRANGEMENT SHEET 2 OF 4
Segro - EMG2-CH-SBR-BR-DR-CB-00024 Rev P3	A453 BRIDGE PLAN
Segro - EMG2-UMC-SI-01-DR-A-0089 Rev P15	ILLUSTRATIVE MATERPLAN SUBMISSION
BWB - EMG2-BWB-GEN-XX-SK-CH-SK052 Rev P01	M1 JUNCTION 24 GENERAL ARRANGEMENT
BWB - EMG2-BWB-GEN-ZZ-DR-CH-0620 Rev P04	EMG2 MAIN SITE AND COMMUNITY PARK APPENDIX 14M FIGURE 5 - CUT AND FILL PLAN
BWB - EMG2-BWB-WAT-ZZ-DR-CD-0501 Rev P1	Main Site Concept Drainage Strategy
Stephenson Halliday - 1002 Rev P04	Illustrative Landscape Masterplan Option 2
Mott Macdonald	Transport Assessment

CONSTRAINTS & NEW INFRASTRUCTURE BUDGETS

EMG2

SEGRO



utilityconnections

DOCUMENT VERIFICATION

Project Title: Constraints & New Infrastructure Budget Summary
Project: EMG2
Client: SEGRO
Project Number: 4069
Document Number: 4069-UCL-FR-MU-BR-001-EMG2
Revision: 001
Prepared by: [REDACTED]
Date: 03/03/2026

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1.1. Connection Constraints	3
1.2. Financial sums.....	4

1. EXECUTIVE SUMMARY

A utility infrastructure feasibility study has been conducted to assess existing infrastructure and the ability of existing networks to support the new development.

The following items have been identified as requiring attention or consideration prior to works commencing: -

1.1. CONNECTION CONSTRAINTS

ELECTRICITY

- The distribution network operator (DNO) for the area National Grid Electricity Distribution (NGED) have confirmed that the site can now be connected at 33kV extra high voltage (EHV) under an arrangement of providing additional capacity to the IDNO infrastructure that serves the original Segro EMG logistics park (EMG1).
- The DNO has confirmed that they can provide a new circuit breaker (CB) at Toton BSP which will allow for an additional 33kV IDNO adopted circuit to be installed to EMG1 to provide an import capacity of 22MVA.
- As part of the IDNO configuration works to serve EMG2, a new 33kV switchroom will be established within the primary substation (PSS) compound of EMG1 and from this new 33kV switchroom 2 x 33kV EHV circuit's will be installed along an agreed cable route from EMG1 to the new onsite PSS position within EMG2.
- 11kV HV diversion works will be required at the site to remove existing overhead apparatus that crosses the development area in multiple directions.
- Additional 11kV HV alteration works may be required as part of the S278 works intended around the A453 where highway widening / junction modification works are expected.
- NGED have confirmed that they have existing microwave links that cross the EMG2 site, and these will be affected by the proposed logistics unit's intended. Enquiries have been made with the DNO to ensure an alternative microwave arrangement can be implemented without impacting the proposed development works.

WATER

- The statutory undertaker for the area Severn Trent Water have confirmed that the site can be served from their existing potable distribution main located on Ashby Road adjacent to the development area.
- The distribution main on Ashby Road is a 12" spun iron (SI).
- As part of the S278 works along Ashby Road, water main diversion works may be required.

GAS

- The gas transporter (GT) for the area Cadent Gas have confirmed that the site can be connected to the existing medium pressure (MP) gas mains network located on Ashby Road.
- The anticipated CSEP position is from an existing 250mm PE MP main.
- Cadent Gas have confirmed in the land enquiry made that the 250mm MP main does not have sufficient capacity to serve the project with the capacity requirements earmarked and reinforcement works will be required.
- A Cadent Gas detailed analysis study (DAS) will need to be undertaken to identify what reinforcement works will be required and provide confirmation of costs.
- As part of the S278 works along Ashby Road, gas main diversion works may be required.

TELECOM

- Openreach, Virgin Media and Vodafone have underground ducted networks along Ashby Road adjacent to the development area.
- As part of the S278 works along Ashby Road telecoms diversion works may be required.

1.2. FINANCIAL SUMS

FINANCIAL SUMS TO BE CONSIDERED

New Services (Main Development)		Budget Cost
Electric POC	NGED Toton switchboard extension	£1,568,023.16
Electric Infrastructure <i>(33kV circuit – Toton to EMG1 PSS)</i>	33kV 3 rd Circuit + 33kV switch room (IDNO reinforcement costs from the 13/05/2024 - £14,602,430.64 – Factor in 12% for inflationary costs)	£16,354,721.00
Electric Infrastructure <i>(33kV circuit – Toton to EMG1 PSS)</i>	Risk Register items	Included in above.
Electric Infrastructure <i>(EMG1 PSS to EMG2 PSS)</i>	New 33kV PSS + 11kV infrastructure and Landlords (ICP tender costs from the 18/09/2024 - £8,016,523.98 – Factor in 12% for inflationary costs)	£8,978,505.00
Water	Potable mains infrastructure	£640,000.00
Gas	Gas Mains infrastructure	£800,000.00
Telecoms	Telecoms infrastructure	£150,000.00
Total		£28,491,249.16

Diversions (Main Development)		Budget Cost
NGED		£800,000.00
Cadent Gas Networks		£125,000.00
Severn Trent Water		£125,000.00
Total		£1,050,000.00

Diversions (S278 Highways Work Area 01 – EMG2 Primary Access)		Budget Cost
NGED		£220,000.00
Cadent Gas Networks		£175,000.00
Severn Trent Water		£175,000.00
Openreach		£250,000.00
Virgin Media		£250,000.00
Vodafone		£250,000.00
Total		£1,320,000.00

<i>Diversions (S278 Highways Work Area 03 – Finger Farm Roundabout)</i>		Budget Cost
Openreach		£250,000.00
Virgin Media		£250,000.00
Vodafone		£250,000.00
Total		£750,000.00

<i>Diversions (S278 Highways Work Area 04 – EMG1 Junction)</i>		Budget Cost
NGED		£50,000.00
Total		£50,000.00

<i>Diversions (S278 Highways Work Area 05 – M1 Junction 24)</i>		Budget Cost
NGED		£385,000.00
Cadent Gas Networks		£615,000.00
Severn Trent Water		£150,000.00
Openreach		£200,000.00
Total		£1,350,000.00

<i>Diversions (S278 Highways Work Area 07 – L57 footpath upgrade)</i>		Budget Cost
NGED		£35,000.00
UKPD		£5,000.00
Cadent Gas Networks		£10,000.00
Openreach		£15,000.00
Total		£65,000.00

Diversions Total Estimate	Cumulative Total
	£4,585,000.00

<i>Miscellaneous</i>		Budget Cost
Trial Pit Investigations		£400,000.00
Total		£400,000.00

APPENDIX F

EMG2
EMG2 DCO Scheme Residual Appraisal

Development Pro Forma
Prepared by Ardent
ARGUS Software
April 1, 2026

**EMG2
EMG2 DCO Scheme Residual Appraisal**

Project Pro Forma for Merged Phases 1 2 3 4 5 6 7 8 9 10

Currency in £

REVENUE

Rental Area Summary

	Units	ft²	Rent Rate ft²	Initial MRV/Unit	Net Rent at Sale	Initial MRV
Unit 5A	1	371,300	10.00	3,713,000	3,713,000	3,713,000
Unit 5B	1	330,100	10.25	3,383,525	3,383,525	3,383,525
Unit 6	1	333,900	10.25	3,422,475	3,422,475	3,422,475
Unit 1	1	802,000	10.50	8,421,000	8,421,000	8,421,000
Unit 2	1	205,800	10.25	2,109,450	2,109,450	2,109,450
Unit 4	1	310,700	10.25	3,184,675	3,184,675	3,184,675
Unit 3A	1	390,800	10.00	3,908,000	3,908,000	3,908,000
Unit 3B	<u>1</u>	<u>192,600</u>	10.25	1,974,150	<u>1,974,150</u>	<u>1,974,150</u>
Totals	8	2,937,200			30,116,275	30,116,275

Investment Valuation

Unit 5A

Market Rent	3,713,000	YP @	5.5000%	18.1818	
(1yr 6mths Rent Free)		PV 1yr 6mths @	5.5000%	0.9228	62,299,358

Unit 5B

Market Rent	3,383,525	YP @	5.5000%	18.1818	
(1yr 3mths Rent Free)		PV 1yr 3mths @	5.5000%	0.9353	57,536,193

Unit 6

Market Rent	3,422,475	YP @	5.5000%	18.1818	
(1yr 3mths Rent Free)		PV 1yr 3mths @	5.5000%	0.9353	58,198,531

EMG2

EMG2 DCO Scheme Residual Appraisal

Unit 1					
Market Rent	8,421,000	YP @	5.7500%	17.3913	
(2yrs Rent Free)		PV 2yrs @	5.7500%	0.8942	130,958,916
Unit 2					
Market Rent	2,109,450	YP @	5.2500%	19.0476	
(1yr Rent Free)		PV 1yr @	5.2500%	0.9501	38,175,772
Unit 4					
Market Rent	3,184,675	YP @	5.5000%	18.1818	
(1yr 3mths Rent Free)		PV 1yr 3mths @	5.5000%	0.9353	54,154,787
Unit 3A					
Market Rent	3,908,000	YP @	5.5000%	18.1818	
(1yr 6mths Rent Free)		PV 1yr 6mths @	5.5000%	0.9228	65,571,207
Unit 3B					
Market Rent	1,974,150	YP @	5.2500%	19.0476	
(1yr Rent Free)		PV 1yr @	5.2500%	0.9501	35,727,180
Total Investment Valuation					502,621,944
GROSS DEVELOPMENT VALUE					502,621,944
Purchaser's Costs				(34,178,292)	
Effective Purchaser's Costs Rate		6.80%			(34,178,292)
NET DEVELOPMENT VALUE					468,443,652
TOTAL PROJECT REVENUE					468,443,652

**EMG2
EMG2 DCO Scheme Residual Appraisal**

DEVELOPMENT COSTS

ACQUISITION COSTS

Prologis - North - 102 acres	22,902,329		
SEGRO - South - 147.64 acres	33,150,000		
SEGRO - Other - 12.91 acres	193,650		
Total Acquisition (261.05 Acres @ 215,460.56 /Acre)		56,245,979	56,245,979
Stamp Duty (Freeport Exemption)			1
Effective Land Transfer Tax Rate	0.00%		
Agent Fee	1.00%	562,460	
Legal Fee	0.50%	281,230	
1.1. DCO Application		10,532,951	
Discharge of Requirements (Units)		1,700,000	13,076,642

CONSTRUCTION COSTS

Construction	ft²	Build Rate ft²	Cost
Unit 5A	371,300	59.32	22,026,895
Unit 5B	330,100	62.36	20,584,177
Unit 6	333,900	58.83	19,643,173
Unit 1	802,000	57.62	46,207,420
Unit 2	205,800	68.27	14,050,207
Unit 4	310,700	61.28	19,040,748
Unit 3A	390,800	60.32	23,572,553
Unit 3B	<u>192,600</u>	67.82	<u>13,062,729</u>
Totals	2,937,200 ft²		178,187,902
Infrastructure Contingency		5.00%	5,307,874
Contingency		2.00%	3,563,758
1.2. Discharge of Conditions			1,445,000
1.3. s.106 Contributions			2,500,000

EMG2**EMG2 DCO Scheme Residual Appraisal**

1.4. s.278 / Bonds / Commuted Sums		5,232,000	
2.1. Earthworks & Utilities		52,800,000	
2.2. New Utilities		28,491,249	
2.3. Utility Diversions		4,985,000	
2.4. Other Infra - Enabling Works		5,260,000	
2.5. Construction Phase Consultants		4,661,000	
3.1. Other Land Costs		783,235	
			293,217,018
PROFESSIONAL FEES			
Project Manager	1.00%	1,781,879	
			1,781,879
MARKETING & LEASING			
Marketing		1,000,000	
Leasing Agent Fee	15.00%	4,517,441	
Leasing Legal Fee	5.00%	1,505,814	
			7,023,255
DISPOSAL FEES			
Sales Agent Fee	1.00%	4,684,437	
Sales Legal Fee	0.50%	2,342,218	
			7,026,655
TOTAL COSTS BEFORE FINANCE			378,371,428
FINANCE			
Debit Rate 6.000%, Credit Rate 0.000% (Nominal)			
Total Finance Cost			25,760,663
TOTAL COSTS			404,132,091
PROFIT			64,311,561

EMG2**EMG2 DCO Scheme Residual Appraisal****Performance Measures**

Profit on Cost%	15.91%
Profit on GDV%	12.80%
Profit on NDV%	13.73%
Development Yield% (on Rent)	7.45%
IRR% (without Interest)	16.59%

APPENDIX G

EMG 2 – South Only Scheme, Earthworks and Highways

Feasibility Estimate Review

Revision – Rev B

Segro

Issue date: *27 March 2026*



CONTENTS

- 1 EXECUTIVE SUMMARY
- 2 CONSTRUCTION COST SUMMARY
- 3 BASIS, ASSUMPTIONS & EXCLUSIONS

APPENDIX

APPENDIX A – SCHEDULE OF DESIGN INFORMATION

1. EXECUTIVE SUMMARY



1.1 – EXECUTIVE SUMMARY

Notes

G&T have been requested to carry out verification of the Segro high level estimate for the East Midlands Gateway Phase 2 South Only scheme, and specifically for the on-site infrastructure and off-site Highways Sections.

The following pages show the results of the exercise carried out. It should be noted that limited information is available at present, and where possible G&T have assessed the works required. For the significant items of the J24 M1 Green Package lump sum of £18m, given the limited level of information available, this is concurred as an appropriate sum.

This Cost Summary validation also provides a RAG status of the cost risk of each item, noting the available information mentioned above.

2. CONSTRUCTION COST SUMMARY



2.1 – CONSTRUCTION COST SUMMARY VALIDATION

Notes

- South Only Scheme

Element	£	Comments	RAG
Site Clearance	300,000		
Earthworks	10,400,000	Assumed cut / fill deficit can be balanced. Prelims and OH&P added to earthworks rate to reflect market rates	
SW Drainage	5,600,000	As attached	
FW Drainage	1,000,000	As attached	
A453 Site Access Roundabout & new bellmouth of existing roundabout	1,000,000	Allowance based on minimal detail available	
Estate Roads	5,500,000	G&T measure 920m (incl link to Hunter Rd roundabout), and included prelims and OH&P	
J24 M1 Green Package	18,000,000	Assume correct at high level allowance. Cost risk until greater scope definition, as significant sum	
Local Impacts	2,500,000	Based on measure for cycle route and allowance for Finger Farm roundabout works	
Total	44,300,000		



2.1 – CONSTRUCTION COST SUMMARY COMPARSION

Notes

- Breakdown to SW and FW Drainage

SW Drainage		£	
Formation of catchpits	7 nr	50,000	350,000
Downstream defender	item		200,000
Below ground attenuation	14475 m3	200	3,000,000
Existing water course diversion			100,000
Hyams Lane highway drainage diversion	item		300,000
Surface water sewer	1111 m	500	550,000
Manholes	41 nr	5,000	200,000
Allowance for MC Prelims and OH&P	@20%		940,000
Total			5,640,000

FW Drainage		£	
Outfall connection at Long Holden, say	item		100,000
Pumping station	item		500,000
Foul connection at Ashby Road			Assume N/A
Foul rising main	425 m	500	200,000
Allowance for MC Prelims and OH&P	@20%		160,000
Total			960,000

3. BASIS, ASSUMPTIONS & EXCLUSIONS

3.1 KEY ASSUMPTIONS

The following should be read in conjunction with Sections 1-2 and are a list of key assumptions that have been made to inform the basis of our cost review :-

Key Assumptions	
1	Estimated costs have been prepared using current day pricing levels (Q1 2026), with inflation allowances for Tender Period and Construction Period inflation to be held separately held by Segro.
2	Design, procurement and construction contingency held separately by Segro
3	Development contingency held separately by Segro
4	SW and FW Drainage costs are based on Based on Concept Drainage Strategy drawing EMG2-BWB-WAT-ZZ-DR-CD-0501 P1, and assume works to North option not required.
5	The J24 "Green Package" is assessed on the limited high level information available
6	No allowance has been made for any phasing of the work (provided programme assumed indicative).
7	The procurement strategy for the works is advised to be single stage competitive tender, based on NEC 3 / 4 – Option A
8	Soft Landscaping package allowed for separately by Segro
9	Advised no public realm works required
10	New utilities and diversions allowed elsewhere in the Segro cost plan.
11	Main Contractor Preliminaries and OH&P allowances are based on 20% of the measured works costs.
12	Assumes no hazardous material / contamination / asbestos (as agricultural land)
13	Works assumed split into 4 Contracts - On-site Works, Off-site Highways, Utilities and Landscaping
14	Estimate based on GI carried out to date
15	Works include to form plot plateaus only, and not belmouths
16	Cut / fill deficit assumed will be balanced by the Contractor, with no export or import of material required.

3.2 LIST OF INCLUSIONS/EXCLUSIONS

The following should be read in conjunction with all previous Sections and are a list of inclusions / exclusions that have been used to inform the basis of our cost review. The items highlighted as 'included' below have been allowed for within our Cost Estimate. No allowances have been costed for those items identified as 'excluded' below. The items noted under the heading 'client' are deemed to have been accounted for by the client elsewhere in their development appraisal.

List of inclusions/exclusions	Incl.	Excl.	Client
1 Value Added Tax			X
2 Land acquisition costs and fees			X
3 Client finance, legal or marketing costs			X
4 Professional fees (e.g. design, PCSA, PM, surveys etc), say 16% with appropriate contingency			X
5 Planning, Bonds or Commuted Sums			X
6 Benefits arising from any potential Capital Allowances or other government incentives / grants		X	
7 Project insurances			X
8 Section 106 / 278 Contributions			X
9 Community Infrastructure Levy Contributions or similar		X	
10 Costs resulting from tariffs or other charges following the withdrawal of the UK from the European Union		X	
11 Statutory changes		X	
12 Works outside of the site boundary except where specifically stated		X	
13 Statutory Utility Costs		X	
14 Phasing of the works		X	
15 Works outside of normal working hours (other than Highways Works)		X	
16 Infrastructure utility costs outside of the plot(s) boundary		X	
17 Asbestos removal; full survey should be carried out		X	
18 Fees, works or costs associated with abnormal ground conditions, including contamination		X	
19 Archaeological investigations and exploratory or resulting works		X	
20 Diversion of existing below ground services		X	
21 Costs relating from force majeure events.		X	
22 Changes in costs and / or programme caused by an epidemic or pandemic disease; advice or guidance issued and / or laws or actions taken by the UK Government or other relevant governmental or regulatory bodies (including the NHS) in the UK (or abroad) in relation thereto.		X	
23 Carbon offset payments		X	

APPENDIX A

Schedule of Design Information



A - DESIGN INFORMATION SCHEDULE

The compilation of this document is on the basis of the following design information:-

Reference	Title
Segro - EMG2-UMC-SI-01-DR-A-0089 Rev P15	ILLUSTRATIVE MATERPLAN SUBMISSION
Segro - EMG2-BWB-GEN-XX-SK-CH-SK023 Rev P19	COMPONENTS PLAN
Segro - EMG2-BWB-HGN-XX-DR-H-0102 Rev P08	HIGHWAY PLANS GENERAL ARRANGEMENT SHEET 2 OF 4
Segro - EMG2-CH-SBR-BR-DR-CB-00024 Rev P3	A453 BRIDGE PLAN
Segro - EMG2-UMC-SI-01-DR-A-0089 Rev P15	ILLUSTRATIVE MATERPLAN SUBMISSION
BWB - EMG2-BWB-GEN-XX-SK-CH-SK052 Rev P01	M1 JUNCTION 24 GENERAL ARRANGEMENT
BWB - EMG2-BWB-GEN-ZZ-DR-CH-0620 Rev P04	EMG2 MAIN SITE AND COMMUNITY PARK APPENDIX 14M FIGURE 5 - CUT AND FILL PLAN
BWB - EMG2-BWB-WAT-ZZ-DR-CD-0501 Rev P1	Main Site Concept Drainage Strategy
Stephenson Halliday - 1002 Rev P04	Illustrative Landscape Masterplan Option 2
Mott Macdonald	Transport Assessment

APPENDIX H

EMG2
EMG2 DCO Scheme Appraisal (exc. Prologis Land)
Market Assumptions

Development Pro Forma
Prepared by Ardent
ARGUS Software
April 1, 2026

**EMG2
EMG2 DCO Scheme Appraisal (exc. Prologis Land)
Market Assumptions**

Project Pro Forma for Merged Phases 1 2 3 4 5 6 7

Currency in £

REVENUE

Rental Area Summary

	Units	ft²	Rent Rate ft²	Initial MRV/Unit	Net Rent at Sale	Initial MRV
Unit 1	1	802,000	10.50	8,421,000	8,421,000	8,421,000
Unit 2	1	205,800	10.25	2,109,450	2,109,450	2,109,450
Unit 4	1	310,700	10.25	3,184,675	3,184,675	3,184,675
Unit 3A	1	390,800	10.00	3,908,000	3,908,000	3,908,000
Unit 3B	<u>1</u>	<u>192,600</u>	10.25	1,974,150	<u>1,974,150</u>	<u>1,974,150</u>
Totals	5	1,901,900			19,597,275	19,597,275

Investment Valuation

Unit 1

Market Rent	8,421,000	YP @	5.7500%	17.3913	
(2yrs Rent Free)		PV 2yrs @	5.7500%	0.8942	130,958,916

Unit 2

Market Rent	2,109,450	YP @	5.2500%	19.0476	
(1yr Rent Free)		PV 1yr @	5.2500%	0.9501	38,175,772

Unit 4

Market Rent	3,184,675	YP @	5.5000%	18.1818	
(1yr 3mths Rent Free)		PV 1yr 3mths @	5.5000%	0.9353	54,154,787

Unit 3A

EMG2

EMG2 DCO Scheme Appraisal (exc. Prologis Land)

Market Assumptions

Market Rent	3,908,000	YP @	5.5000%	18.1818	
(1yr 3mths Rent Free)		PV 1yr 3mths @	5.5000%	0.9353	66,454,790

Unit 3B

Market Rent	1,974,150	YP @	5.2500%	19.0476	
(1yr Rent Free)		PV 1yr @	5.2500%	0.9501	35,727,180

Total Investment Valuation

325,471,445

GROSS DEVELOPMENT VALUE

325,471,445

Purchaser's Costs			(22,132,058)	
Effective Purchaser's Costs Rate		6.80%		

(22,132,058)

NET DEVELOPMENT VALUE

303,339,387

TOTAL PROJECT REVENUE

303,339,387

DEVELOPMENT COSTS

ACQUISITION COSTS

SEGRO - South - 147.64 acres	33,150,000			
SEGRO - Other - 12.91 acres	193,650			
Total Acquisition (160.55 Acres @ 207,683.90 /Acre)			33,343,650	33,343,650
Stamp Duty (Freeport Exemption)			1	
Effective Land Transfer Tax Rate	0.00%			
Agent Fee	1.00%		333,437	
Legal Fee	0.50%		166,718	
1.1. DCO Application			10,532,951	

EMG2

EMG2 DCO Scheme Appraisal (exc. Prologis Land)

Market Assumptions

Discharge of Requirements (Units)	1,150,000	12,183,107
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CONSTRUCTION COSTS

Construction	ft ²	Build Rate ft ²	Cost	
Unit 1	802,000	57.62	46,207,420	
Unit 2	205,800	68.27	14,050,207	
Unit 4	310,700	61.28	19,040,748	
Unit 3A	390,800	60.32	23,572,553	
Unit 3B	<u>192,600</u>	67.82	<u>13,062,729</u>	
Totals	1,901,900 ft²		115,933,657	
Infra & Utility Contingency		5.00%	4,834,194	
Contingency		2.00%	2,318,673	
1.2. Discharge of Conditions			1,445,000	
1.3. s.106 Contributions			2,500,000	
1.4. s.278 / Bonds / Commuted Sums			5,232,000	
2.1. Earthworks & Highways			44,300,000	
2.2. New Utilities			28,491,249	
2.3. Utility Diversions			4,985,000	
2.4. Other Infra - Enabling Works			4,820,000	
2.5. Construction Phase Consultants			4,127,400	
3.1. Other Land Costs			783,235	
				219,770,408

PROFESSIONAL FEES

Project Manager	1.00%	1,159,337	1,159,337
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MARKETING & LEASING

Marketing		400,000	
Leasing Agent Fee	15.00%	2,939,591	
Leasing Legal Fee	5.00%	979,864	

EMG2

EMG2 DCO Scheme Appraisal (exc. Prologis Land)

Market Assumptions

4,319,455

DISPOSAL FEES

Sales Agent Fee 1.00% 3,033,394

Sales Legal Fee 0.50% 1,516,697

4,550,091

TOTAL COSTS BEFORE FINANCE

275,326,047

FINANCE

Debit Rate 6.000%, Credit Rate 0.000% (Nominal)

Total Finance Cost 17,421,494

TOTAL COSTS

292,747,541

PROFIT

10,591,846

Performance Measures

Profit on Cost% 3.62%

Profit on GDV% 3.25%

Profit on NDV% 3.49%

Development Yield% (on Rent) 6.69%

IRR% (without Interest) 8.87%