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Our ref: JD060209CC
Your ref:
Date: 23 February 2009

Dear Sirs

LONDON WC2 – 114/116 CHARING CROSS ROAD

As requested I set out the marketing undertaken with regard to the letting of the accommodation. I understand that this will be used in support of the planning application for change of use to Class A3 restaurant.

Initial Instructions

You originally asked for our advice on the 7th May 2008. I understood that the Administrators of Media Tools had been trying to sell the unit as a going concern (A1) but had been unsuccessful notwithstanding the fact that Media Tools traded as a unit selling guitars and amplifiers, etc. and that this unit was situated close to "tin pan alley". I also understood that the Administrators had been successful in selling other units on this basis in other towns and parts of the country. Accordingly, it is my understanding that no purchaser having been found for the unit, Deloitte's surrendered the lease back to Estates & Agency Properties Ltd.

We provided our initial advice on the 14th May following a meeting on site to consider the options. This meeting was primarily with regard to the removal of the extensive fixtures, sound proofing, recording studios etc to improve its marketability to potential retailers.

Market Conditions

At that time it was increasingly apparent that this part of Charing Cross Road was suffering not only from the general downturn of the economy but also the affects of the proposed works with regard to Crossrail which were looming and threaten to decimate the northern section of the street for a number of years. Both factors have become even more significant since then.

In addition many independent specialist music("tin pan alley") and bookshops, for which Charing Cross Road has historically been renowned, were re-locating or closing down, further affecting the reputation of the street as a vibrant retail pitch.

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The area around Cambridge Circus remains lively due to the crossover of traffic from Soho to Covent Garden as well as the theatres and restaurants. However, the stretch from Cambridge Circus to Tottenham Court Road does not benefit from this footfall and it is further affected by the dead frontage of the Central St Martin's School of Art opposite which reduces its attraction, and the likelihood of dwell time, for potential customers.

Marketing

Upon instructions we immediately began marketing the accommodation, providing as much flexibility as possible by offering the ground floor and basement accommodation with the opportunity to include the first floor within the demise if preferred.

We drafted marketing particulars (A1 and A3, subject to planning), a copy of which is attached, and immediately placed a pdf version on our own in house website and the shop property website on the 24th June, which is available to both retailers and agents nationwide.

We made use of the Estate Agents Clearing House, firstly on the 25th June 2008 and again in November, which provides hard copy details to some 230 West End agents. A further hard copy mail out was sent to retailers with current requirements for properties of this size in the West End of London.

A marketing board was erected on the 14th July 2008, highlighting the availability of the premises (A1 and A3, subject to planning) to all of the busy vehicular and pedestrian traffic along Charing Cross Road. Photo attached. This marketing board remains affixed until the present time.

Response

The only response from A1 retail occupiers has been as follows:

- Interest had been registered by an electronics goods company prior to the surrender of the existing lease, once the company was aware of the Administration. A formal offer was received on the 23 May 2008 at a rental just below the asking terms but with an unrealistic term certain and an unacceptable rent free period request so unfortunately terms could not be agreed. The covenant was also poor.
- Orbital Comics inspected on 22 July as they were looking to re-locate from 138 – 148 Charing Cross Road which will be developed for Crossrail but the unit is too large. The covenant was almost non-existent.
- Mr Aslanbaba who wished to occupy the unit as a convenience store (based upon one he had in Barking, Essex), put forward an offer on 14 October 2008, but he could not provide suitable surety for this offer to progress into solicitors' hands. Again, the covenant was almost non-existent.

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- Ann Summers need to relocate from their existing Charing Cross Road unit due to the Crossrail development. They identified this unit, but rejected it without even making an offer on the grounds that it was the wrong location, primarily due to there being very little footfall.

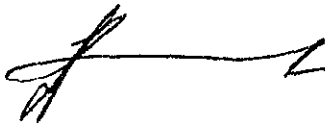
The remaining interest has been from occupiers keen to progress subject to change of use to Class A3. On this basis we have actually received offers from Thai Square on 11 August 2008, Bengal Tiger on 8 December 2008, Otarian Vegetarian Restaurants on 5 January 2008 and Chipotle Mexican Grill on 20 August 2008.

We are continuing to market the accommodation through email circulars with targeted retailers and continue to take calls from the board which has remained on the building throughout and carry out inspections with any interested parties

In our view, and this view is corroborated both by the evidence and by the similar views of other retail agents specialising in the area, the prospect of securing an A1 retail tenant is negligible because of the changing character of this stretch of Charing Cross Road, the dead frontage of the Central St Martin's School of Art opposite, the Crossrail works which have now started to the north of Flitcroft House and the state of the economy which makes secondary retail frontages such as this even less attractive to potential tenants.

I hope the information set out above is helpful but if you need any further information please do not hesitate to telephone me.

Yours faithfully



JON PUDDIFANT

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