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Our Ref: TMSC/ER/6/6

11 December 2008

Dear Gemma

RE: LONDON W1 - 264/267 TOTTENHAM COURT ROAD

I am writing to outline the marketing of the above premises undertaken by Cushman & Wakefield and comment further as follows:-

Cushman & Wakefield - Retail Capabilities

Cushman & Wakefield is one of the world's leading Retail Real Estate Services provider with 201 offices in 55 countries and over 750 retail and leisure specialists across the globe. In the UK, the Firm has one of the largest and strongest dedicated retail teams employing over 80 professionals across the national network of regional offices in Scotland, the North and the Midlands as well as our headquarters and City office, in London.

Presently in the UK we are advising on 12 million sq ft of pipeline development with leasing instructions on over 100 shopping centres. We are active on over 300 high streets and involved in more than 6 million sq ft of retail parks.

In London, Cushman & Wakefield have a long established agency team comprising 13 professionals dealing with all aspects of retail property across the Central London area. Notable projects include letting of the former Dickens and Jones department store on Regent Street to retailers including H&M Hennes, Nokia, Armani Exchange and Banana Republic as well as all leasing on the world renowned Camaby Estate, Covent Garden Market and the surrounding area.

Our involvement covers all the major London thoroughfares such as Oxford Street, Regent Street, Piccadilly, King's Road as well as the City of London, advising both owners and occupiers on all aspects of retail property.





Location & Description - 264/267 Tottenham Court Road

The premises are situated on the east side of Tottenham Court Road, approximately 100 metres from the junction with New Oxford Street /St Giles Circus. Adjacent occupiers include The Dominion Theatre and an Office Building.

The property comprises three retail units of approximately 9,500 sq ft over ground floor and basement levels, with Office and residential accommodation above. Practical Completion of the Building takes place in March 2009. The units will be handed over in a “shell” condition for tenants to complete their fitting out.

Marketing

With the Planning Consent permitting a combination of restaurant and retail use, our campaign was devised to cover both sectors of the market.

Marketing particulars were prepared (copy attached) providing full details of accommodation, Lease and quoting rental terms, and these were launched into the market in July 2007 using the following methods:-

- Direct mailing to over 190 retailers and restaurateurs (listing attached)
- Circulation to in excess of 300 Central London based estate agency Firms dealing with property in the London area
- Listing on the worldwide web via www.cushwake.com
- Discussions with Agents and occupiers

In a short period of time we had received interest from restaurateurs and indeed a number of offers were submitted on a new lease basis. Terms were agreed and Solicitors instructed for a letting of restaurant Unit C in January 2008.

Tottenham Court Road is characterised by a concentration of electrical/Home Entertainment and furniture/homewares retailers with only a limited number of other comparison/convenience retailers, restaurants and banks. There is no Fashion retailing and as a consequence, the range of potential occupiers is considerably limited.

As part of our marketing activities, we have held discussions with potential retail occupiers from a variety of merchandising categories including electronics, outdoor wear and coffee shops, although none have progressed to more meaningful negotiations, or indeed, rental proposals being made for the remaining shop units from retailers.

Some of those retailers contacted have expressed a view that this site is “disconnected” from the main concentration of retail occupiers on the west side of Tottenham Court Road and on the eastern side of the street, to the north of this property. Whilst the site adjoins the Dominion Theatre, there are no adjoining retail occupiers.

We have recently agreed terms and instructed solicitors for a letting of Units A&B combined with a new retail banking concept who intend to open 4 sites in 2009, with the potential to acquire over 200 branches in the London area.



Future Prospects

In this current economic climate, we do not envisage an increased level of demand from A1 retailers for representation in Tottenham Court Road and as we have seen over the last 3/6 months, levels of shop availability could increase through corporate failure/receivership as recently demonstrated by Woolworths, Rosebys and The Pier. The Retail market has continued to deteriorate since our marketing commenced in 2007.

Not only will retailers reduce their rate of expansion, but will seek to reduce their overheads, particularly those associated with fitting out new premises. These retail units are in shell condition and shop fitting works represent a significant capital cost.

Over the last 18 months, our comprehensive marketing campaign has not identified a retailer that was prepared to enter into negotiations for a new lease and we do not envisage this situation changing for the foreseeable future.

I trust the above adequately confirms the current status of the marketing undertaken but should you require any further information please do not hesitate to contact me.

Yours sincerely

TOBY COMERFORD BSc (Hons) MRICS
Partner – Retail Agency Department