

26-30 CUBITT
STREET

REPORTS

**MARKETING/INSTRUCTIONS DIARY FOR 26/30 CUBITT STREET,
LONDON WC1**

21ST OCTOBER 2004

Marketing report for T Dood Esq of Centenary Homes Limited. Suggested marketing on as is or refurbished basis.

19TH NOVEMBER 2004

Erecting of a to let board (5 x 4 angle) with the following wording: To let office/studio/workshop 5,406 sq ft

Circulation of lettings particulars around Estate Agents Clearing House offering light industrial workshop premises with office above at £54,000 per annum exclusive (in existing condition) and £95,000 per annum exclusive (following full refurbishment).

22ND NOVEMBER 2004

Report to M Rowe Esq of CgMs Limited outlining marketing the prospect of securing a commercial tenant having regard to the condition of the building and the market.

13TH JANUARY 2005

Circulation of the lettings particulars around Estate Agents Clearing House offering light industrial/workshop premises with offices above (same as above).

17TH MARCH 2005

Circulation around Estate Agents Clearing House (as above).

EGI Property Link

19TH JULY 2005

Report for M Rowan Esq of Centenary Homes Limited. Planning permission gained for new structure to be constructed on the existing site to provide a mix of residential and

commercial premises. The site will provide one unit of approximately 5,600 or two self contained units of circa 2,800 sq ft. The premises are to be offered on long leases and would initial quote figures of £250-300 per sq ft on the ground floor with 60-75% of this level per sq ft on the lower ground floor, dependant on the levels of natural light.

5TH AUGUST 2005

Property advertised on Agentsxchange.net advertising long leasehold office/studios for sale.

9TH AUGUST 2005

Circulation of sales particulars around Estate Agents Clearing House offering long leasehold office/studios for sale.

23RD NOVEMBER 2005

New boards erected to the site hordings. 3 boards in total with wording: for sale ground and lower ground floor B1 office/studio units.

16TH FEBRUARY 2006

London Office Guide - insertion of the premises on the London Office Guide.

Commercial Property Register - publication and web site entries for second quarter onwards.

2ND JUNE 2006

Evening Standard Classified advertisements in the Monday property section for the 5th, 19th June and 3rd July.

Circulation of sales particulars around Estate Agents Clearing House (as above).

29 JULY 2006

Advertisement in the Estates Gazette 1/8 page on 29th July.

GALE PRIGGEN & CO

SURVEYORS, VALUERS & ESTATE AGENTS

Sardinia House 52 Lincoln's Inn Fields London WC2A 3LZ

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Web: www.galepriggen.co.uk

Ref: CB/KO

19 July 2005

M Rowan Esq
DNA Worldwide Limited
DNA House
Centenary Estate
Jeffery's Road
Enfield
EN3 7US

Dear Marc

26-30 CUBITT STREET, LONDON WC1 **GROUND AND LOWER GROUND FLOORS**

Further to our recent telephone conversations and subsequent meeting, I herewith set out below a report on the above premises to confirm our thoughts as to marketing, rental values, etc.

It is our understanding that you have now gained planning permission for a new structure to be constructed on the above site to provide a mix of residential and commercial premises, and that you are looking to sell all the created premises on long leases, rather than pursuing the conventional rental route.

In respect of the commercial element, we can confirm that the "purchase" market is presently considerably stronger than the leasing /rental market, and therefore we would anticipate a reasonably strong level of demand for the completed units.

ACCOMMODATION

At our meeting, you informed us that the existing premises will be knocked down and the ground excavated to 4 meters to create a new lower ground level. This will provide either one large unit of approx 5,600 sq ft, or two self contained suites of circa 2,800 sq ft each. These areas will have to be verified once works have been completed, but for initial marketing purposes we can scale-off the plans.

We await receipt of copy plans, but understand the residential and commercial elements will each have separate access, and that the lower ground floor will benefit from reasonably good levels of natural light from the front and rear.

We recommend the units be completed to shell condition, with floor covering and decoration, etc, to be decided by the purchaser, as they will wish to put their own "stamp" on the premises. You have informed us that you are happy to proceed along this route, along with the possibility that further "bespoke" works could be undertaken by your contractors, should a purchaser be found in the earlier stages of construction.

TERMS TO BE OFFERED

We feel that as there are now firm plans available for potential purchasers to consider, it would be worthwhile commencing marketing immediately, on the basis that a purchaser can buy off-plan for a price which we would recommend is quoted for a finished product available now. At this stage, we would not recommend openly offering a discount for potential "early" purchasers, as anyone coming to the table at such an early stage is likely to look to negotiate off the sale price. We would also recommend that the asking price be reviewed should we get to a point close to the completion date of the scheme, as the market value of the premises may well be higher than when we first advised.

We would recommend that a term of 999 years be offered to any potential buyers, as this length of lease gives the tenant a virtual freehold purchase.

In looking at the direct comparables in the marketplace, and "strata" schemes currently on the market, we would recommend that a figure of £250-£300 per sq ft be quoted on the ground floor, with 60 - 75% of this level per sq ft on the lower ground floor, dependent on the levels of natural light.

MARKETING RECOMMENDATIONS

We believe it is essential to actively pursue all avenues for disposal, so it is therefore important to target both direct and agent-lead enquires.

We would recommend that a sales brochure be prepared, which should include a brief description of what is on offer, along with details on location, amenities etc to also include relevant floor plans and an artists impression of what the development will look like upon completion. I will confirm the costings for different styles of brochure under separate cover.

Details should be mailed out immediately to all (appropriate) applicants registered with this firm, and should be booked on both our company web site and the EG website advertising the availability of the space on-line. Additional on-line listings should also be reserved with the London Office Guide and Commercial Property Register.

We would also suggest a "for sale" board be affixed to the exterior of the property/site, confirming the size range of accommodation for sale.

We would also recommend undertaking a direct mail shot to selected target sectors of the market, as well as ensuring all occupiers in the immediate vicinity are mailed to confirm the availability of the property.

General advertising is not proving particularly effective for commercial premises at present; however, I recommend a series of lineage advertisements be reserved in the commercial property feature of the Evening Standard. This publication can at least boast a sizeable circulation and will therefore bring the availability of the premises to a wide range of the general public however; response figures during these difficult market conditions tend to be low.

Consideration should also be given to advertising in the Estates Gazette and/or Property Week, which are the principal property journals, ideally within an edition with an appropriate supplement or feature, concentrating on premises in this general area.

I set out below budget costings for the marketing I recommend you undertake immediately; I will confirm additional costs for more wide spread mailing and marketing under separate cover, should you wish to proceed with them:



Agent mailing via Estate Agents Clearing House (allowing for 3 circulations to 530 no. agents)	£225
Letting board (including removal)	£125
Applicant mailing (@ £1 per letter - max 50 no.)	£50
Evening Standard advertising	£250
Estates Gazette - quarter page black and white on a minimum of 2 occasions	£1,080
Direct mail shot (budget costing)	£750
On-line listings	<u>£250</u>
Total	£2,730

Please note that all the above figures are exclusive of VAT.

FEES

On the understanding that we are to be instructed as sole agents, we would propose a fee based on 1.25% of the agreed sale price of the units. In addition, we would suggest an incentive fee of a further 0.25% be applied should we be able to find successful purchasers who exchange contracts before 1st January 2006.

We would also look to you for a retainer fee of £1,000 per Quarter, to cover marketing efforts over the 12 month construction period, with 50% of any such monies paid being deductible from any fees generated from completed purchases.

We would also suggest a fee of 1.25% of the agreed sale price be applied in the event of a sale of the existing premises, should we find a purchaser at (or in excess of) your suggested sale price of £2.5 million.

All the above figures are exclusive of VAT and agreed marketing expenditure.



We would like to thank you for providing Gale Priggen and Co with the opportunity to report to you in respect of the above property and look forward to receiving your further instructions.

Yours sincerely

A handwritten signature in cursive script that reads 'Clarke Buxton'. The signature is written in black ink and is positioned to the right of the typed name.

CLARKE BUXTON

GALE PRIGGEN & CO

SURVEYORS, VALUERS & ESTATE AGENTS

Sardinia House 52 Lincoln's Inn Fields London WC2A 3LZ

Tel: 020-7404 5043 Fax: 020-7404 5808

E-mail: gpc@galepriggen.co.uk

Our Ref: CB/KO

22 November 2004

M Roe
CgMs Ltd
Morley House
26 Holborn Viaduct
London
EC1A 2AT

Dear Mr Roe

26-30 CUBITT STREET, LONDON WC1

I can confirm we have been instructed by Centenary Homes to market the above building. This letter provides an outline of the scope of the marketing, and the prospects of securing a commercial tenant, having regard to the conditions of the building and market.

MARKET OVERVIEW

It has been a bad few years for the Central London office market and although there has been some signs in Mid Town lately to suggest a recovery is on the way, it is still a fragile market, driven by lettings at low rents.

Rents in all areas in London have fallen over the past two years; the best West End and City rents around 25%, whilst in Mid Town some have fallen by more than a third.

Generally, availability of commercial space across London remains high, particularly in the Central and fringe areas of Mid Town and The City. For your information I attach a schedule of available accommodation within the general Mid Town and fringe areas which may be viewed as possible competition, which highlights some 2,440,000 sq.ft of currently available accommodation. We are also mindful that significant tracts of employment floor space is scheduled to come on stream in the Kings Cross area in the coming years.

It is a feature of the current market that in many instances prospective tenants are less location sensitive than historically has been the case, and are often driven



primarily by budget constraints, thereby judging premises for comparison purposes over a wide geographical area.

Against this background, we have recommended to Centenary Homes that it is therefore essential to present available space in its best possible light, and to ensure that it is priced competitively.

LOCATION

Unfortunately, Cubitt Street is not an acknowledged commercial address and is predominantly made up of residential accommodation, set back from the main commercial thoroughfares.

It is also somewhat remote from the principal underground and main line services of Kings Cross/St Pancras and is therefore not as readily accessible by such means of transport as employment sites in these locations.

These factors will unfortunately deter some prospective tenants from considering the premises, and further underline the need to offer economical and competitive terms in order to stand any chance of generating interest.

ACCOMMODATION

The accommodation is currently in a poor state of repair. Due to the layout of the building, we would have to find a specialist industrial operation that could make good use of the premises, ie an industrial/workshop user. Significant investment is required to bring the building up an appropriate standard for occupation.

TERMS

In light of the poor condition of the building and its unfavorable location, we are adopting a flexible approach to the marketing the building regarding lease length. At present in this uncertain economic climate, tenants prefer shorter length tenancies, to provide greater flexibility.

Having regard to direct comparables in the market, we are quoting a rental of £10 per sq ft for the property in its existing condition, with a view to looking at any "sensible" offers.



We feel that the building does not lend its self to being multi-tenanted, and are focusing on seeking a single tenant for the whole building, although again we are taking a flexible approach.

MARKETING

We are committed to actively pursuing all avenues for disposal, so it is important to target both direct and agent-led enquires. The following marketing means are being pursued:

- Mail outs all (appropriate) applicants registered with this firm;
- Logging details on our company web site;
- Logging details on the EGI web site;
- Advertising the availability of the space on-line with The London Office Guide and Commercial Property Register;
- A To Let board is fixed to the exterior of the property;
- A direct mail shot to selected targeted sectors of the market;
- Mail out to all tenants in the immediate vicinity to confirm the availability of the property and the quoting terms;

Although general advertising is not proving particularly effective for commercial premises at present, a series of lineage advertisements in the commercial properties feature of The Evening Standard will be undertaken. Advertisements will be targeted in both the office/studio and industrial categories.

We also propose to target advertisements in appropriate editions of Estates Gazette and/or Property Week.

SUMMARY

As noted above, commercial market conditions remain extremely testing across Central London. This property is disadvantaged by virtue of its layout, condition and location. In response we are committed to aggressively promoting the property, although in light of the unfavorable market conditions our professional view is that

securing interest from a commercial occupier and achieving disposal of the premises will be difficult.

I will provide an update of the marketing in due course.

Yours sincerely



CLARKE BUXTON

cc T. Dadds ✓

GALE PRIGGEN & CO

SURVEYORS, VALUERS & ESTATE AGENTS

Sardinia House 52 Lincoln's Inn Fields London WC2A 3LZ

Tel: 020-7404 5043 Fax: 020-7404 5808

E-mail: gpc@galepriggen.co.uk

Web: www.galepriggen.co.uk

Our Ref: CB/KO

Dictated: 21 October 2004

Tony Dodd
Centenary Homes Limited
Centenary Estate,
Jefferys Road,
Enfield EN3 7US

Dear Tony

26-30 CUBITT STREET, LONDON WC1

Further to our recent telephone conversations and subsequent exchange of emails, I herewith set out below a report on the above premises to confirm my thoughts as to marketing, rental values, etc.

I understand that when you purchased this property it was already vacant, the previous tenant having become insolvent, and that the building has sat empty for some considerable time.

I am therefore conscious that you are keen to secure a tenant, but in compiling this report have been mindful of the fact that market conditions remain testing and have therefore adopted a practical and realistic approach.

MARKET OVERVIEW

It has been a bad few years for the Central London office market and although there has been some signs in Mid Town lately to suggest a recovery is on the way, it is still a fragile market, driven by lettings at low rents.

Rents in all areas in London have fallen over the past two years; the best West End and City rents around 25%, whilst in Mid Town some have fallen by more than a third.

Generally, availability of commercial space across London remains high, particularly in the Central and fringe areas of Mid Town and The City. For your information I attach a schedule of available accommodation within the general Mid Town and fringe areas which may be viewed as possible competition. It is a feature of the current market that in many instances prospective tenants are less location sensitive

than historically has been the case, and are often driven primarily by budget constraints, thereby judging premises for comparison purposes over a wide geographical area.

Against this background, it is therefore essential to present available space in its best possible light, and to ensure that it is priced competitively.

LOCATION

Unfortunately, Cubitt Street is not an acknowledged commercial address and is predominantly made up of residential accommodation, set back from the main commercial thoroughfares.

It is also somewhat remote from the principal underground and main line services of Kings Cross/St Pancras and is therefore not readily accessible by such means of transport.

These factors will unfortunately deter some prospective tenants from considering the premises, and further underline the need to offer economical and competitive terms in order to stand any chance of generating interest.

ACCOMMODATION

As the building currently stands it provides a ground floor workshop/garage area, with ancillary stores, with 1st floor offices over. The building also benefits from a loading bay accessible from Cubitt Street, which divides the building into two sections at ground floor level.

Upon our inspection we found the gross floor areas to be as follows:

First floor		2,630 sq ft approx
Ground floor	Workshop	2,099 sq ft approx
	Ancillary stores/offices	687 sq ft approx
Total		5,406 sq ft approx

The accommodation is currently in a poor state of repair and would require significant works to enable you to maximise the rental income from the property. We feel that the premises are un-lettable in their present state; we face a difficult task attempting to find a tenant who would take on the responsibility for refurbishing the premises.

Due to the layout of the building, we would have to find a specialist industrial operation that could make good use of the premises, ie an industrial/workshop user. This would mean that you would not be maximising the building's rental potential. We would suggest, because of the style of the premises, and their location, that you should look to target the media/creative sector, and refurbish the premises in an appropriate style.

SUGGESTED WORKS

You are faced with a difficult decision.

Ideally we would suggest you go down the route of a full refurbishment, in order to present the space in it's best possible light; however, in an uncertain market, this is not an ideal scenario, as you would have to undertake works speculatively, at what we feel is likely to be significant cost.

A possible compromise may be to prepare an outline scheme of refurbishment, cost the works and then progress marketing - having cleared out the floors - on the basis that you would deal with agreed works on behalf of a potential tenant, once identified.

If works were to be undertaken speculatively, we would recommend the following:

General

Removal of previous tenant's fixtures and fittings from the whole of the building and stores.

1st floor offices

Strip out all existing partitioning and suspended ceilings to provide a clean, open plan shell, exposing the building's original features where possible. We would recommend a contemporary finish, ie white-washed brick work, wooden floors, exposed roof steels/lights, etc.

This would afford a bright studio style top floor, with a single private office/kitchen area, with private WC's.

Ground floor studio/workshop

Again we would recommend that this be completely stripped out, with a finish comparable to that of upstairs, ie white washed brickwork and up lighters. We suggest that you budget for provision of a wooden floor, but only undertake the work once interest has been secured since, dependent upon the tenant-type/user, they may require a different type of finish.

Ancillary rear offices/stores

We would suggest that the minimum of works be carried out to these areas, as we see these being very limited in their usability; we would anticipate some form of storage use being implemented.

Entrance/staircase/circulation areas

We would suggest a full overhaul of these areas be undertaken, ie replace the existing lighting, repaint and re-carpet throughout.

In addition would also recommend that a complete refurbishment of all WC's be undertaken in a style in-keeping with the remainder of the building; at ground floor level, you should consider splitting the existing provision to provide both male and female facilities, also checking the feasibility of having these accessed through the building rather than the yard.

You may also need to speak to a specialist consultant as regards D D A requirements, and establish what modifications you may need to make in order to comply.

TERMS TO BE OFFERED

As noted above, ideally these works should be done on spec; however, this would require considerable expenditure up front, whilst market conditions remain uncertain. Failing this, we would suggest marketing be implemented immediately offering the building in both its existing condition and on the basis that you will offer a full refurbishment to an agreed specification.

It will also be necessary to adopt a flexible approach as to lease length, as at present in this uncertain economic climate, tenants prefer shorter length tenancies, to provide greater flexibility; unfortunately, this does not sit comfortably with the anticipated

level of expenditure which may be required in order to bring the property up to an occupy able /marketable condition.

In looking at direct comparables in the market, we recommend a rental of £10 per sq ft be quoted if the property were to be offered in its existing condition, with a view to looking at any "sensible" offers. We suggest £17.50 per sq ft should be adopted on a fully refurbished basis, with a view to achieving in excess of £15 per sq ft.

We feel that the building does not lend its self to being multi-tenanted, and would therefore recommend we are instructed to seek a single tenant for the whole.

MARKETING RECOMMENDATIONS

I believe it is essential to actively pursue all avenues for disposal, so it is important to target both direct and agent-led enquires.

Details should be mailed out immediately to all (appropriate) applicants registered with this firm, and should also be logged on both our company web site and the EGI website, advertising the availability of the space on-line; additional on-line listings should also be reserved with The London Office Guide and Commercial Property Register.

I would also suggest a To Let board be affixed to the exterior of the property, confirming the accommodation on offer.

I recommend under-taking a direct mail shot to selected targeted sectors of the market, as well as ensuring that all tenants in the immediate vicinity are mailed to confirm the availability of the property and the quoting terms.

General advertising is not proving particularly effective for commercial premises at present, however, I recommend that a series of lineage advertisements be utilized in the commercial properties feature of The Evening Standard. This publication can at least boast a sizable circulation and will therefore bring the availability of the premises to a wide range of the general public; however, response figures during these difficult market conditions tend to be low.

Advertisements can be targeted in both the office/studio and industrial categories.

Consideration may be given to advertising in the Estates Gazette or Property Week, which are the principal property journals; however, I would recommend these be

included within an edition featuring an appropriate supplement or feature, concentrating on premises in this general area.

I set out below budget costings for the marketing I recommend you undertake immediately; I will confirm additional costs for more widespread mailing and marketing under separate cover, should you wish to proceed with them:

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Estates Gazette quarter page black and white	£540
Direct mail shot (budget costing)	£750
On-line listings	<u>£250</u>
	£2,190

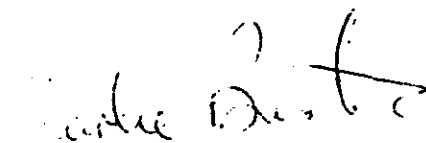
Please note that all the above figures are exclusive of VAT.

In conclusion, although you may view my comments above as being somewhat negative, I would reiterate that I consider it important to be realistic in your approach to marketing this building. I have recommended a not insubstantial marketing budget and set against this, the prospects for identifying a tenant - as well as the general levels of rental return suggested - are not favorable.

However, it is necessary to promote the property as widely as possible in order to stand any real chance of generating interest in what remain difficult times for the commercial property market.

We would like to thank you for providing Gale Priggen & Co with the opportunity to report to you in respect of the above property and look forward to receiving your further instructions.

Yours sincerely



CLARKE BUXTON