

30th December 2015

N Stefanou Esq
2a Camden Mews
London NW1

Dear Mr Stefanou

Re 9 Camden Mews

Thank you for arranging access for me to inspect the above property and allowing me to take some measurements.

I am the manager of the commercial department of Bruce Commercial, an Agency establish in Camden for nearly 40 years. We specialise in the letting and acquisition of offices and shops in the Camden area where we are based. In a personal capacity, I have been involved in Central London agency for over 30 years dealing with office properties. I am therefore well placed and experienced to give my opinion on this property.

LOCATION

The property is located on the north side of Camden Mews which runs parallel to Camden Road close to Rochester Square, a mainly residential location away from what would be considered the main office/business cores of Camden and other commercial users. The only notable commercial users in the Street are a Garage repair/service centre and an office/workshop.

Vehicular access to the Mews is from residential side streets and Camden Mews itself which is narrow and not suitable for larger delivery lorries

PROPERTY DESCRIPTION

The subject property comprises the ground floor of a 2 storey mews building which has in the past been used for B1 offices/workshops. The ground floor of the building extends to approximately 800 sq ft 74 sq m which wraps around the central staircase. On the right hand side is the main entrance door/lobby with a toilet located off it and on the left side an up and over single garage door. Linking these two areas is an open plan area with a kitchenette facility located directly off of it.

Director L. Sint

Internally, the premises have plain plastered walls and ceilings with surface mounted fluorescent lights, single glazed windows central heating and a tiled floor on a solid concrete base.

HISTORIC MARKETING

Bruce Commercial have acted for the owners of the property since 2006. Looking back through our records, I have noticed that each time the property has been marketed it has remained available for several months and that the terms eventually signed have been at rents that appear to be substantially below what might have been considered the comparable "market rent" and on relatively short term leases. During this time, the property was only let twice and on both occasions, there was an extensive marketing with numerous inspections being undertaken during which the property was empty. This suggests that despite decorative works being undertaken prior to marketing, that the property did not satisfy requirements in the market place.

THE CURRENT MARKET

Camden as a location for office has moved on with technology, media and telecoms companies creating a new hub in the area. These companies need highly specified offices with modern facilities including raised floors and air conditioning which are not easily incorporated into these offices. They also require access to high speed broadband. These would be requirements over and above those to improve the EPC rating.

CURRENT WORKS

The last tenant vacated the property at the end of a short lease as it did not provide suitable accommodation for their business. This was more than one year ago when it was also discovered that there was a subsidence issue which following protracted negotiations with the Insurers has now been resolved and building repair works completed.

ALTERNATIVE COMMERCIAL USES

The premises have also historically been used as a workshop although as mentioned above access can be difficult and there is limited opportunity for vans and lorries to stop for deliveries and collections. The ceiling height is also limited for workshop type users and the small size will also be a problem. The layout might also cause a problem with roughly 30/35% of the space being taken up by the entrance and doors either side of the central core.

EPC

I am not aware if an EPC has been undertaken but experience tells me that this unit will have a poor rating probably an E or maybe worse. From April 2018 properties with a EPC rating of E or lower (F&G) will need to be upgraded to a rating of better than an E to remain in use. The cost of this will either need to be borne by the landlord or tenant. It is unlikely that a tenant will enter into a long term commitment and take on the liability of these costs which will lead to a

short term lease probably on concessionary terms. Extensive works including windows, lighting, heating insulation and other aspects of this property would need to be changed or upgraded to comply with the new requirements which would also be costly and uneconomic against the rent they would command.

In real terms, the cost will fall on the landlord.

As we stand now 2 years before the change comes into effect, we are seeing Solicitors in particular flagging this potential liability to prospective tenants who will not want the disruption of undertaking works either now or ahead of the 2018 deadline.

PROPOSED LETTING

Without extensive works the property is un-lettable at anything other than concessionary terms equal to storage rates on short terms leases with limited repairing covenants.

SUMMARY

The property is located outside the central business core in a mainly residential area.

Camden Mews is a narrow Street not suitable for larger vehicles. Vehicular access is via residential streets and very difficult.

Extensive works will be required to bring the property up to a suitable EPC rating.

Further extensive and costly works will be required to create a modern working environment.

The layout of the property is not well suited to either office or workshop use.

Cost of upgrading works will fall on the owner. Without works being undertaken, a tenant will only take a short lease on concessionary terms.

Historically the property has been difficult to let with long voids and poor rents obtained.

The property is not well suited to use as a workshop.

Over 100,000 sq ft of office /Co-working office space will be coming available in Camden Lock between January & March 2016.

CONCLUSION

I am of the opinion that it will be very difficult to let these premises without substantial works which I do not believe are justified for the rent that will be achieved. In their existing condition on a nominal "storage" rent will be achievable on a short term lease with limited repairing obligations and simply delaying the inevitability of having to undertake major works. I also anticipate a long marketing period.

With the extension of PDR I am surprised that you have not considered converting the space into residential which would in my opinion be a more

suitable use for the building and the area and more viable with the works that are required.

I look forward to hearing from you how you would like to proceed.

Yours sincerely

A handwritten signature in black ink that reads "Neil Sint". The signature is written in a cursive style with a large, sweeping underline.

Neil Sint

Bruce Commercial

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