

A Report on the Marketing History
of
150 Clerkenwell Road / 2 Eyre Street Hill London EC1R 5ET

The following is a brief review of the marketing action taken in respect of 150 Clerkenwell Road (also known as 2 Eyre Street Hill) London EC1R 5ET since it was first put to the market in February 2016. This has been prepared for the Camden Planning Office for submission in association with a planning application for change of Use by Fordham University.

Contents

1. Market Overview
2. The Building
 - i. A short history
 - ii. Marketing History
 - iii. Spatial layout and issues
3. Landlord's Agent Commentary
4. Appendix
 - I. Marketing details Lambert Smith Hampton - dated Feb 2016
 - II. Marketing website entry link and copy (Lambert Smith Hampton) - Feb 2016
 - III. Landlord marketing materials
 - IV. CoStar Commercial Office Local Market Report

Website link for marketing details:

<http://www.lsh.co.uk/commercial-properties/leasehold/offices/150---152-clerkenwell-road%2c-london-ec1r-5eq-63869?currency=1>

1.0 Market Overview

A copy of the latest CoStar Clerkenwell Q4 2016 report is attached.

The main points highlighted are:

- i. The submarket is defined as compiling 419 buildings and 6.714m sq. ft
- ii. the current vacancy rate equates to 8.0%
- iii. the vacancy rate has increased year on year since 2014
- iv. the average asking rent in Clerkenwell equates to £57.29 per sq. ft.
- v. the average achieved rental in quarter 4 2016 was £54.13 per sq. ft
- vi. CoStar denotes a significant drop in demand in Clerkenwell over the last quarter of 2016.

2.0 150 Clerkenwell Road London EC1

i. A Short History

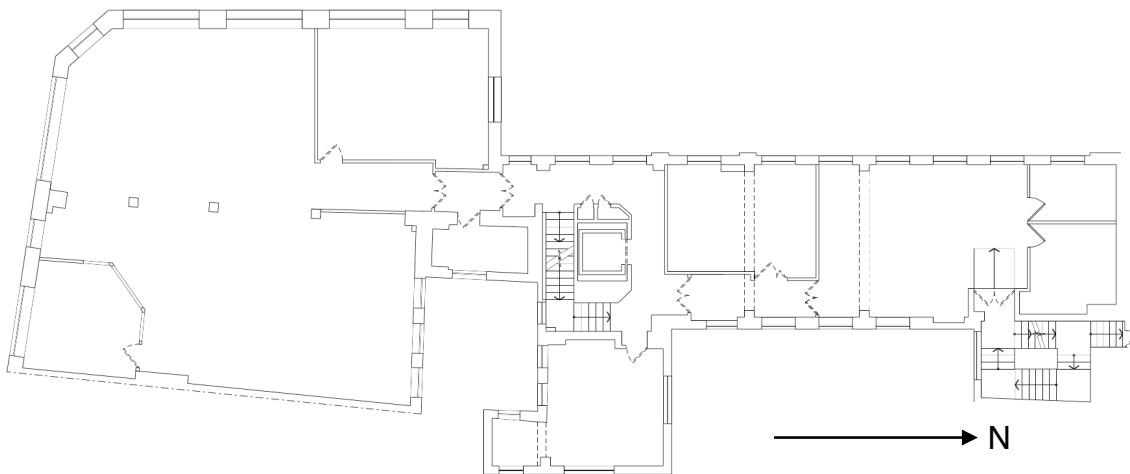
- 150 Clerkenwell Road was originally built as a warehouse / production building.
- We are unaware of the construction date (estimated to be 1846 - 1890) or the original occupier however we believe that the building was occupied by the Dunlop Rubber Company (source: <http://cybermotorcycle.com/euro/wikig/Dunlop-Rubber-Co.html>) in 1915 when they first designed Dunlop pneumatic tyres for motors and cycles.
- The building was later leased by Ben Shearman as their London headquarters as well as design, storage and wholesale facility.

ii. Marketing History

- The building was put to the market by the agents for Ben Shearman (Capa Uk and Lambert Smith Hampton) in January 2016.
- Details were prepared for circulation to agents and interested parties from February 2016 - copy attached in the following appendices
- Details were available on line - copy attached in the following appendices
- The erection of a "To Let" board was not instigated as this was against landlord policy
- We understand that the marketing campaign led to approximately thirty interested parties inspecting and commenting. None of these took matters further due to the layout of the offices (see plan below) and the condition of the building (please see landlord agent's note below - section 3.0).
- Ben Shearman went into receivership in June 2016 and the lease reverted back to the landlord who instructed their property advisers, Aston Rose, to continue with the process.
- Fordham first made an approach to lease the building in June 2016 and terms were agreed, subject to contract and planning permission in 14th December 2016
- The landlord was not happy to agree terms with a D1 User and it is only in the absence of willing office occupiers to lease the building that led to their eventual agreement to lease the building to Fordham University, subject to achieving the relevant planning consent.
- We consider it relevant to mention that the approx. 8,556 sq. ft of offices in 3-11 Eyre Street Hill London EC1 (ground, upper ground and 1st floors, located within 100m of the site) have been vacant and marketed by Messrs Richard Susskind and Co for over 12 months now at the rent of £49.50 per sq. ft exclusive.

iii. Spatial Layout and Issues

- An analysis of the reasoning that led to previous interested parties not having pursued the building beyond initial inspections shows that the internal structure, high ceilings in parts and basic specification and layout as too awkward for traditional office occupiers.
- the building is arranged around a central staircase and lift core that divides the building into three distinct sections, North, South and East (section below the lift on the plan below). Please see plan below:



- The arrangement of this floor plan has proven to be too disruptive to the open plan office model, utilised by most office occupiers, to be feasible.
- This layout, on the other hand, lends itself well to an education organisation such as Fordham University who has a requirement for high ceilinged open lecture areas of approx 1,000 sq. ft (in the front section), together with teaching and seminar rooms (in the rear section).
- In addition to the above the lack of an air circulation system is prohibitive to most modern office occupiers whereas the existing air cooling system (with some upgrading works) is very suitable for a teaching environment.
- The entrance being off Eyre Street Hill also lacked prominence for office occupiers whereas the university has no issues with this feature of the building.

3.0 Landlord's Agent (Aston Rose) Commentary (prepared by James Brown, Aston Rose)

Aston Rose were instructed to market 150 Clerkenwell Road from July 2016 when the then tenant, Ben Sherman, went into receivership. Timing was unfortunate due to the uncertainty caused by Brexit which caused the market to pause and many occupiers deferred decision making on relocation and, indeed, any number of transactions, some far advanced, stalled and in many cases failed altogether.

We were instructed to offer the building to the market either as a whole or on a floor by floor basis. We geared the marketing towards floor by floor lettings as finding a tenant for the whole was considered unlikely. Letting particulars were prepared deliberately without photography, and circulated to all City and West End Agents (copy attached) and the property was placed on the Aston Rose website. The owner did not want us to put up a "To Let" board.

Our instructions were to offer the space in its existing condition for a term of five years, possibly incorporating mutual break clauses, at a quoting rent of £35.00 per square foot on the ground and four upper floors and £15 per square foot on the basement. Given that the building was looking "tired" to say the least (and the reason for not having any pictures in our letting particulars) the landlord agreed to let us make it clear to potential tenants that they would fund any reasonable works such as the removal of existing partitioning, redecoration and re-carpeting by way of rent free period in addition to what was considered the market norm for tenant incentives at the time.

Largely due to the reasons mentioned earlier, interest in the building was minimal. We received a number of preliminary enquiries from agents acting on behalf of tenants but once the building's condition and the need to undertake works (as well as the extent of works) became clear, interest faded very quickly.

Tenants for units of the sizes we were offering are generally looking to move quickly and do not want to get involved with works beyond the normal fit out. In the period between the July and mid-September we had only one inspection with "tech" clients of Northam Clover who were looking for economic, short term space of 6,000 – 7,000 square feet, so two floors. Whilst the location and size suited them and they would have been prepared to undertake the works they could not make the fractured nature of the floor plate, which is essentially three wings, work for them particularly because they would have been over two floors. Furthermore, the slightly "anonymous" entrance in Eyre Street Hill did not help.

By this time we were discussing terms with Fordham University and as part of those discussions Fordham required that we take the building off the market which, in the circumstances, the owner was prepared to agree to.

4.0 Appendices

Please find below:

- I. Copy agency details Feb 2016 (Lambert Smith Hampton)
- II. Copy website insertion (Lambert Smith Hampton)
- III. Copy agency details July 2016 (Aston Rose)
- IV. CoStar Commercial Office Local Market Report

APPENDIX I - Property Marketing Details - February 2016

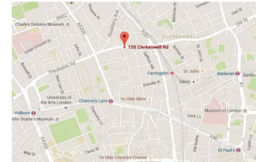


**Lambert
Smith
Hampton**
020 7198 2000
www.lsh.co.uk

To Let**Office Property****Self contained building in the heart of Clerkenwell****150 - 152 Clerkenwell Road, London, EC1**

- 17,314 Sq Ft (1,608 Sq M)
- Well located near to Farringdon Station
- High quality fitted out space
- Low passing rent of £27.75 per sq. ft

Lambert Smith Hampton
United Kingdom House, 180 Oxford Street, London W1D 1NN T +44 (0)20 7198 2000

150 - 152 Clerkenwell Road, London, EC1**Location**

150 - 152 Clerkenwell Road occupies a prominent position on the corner of Clerkenwell Road and Eyre Street Hill, opposite the northern end of the infamous Leather Lane.

Clerkenwell is one of London's fastest growing business destinations and is strategically positioned near to Farringdon and Chancery Lane Stations providing easy access to the West End and the financial districts of the City of London. The area is set to benefit further from Crossrail which is due to arrive in 2018.

Description

The property comprises an attractive self contained former warehouse building which has undergone refurbishment by the existing tenant.

The property benefits from the following specification:

- Fitted space
- Attractive reception area
- Suspended lighting and spot lighting
- Comfort cooling
- 6 person passenger lift
- Showers throughout
- Excellent natural light with 3 aspects
- Potential for a roof terrace (STPP)

Accommodation

The space available spreads over the lower ground to the 4th floor and provides a creative fitted out space with a mix of meeting rooms and open plan offices.

Accommodation	Sq. ft	Sq. m
Fourth Floor	1,098	102
Third Floor	2,928	272
Second Floor	2,928	272
First Floor	2,928	272
Ground Floor	3,901	362
Lower Ground	3,531	328
Total	17,314	1,608

VAT

All prices, premiums and rents etc. are quoted exclusive of VAT at the prevailing rate.

Legal Costs

Each party to be responsible for their own legal costs incurred in any transaction.

Terms

Assignment of the existing lease to expire October 2023 subject to a rent review in October 2018.

The lease is contracted outside the security of tenure and compensation provisions of the Landlord and Tenant Act 1954 Part II (as amended).

Passing Rent

£27.75 per sq. ft per annum

Business Rates

c. £11.78 per sq. ft per annum

Service Charge

Subject to the incoming tenants requirements.

Viewing and Further Information

Viewing strictly by prior appointment with the agent:

Toby Chapman
Lambert Smith Hampton
0207 198 2333
0751 5448 373
tchapman@lsh.co.uk

Mike Sheath
Capa
0207 224 7222
mike@capa.co.uk

David Earle
Lambert Smith Hampton
0207 198 2270
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dearle@lsh.co.uk

150 - 152 Clerkenwell Road, London, EC1**Accommodation**

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Entrance

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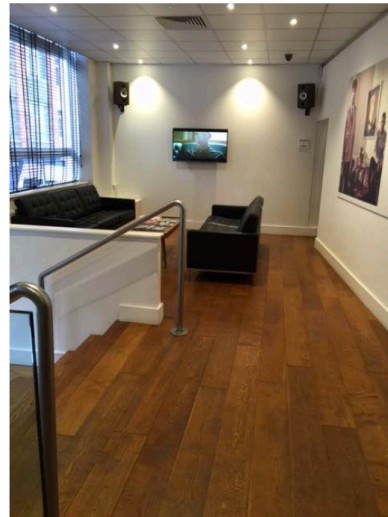
150 - 152 Clerkenwell Road, London, EC1**Reception**

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February 2016

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Smith
Hampton**
020 7198 2000
www.lsh.co.uk