

Our ref: BJO/jam
Your ref:

3 February 2011



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Dear Stuart

Freehold Disposal – 6 Berkeley Square, Bristol

It was a pleasure to meet you on Tuesday to discuss your current property issues and advise on potential disposal options.

As promised, I write to clarify some of the points we discussed and provide a copy of our terms of business for your consideration and signature.

Floor Areas

I have checked the net internal floor area for the building from two sources which quote it as being between 3600 - 3638 sqft. Needless to say I will measure the property when instructed but these figures should help to provide an estimate for quoting and achievable freehold and leasehold prices.

Marketing Strategy

I understand that you wish to sell the building with as little business interruption and negative PR as possible. I therefore recommend that consideration be given to selling the building with Alexander Chapel as tenant in part and if a prospective purchaser wishes to buy the building with vacant possession then you consider relocating.

Typically purchasers would like to see 5-10 year leases to help obtain bank finance, but given that you will only be leasing a small part of the building and that our target market will be mostly owner occupiers, I am of the opinion that a 5 year lease should be suitable.

In respect of marketing initiatives, I recommend the following:

Initiative	Description	Approximate Cost
Agency Board:	5*4 V-board (with business uninterrupted stated on the board).	£200
Brochure:	500 copies in-house design	£125
Mailshot:	BS1/BS8 occupiers/investors/agents	£250
Advertising:	Not applicable	
Web based adverting:	www.gva.co.uk / www.egpropertylink.co.uk / www.focusnet.co.uk / www.investwest.co.uk	Free
Energy Performance Certificate:		£400-500
Total Approximate Cost:		£1,075

We would hope to action all the initiatives within 2-3 weeks of instruction in anticipation of receiving interest within the first month of marketing. Interested parties would be dealt with on a case by case basis and in the event that we have more than one party wishing to make an offer we will invite best bids.

Please note that marketing costs above are quoted exclusive of VAT and will be charge in addition to our fees.

Quoting Prices

Freehold sale

We previously recommended that the building be offered for sale with a vacant possession at a guide price of £850,000 psf (£233 psf) with a view to seriously considering offers above £750,000 (£206 psf). I also understand that you received advice from a competitor recommending a quoting price of £950,000 (£261 psf) in anticipation of receiving offers from £840,000 upwards (£230 psf).

Focusing on comparable evidence for the building:

- We previously reported on 21 and 23 Richmond Hill achieving between £250-£299 psf. It is generally acknowledged by local agents that the sales were exceptional and that 23 Richmond Hill has the benefit of a restaurant use on the ground floor.
- The third floor suite at 25/26 Berkeley Square achieved £232 psf in July 2009. The property extended to 773 sqft and sold for a price of £180,000. Typically, smaller units command higher prices per square foot and long leasehold purchases of suites within period buildings are very rare.
- Few freehold transaction sales have been reported in Clifton since our report although 3,260 sqft with 6 parking spaces was recently sold at 2 Queen's Avenue, Clifton for £640,000 (£196 psf).

I am of the opinion that it would be difficult to quote above £250 psf (£909,500) without putting off prospective purchasers before they have viewed the property. This is for two reasons:

- The property is too large for many Clifton occupiers who typically employ between 10 and 30 staff
- Recent changes in the banking industry have made it difficult for purchasers, of commercial property to raise finance without a considerable deposit.

In addition some purchasers may wish to redecorate/refurbish parts of the property which may have an impact on offers received. I appreciate that the property is suitable for your occupation but a prospective purchaser may wish to carry out a comprehensive refurbishment which could cost from between £50,000 and £150,000 plus VAT.

In consideration of all of the above and in acknowledgement of your desire to achieve the best price for the property I can see scope to raising the quoting price to £900,000 on the understanding that offers above £750,000 should be given serious consideration.

Quoting Rents

I recommend that quoting rents be based on £15.00 psf for the offices on the ground, first and second floors, £12.50 psf for the third floor and £10 psf for the basement (inclusive of parking).

In the event that leases are agreed on a room by room/all inclusive basis, the same base quoting rents should apply with additions being made for business rates and service charge (building maintenance and repair). The combined cost of these items should be between £25-30 psf. In addition parking should be quoted in addition to all inclusive rents at a cost of £1,500 per space per annum.

Please note that you may have to agree to redecorate/re-carpet some rooms prior to occupation and this should be dealt with on a case by case basis.

Fees

I confirm that our fees for a freehold sale would be based on 1% of the sale price plus VAT/agreed marketing costs. In the event that we need to agree lettings to prospective occupiers before the sale our fees would be based on 10% of the annual rent (ignoring incentives)

I enclose our two copies of our terms of engagement for your consideration and if acceptable, please sign both copies and return one for our files.

I trust the above meets with your approval and needless to say I am keen to win this instruction. Please do not hesitate to contact me should you wish to discuss the contents of this letter in more detail.

I look forward to hearing from you.

Kind Regards

Yours sincerely



Ben O'Connor MRICS

Associate

National Markets – Offices

For and on behalf of GVA Grimley Ltd

Enc.