

A short response to the RPM report of 6th August 1991.

Although the report might appear very convincing on first reading, on closer inspection it reveals serious contradictions and inaccurate information. I list below some of the more obvious defects.

Page 2.

Para 1. Mark Segal family trust would be 'vendor' of 69 year lease. Triangle is the 'lessor' and has 21 year lease remaining below them and they retain R Susskind & Co. (Estate Agents).

Para 2. 'disbenefit'? 2012 is 21 years ahead.

Para 3. No approach made to ascertain true position. Our enquiries triggered an immediate offer of assignment/release of Triangle from their lease and new lease for any period required from the owners of the 69 year leasehold, and possible cash benefit from Triangle for their release. At this stage both 2nd and 3rd floor prospective tenants could have been delayed by a 'flicker' of interest by the BFI.

At the time of writing (24th Aug) the 3rd floor has not yet been signed.

Para 5. No planning permissions are required by LFMC/LVA as permitted use is already B1(c) similar to our current building. This has been checked through Camden Planning Dept. Further the ownership chain is no more complex than for Dunn & Co. and does not rely 'very heavily on the influence of third parties'.

Page 3.

Para 2. 'sinking fund allocation'. A loan of £1,000,000 costs about £130,000 pa over 15 years after that one would have 54 years remaining free of charge. Peppercorn rent of approx £25 pa is also chargeable. Dunn & Co option will cost on current unconfirmed figures about £130,000 pa in rent, increasing to £156,000pa after 5 years and unknown thereafter. Saffron Hill would certainly be an 'owner/occupier proposition', even with no 'sell on' value.

Para 3. 'reliant' on forces beyond your control'. Which ones in particular.

Para 4. 'after refurbishment' the building was refurbished only 2 years ago at a cost of £0.5 million.

Para 6. 'willingness to sell might be dampened' patently wrong in the light of current offer.

Page 4.

Para 1. 'uncertain investment' compare with bottom line 'ripe for strong future growth'. Therefore purchase would be good investment.

Para 3. 'greatly inferior negotiating position' Triangle's offer on enquiry disproved this.

Page 5.

Para 1. 29/31 Saffron Hill is outside lines of land acquisitions, wayleaves/easements and away from any construction areas for Channel

Tunnel/Faringdon proposals.

Para 2. Building is in 'good and substantial repair'.

Para 3. 'capital budget requirement of around £200,000 to £250,000'. RPM advised that the Half Moon Theatre project would only cost £180,000 approx. for complete refurb. Our estimate of £100,000 is already generous.

Page 6.

Para 1. 'Capital and Interest' amortisation over 3 years. These figures should be added to the Dunn & Co project as there will be at least this amount of shortfall in the refurb costs for that site. Our costs for partitioning etc could possibly be financed by part of £150,000 capital allocated to the whole project.

Para 2. Rates. Camden Rating Office advise that Dunn & Co rates will be in the range of £6 to £7 psf. similar to Saffron Hill, not £4 as RPM suggest.

Page 7.

Para 3. 'natural light' the whole 1st floor of Dunn & Co has poor natural light, even for our office space and bar/exhibition area. A fair portion of our operations require no light at all, an ideal situation in the Saffron Hill basement.

Para 5. 'Camden delay' This will really affect the Dunn & Co project with its complicated mix of usage. Application to date is only for B1 usage (last week), will take 8-12 weeks minimum and then further application for B1(c) and D2(a) for public cinema and A1 for retail and A3 for caterers. Saffron Hill has B1(c) which we require and no changes for our viewing facilities. Dunn & Co is B8 now and Camden policy, 'Written Statement', is to retain existing usage where possible. (Witness all the rejections listed in their planning dept.).

Page 8.

Para 1. Full access before '4 months' would not be a problem, particularly as rent would be coming in from areas already let while we would be setting up. This is beneficial also for MDA which has not yet been set up, and will allow them to grow slowly. Even with the 3rd floor let we would still have enough space and an income of £30,000pa from the two lets.

Para 2. Scandalous to mention J-S Large in a report. The Building Committee figures were an average from 4 sources of advice and given the type of refurb necessary at the Dunn & Co site we maintain they give as accurate a figure as possible without specific information.

Para 3. LVA would not need to re-locate twice. Time-scale of Dunn & Co occupation will be a minimum of 12 months, unless double shift is operated.

Para 4. Legal fees involved on £100,000pa rental/lease are £6,500 approx. (Advice from Estate Agent's solicitors)

M.J.Lugg.  
24/8/91.