



SEPTEMBER 2017



BDBC Ref: 16/01315/FUL

Appeal Ref: APP/H1705/W/17/3169774

The Old House At Home Tylney Lane Newnham Hook Hampshire

Change of Use A4 Public House to C3 Residential Dwellinghouse

ANTHONY MILLER SUBMISSIONS ON VIABILITY REGARDING THE OLD HOUSE AT HOME (OHAI)

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Comments on Mr Parsons Addendum Report dated October 2016

By A.J.Miller

1. Rating Assessments of the Old House at Home and the local competition.

At the outset, it is worth setting out how the Valuation Officer (VO) calculates the assessment of a public house for rating purposes. The valuation is based upon the actual turnover figures that each licensee is required to disclose on a Form of Return. This form also includes a summary of the tenancy/lease terms including the passing rent and dates of any reviews. The turnover figures are provided for the three years leading up to the antecedent valuation date which for the 2010 Valuation List was 1st April 2008. The turnover net of VAT will be shown broken down for the three years separately into net sales of liquor, food, rooms and other.

Rateable Value is defined as “the rent at which it is estimated the hereditament might reasonably be expected to let from year to year if the tenant undertook to pay all usual tenant’s rates and taxes and to bear the cost of repairs and insurance and the other expenses if any necessary to maintain the hereditament in a state to command the rent”.

In the case of a public house the turnover adopted to calculate the rent is that which can be achieved for the pub in the hands of the average hypothetical tenant. In other words one is required to ignore a pub that is either overtrading because of an excellent tenant and conversely to make adjustments to the actual turnover to ignore the trade of an underperforming tenant.

The rating assessment would have been calculated by the VO taking the actual trade and deciding whether the turnover was the Fair Maintainable Turnover (FMT) that could be achieved by an average hypothetical tenant operating the pub. The FMT adopted might not be based on the actual figures although normally it is. To each level of income stream-liquor, food, rooms, other- a percentage is applied to the FMT and the sum of the resultant calculation added together will arrive at the Rateable Value. It is this figure that would have appeared in the Valuation List at 1st April 2010 and again at 1st April 2017.

In the case of the Old House at Home the initial entry in the Valuation List at 1st April 2010 was for an assessment of £42,000RV. The licensee appealed this figure and as a result of the disclosure of further information the assessment was reduced to £29,750RV. The important point to note is that the reduced assessment that was agreed **must** have been based on actual turnover information available at that time.

Mr Parsons dismisses my analytical approach of the rating assessment of this pub and the comparables as being too remote to the current situation in 2016.

What we now have is a new Rating Revaluation due to take effect from 1st April 2017. The VO has once more obtained details of the turnover of all public houses for the three years leading up to the antecedent valuation date of 1st April 2015. So the new assessments based on current turnover figures and set out **on Appendix 1** show what the Rateable Values will be from 1st April 2017.

It is relevant to point out that the Valuation Officer is an independent body whose valuers are suitably qualified to prepare the valuations for the Valuation List.

Firstly, seven years on from the last Revaluation, all 8 pubs remain as pubs and with the exception of the Old House at Home, they remain open and trading even though nationally some twenty pubs are reported to be closing each week.

Secondly, it is clear that all 8 pubs remain viable.

Thirdly, the total RV for all 8 pubs has increased from £202,250RV in 2010 to £256,800RV in 2017 which suggests that the rental values overall are increasing in this locality despite the national statistics that suggest pubs are struggling through competition from supermarkets, the smoking ban, and drink drive etc.

Fourthly in three cases an alteration/refurbishment has been carried out to the property by the owner which is reflected in the new figures. Only two pubs show a small reduction in their assessment. These improvements demonstrate that the owners of these pubs are confident that they will see a return on their investment from the alterations.

Fifthly the assessment on the Old House at Home has been increased to £33,100RV based on the historical trading figures available to the VO acting as an entirely independent body.

Mr Parsons in his preamble says that he would comment upon Bruton Knowles Report. I can find only three passing reference to Mr Spencer's Report. He says at 5.1: Mr Spencer concludes "the Old House at Home is not financially viable". And at 8.2 "where Mr Spencer is stated to have said he is not confident with my approach to the Viability Study". Thirdly at 6.3 where Mr Parsons states "that Rateable Value has no relevance to this case, and this is indeed confirmed by the Expert appointed by the Local Planning Authority". Interesting observations when in his Report Mr Spencer ACTUALLY says at 3.4 "I understand that a Viability Report has been prepared on behalf of the Parish Council although I have not had sight of such a report." I have to ask **where does Mr Parsons get this information from?** OR is there another report? OR has Mr Parsons been discussing this case with Mr Spencer? Or what?

2. Trading Accounts.

I have not been provided with copies of the previous tenant's trading accounts. However I have been provided with historical turnover figures for the years 2008 at £419,667 and 2009 £367,963 and £259,784 for 2010/11 which I understand was a part year after the pub had been closed for 8 months following a fire. The full accounts have so far not been found.

I stop here to mention the fire which at no point is referred to in Mr Parsons papers. Important as this may well have made a significant contributed to the tenant's financial position.

This trading and rental information had been made available to me and was indeed included in my own Viability Study and is now confirmed in an affidavit by Peter Lumley **at Appendix 2.**

Mr Parsons suggests that the trading accounts have for some reason been withheld 1.7.6 , 1.9.1. This is simply not accurate. He himself will know how difficult it is to obtain full trading accounts from a tenant, particularly one who is no longer in occupation of the pub. In fact his own firm normally only disclose turnover figures when marketing a property to let or for sale as this is really the financial information that an incoming tenant/owner requires.

I do not wish to go through Mr Parsons Report line by line but I have some comments to make about the general content of his Report:

- 3. The Working Business Plan.** This is in course of development and will continue to evolve. The Clerk to Newnham PC will expand more on this.
- 4. The Concept.** This is to create a real ale community pub for the area serving good pub grub from a printed menu and a daily specials board in much the same way as the last tenants.
- 5. Alterations to the pub.** These will be carried out to join the two trading areas together by a link building, to build new Male and Female toilets together, and to enlarge the trade kitchen to incorporate the fridges and Freezers which are current under cover outside the main building. What has to be considered is whether the site can be developed in such a way as to provide a viable business based on a knowledge of the trading

history. The pub has certainly operated successfully in the past as the turnover details show. I believe it can in the future.

6. **The Petition.** There are over 1200 signatures to this petition. These have been supplied by local residents, and past customers and it clearly indicates the pub's popularity in the area which can be understood when looking at the trading history when the pub's annual turnover was c£400,000. Local licensees have also offered their support.
7. **The business Model failed** (Page 7 1.V) I do not think this indicates the business is unviable given the actual turnover achieved in previous years and the level of rent paid. The RV indicates the pub was a success, the level of support from the petition also supports this. I would suggest there maybe matters totally unrelated to the pub business which caused it to fail: such as the fire. Add to that the GRS advertisement, issued prior to the sale to Red Oak Taverns, when that Company were seeking a tenant and which says " This is a unique opportunity to acquire this well established quality food venue in this much sought out area between Hook and Basingstoke..... And there is a good size car park". And at an asking rent of c£30,000. Hardly an unviable situation I suggest.(Appendix 4)
8. **The tenancy of the pub.** This would be for a 5 or 10 year term on a full repairing and insuring basis free of tie for which a rent would be paid to the Parish Council. The tenant would be left to run his business in his own way but the Parish Council would encourage him to be involved with village activities as much as possible and hopefully provide a village shop.
9. **Red Oak Taverns.** The Parish Council have in the past made a number of approaches to the Company to meet with them to discuss the future of the property. Mr Parsons suggests at page 6" the Company have received no approaches with regard to the closure or future other than from the Parish Council". The Company say they regard the pub as unviable and their goal is to optimize the capital they can make by getting a change of use to convert the pub into a house and build another house on the car park. Mr Parson's at 2.2 states "Red Oak Taverns are of the view the Old House at home does not have a future as an economically viable public house". A very different story from 7 above when GRS described this as a unique opportunity. Why the sudden change of mind? And I wonder if Mr Parsons agrees with Red Oak Taverns having now been given confirmation of the actual turnover figures?
10. **Public Works Loan Board.** (PWLb) At 5.3.1 Mr Parsons confirms he used a figure of £380,000 in his viability assessment "in an effort to avoid the contention that the viability assessment only failed because a capital value had been included which reflected alternative use value". Instead of adopting his own approach of a mortgage, what would have been his answer if the Parish Council were to acquire the pub under a PWLB, and then let the premises to a tenant on a rent that covers the interest payment on the loan? An approach that has been favourably received by the PWL Board. Would the pub then be deemed viable?
11. **Refurbishment and Alteration** 12.1 Why will the business be unviable? It is proposed to alter the layout to improve the property to enable the projections to be achieved. It is important to consider how the business can be secured through a minor alteration to the layout. The projections are well within the historical turnovers already achieved for this site.
12. **My position of independence.** I take grave exception to the suggestion by Mr Parsons that I am not acting in a truly independent manner- see 8.1 and 13.2.1. I have signed the professional declaration to my Report. In reaching my conclusions I have endeavoured to demonstrate why I believe this pub is viable by reference to

the actual historical turnover details, the Rating evidence, a Business Plan that is sustainable, evidence from GRS letting details, the PWLB approach to acquiring a pub and my knowledge of the pub industry over more than 50 years. It is clear that Red Oak Taverns now regard this opportunity as a property play and their conclusions have nothing whatever to do with the viability of the pub. This is made clear in Mr Parsons two reports and in a meeting attended by Mr Pinder with Red Oak Taverns **Appendix 3**. I wonder to what extent the Company may have influenced Mr Parsons thinking?

13. I now deal with my work for Pub is the Hub (PITH). I have already set out my involvement with PITH at 1.1.2 in my counter representations. As an adviser I try to help communities with advice on how to approach the purchase of a pub, and most importantly to establish why the pub is for sale, if it has failed, why, is there something that can be done to improve the business simply through a change of direction through diversification, or a change of licensee, or with a capital investment, or as happens sometimes to advise that the site is simply no longer viable as a pub. I have other professionals with trade experience I can turn to, to advise on tenancy selection. I also sit on the "More than a Pub Board" where £3.6m has been set aside to help communities to buy their pubs. This an organisation set up by the DCLG, with support from Plunkett and the Power to Change.

14. Community Pubs 2.2. I believe there are now more than 40 pubs owned and operated by communities. To date I am not aware that any have so far failed. The degree of future support that a community pub can have once it is owned by the community can vary. In the case of the White Swan where I am an investor, we have a Pub Company that operates the pub on a day to day basis with a manager in situ. This model happens to suit us. In other cases there is trade support provided by experienced personnel from the industry on an ad hoc basis. And in other cases representatives from the investors can run the pub themselves with a manager.

15. Overview. Mr Parsons concluding paragraph:

3.1 Trading information now provided. I do not consider my approach to be flawed.

3.2 An evolving Business Plan.

3.3 See 5 above.

3.4 A flawed answer. The business was successful, it was the tenant that failed not the business.

3.5 True but until the Parish Council know where they stand they cannot go any further than they have.

3.6 Unclear what is suggested here.

3.7 The shop will be included in the tenancy of the pub.

3.8 The Parish Council has made themselves as knowledgeable as possible about the industry to enable the preparation of the Business Plan. Surely this is a plus.

3.9 A wrong assumption.

3.10 Another wrong assumption.

3.11 The Plan is a work in progress.

16. Viability. Viability can mean different things in different circumstances. Here if the site had a residential consent and a value of say £750,000 and the question was asked would it be viable from the freeholder's point of view to continue to trade the site as a pub the answer is clearly no. That is because the site value as a pub is significantly lower. However it is important to remember that this does not mean that the pub itself is not a viable business. It just means commercially that it is in the freeholder's interest to maximise the value of the site.

The BBPA have produced a paper giving operators some guidance on the likely running costs of operating a tied pub. At **Appendix 5** I have used their example of a Rural Character Pub trading with a weekly turnover of £5000 (£260,000 per annum). By coincidence, this is the same level of turnover Mr Parsons adopted in his Viability Report. It is important to recognise at the outset that the costs mentioned in the BBPA document are an average of all the pubs reported. I recognise that each pub is unique so that costs and turnover may vary from pub to pub, nevertheless the BBPA exercise can be taken as a useful guide to operators for a tied pub trading at a turnover of £5000 a week. Importantly the example shows a profit of £861 so that in the example, the pub is viable even trading as a tied house as the business is shown to cover its running costs. The profit would be considerably higher were the pub to trade free of tie as the Gross Profit margins would be greater-see **Appendix 5**.

Thus if the Gross Profit margin was increased to 64% the trading profit would increase from £45,000 to £63,000. If an allowance is then made for the tenant's wages of £25,000 it would adjust the net profit back to £38,000 as shown in the Business Plan at year 1.

In Mr Parsons initial Viability Report dated March 2016 at page 21 he sets out his approach to Viability at 5.2.2.6. Based on the same turnover as the BBPA Report for Rural Character pubs trading at £5000 per week, Mr Parsons arrives at a profit before finance costs of £22,000 against my own figure of £38,000. At this point Mr Parsons presumably concedes that the pub is viable.

However Mr Parsons then continues to try and prove non-viability by assuming that the only purchaser for the pub is an individual who would need to take out a mortgage based on a total acquisition cost of £380,000. This figure is made up of a notional figure of £350,000 for the pub, plus £20,000 for fit out and repairs and £10,000 for stock and working capital. My initial reaction is to say that the cost of the pub would be lower if valued as a pub given that the business has been closed for over two years.

By assuming an individual is the only possible buyer he has discounted any other possible buyers such as the Parish Council or even a group of wealthy individuals wishing to take advantage of the tax breaks available under the Enterprise Investment Scheme (EIS), or a share offer for the village to buy the pub. Following acquisition the pub would then be operated under a tenancy arrangement or under a manager with the Enterprise Investment Scheme.

The purchase of pubs by Community Groups is now being actively supported by Government under the "More than a Pub Programme". A sum of £3.6m has been set aside to help communities to fund the purchase of their local and so help to retain and improve services to their local communities.

Here the Parish Council have expressed an interest in purchasing the Old House at Home and have pursued a possible purchase through a Loan from the Public Works Loan Board. Their initial approaches to the Board has been favourably received but the Council can go no further until they know the pub is on the market. It is worth mentioning that as part of their research for a Loan, the Parish Clerk has visited the Dolphin public house at Bishampton Nr Pershore where the local Parish Council acquired the Dolphin under a Loan from the Public Works Loan Board. Discussions have also taken place with the tenant of the pub which is held on a Free of Tie Lease, and also with the Clerk to the Bishampton Parish Council. Both parties at Bishampton have confirmed that the arrangement works well. It is considered that a similar arrangement would work well for the Old House at Home and importantly would retain a much needed local service.

I attach at **Appendix 6** copy of details of The Rainbow Inn which is currently being marketed by Christies. The pub is in a similar village location, with a turnover of c£250,000. It is held on a Free of Tie lease and has a rateable value of £31,750 and an annual rent of £50,000. A premium is being asked for the lease of £99,950. This is clearly a viable business and has many similarities to the Old House at Home in terms of turnover, lease arrangement, rent and rateable value and supports my argument that the Old House at Home can once again be traded as a viable business.

- 17.** In conclusion I have not wished to trawl through Mr Parsons Report line by line. I am satisfied that the Parish Council have made themselves as knowledgeable as possible about the pub industry having looked at as many studies as they can to see what is involved in running a pub. They have approached the authorities about a Public Works Loan and are satisfied that this is a route which would work for them in the event that they are able to purchase the pub. Whilst there is an ACV in place the pub has not so far been placed onto the market.
- 18.** I believe the Old House at Home is and can be made viable once more. The evidence suggests that Red Oak Taverns are only interested in maximising the value of the site from a residential development, Simply for commercial reasons, they have chosen to ignore whether or not the pub is viable. The previous owners letting details confirm viability. I have obtained historical turnover figures, analysed the rating history of pubs in the area, inspected as a customer the local competition, examined the Parish Council's Draft Business Plan, and used my 50 years experience in the pub industry to satisfy myself that the pub once altered and refurbished is viable.

A.J.Miller

21st December 2016.

APPENDIX 1.

APPENDIX 1

Schedule of Evidence

PROPERTY	post code	Rateable Value		Est. FMT as at 1.4.2010	Lease details as at 1999		
		1.4.2017	1.4.2010		Lease terms	Rent 1998	FMT barrels
Old House at Home	RG27 9AH	£33,100	£29,750	£350,000	U 10	£25,954	210
Kings Arms, Whitchurch	RG28 7AB	£27,800	£10,000	£120,000	U 10	£11,000	125
Greyhound, Overton	RG25 3HS	£13,900	£8,800	£102,500	U 10	£16,249	200
Coach & Horses, Rotherwick	RG27 9BG	£26,800	£11,000	£130,000			
Falcon, Rotherwick	RG27 9BL	£34,000	£35,000	£410,000			
Hogget, Hook	RG27 9JJ	£60,500	£47,500	£525,000			
Y Knot Inn, Water End Park	RG24 7BB	£7,700	£8,700	£102,500			
Old White Hart, Hook	RG27 9DJ	£53,000	£51,500	£570,000			
TOTAL		£256,800	£202,250				

KEY: U 10 is an Ushers 10 year tied lease.

Brain
Chase
Coles
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Mrs J James
Lyde Mill House
Newnham Lane
Newnham
Hampshire
RG27 9AQ

Our ref: JC/Newnham/BJ

19 December 2016

Dear June

Re: Statutory Declaration for Peter Lumley

I enclose the following:-

1. Original Statutory Declaration.
2. Our Invoice.

I confirm that payment of our invoice can be made either by debit card or alternatively by transfer to our bank details of which are enclosed. Please quote reference: JC

If I can assist further in this matter please do not hesitate to contact me.

Kind regards,

Yours sincerely



J M Coles
Brain Chase Coles
jcoles@brainchasecoles.co.uk
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Encs

Partners: Nicholas Huxley Chase
Jonathan Coles (Family Solicitor)
Euan Martin
Paula Huxley (Family Mediator)

* Resolution Accredited Specialist in Family Law

Solicitors: Sarah Parker (Family Mediator)
Gay Watson (HR)
Sarah Parker (HR)

Consultant: Margaret Stevenson

Licensed Conveyancer: Lisa Rigby (SCLD)

Conveyancing Executive: Jo Francis

STATUTORY DECLARATION

I **PETER LUMLEY** of Lyde Mill House, Newnham Lane, Newnham, Hampshire, RG27 9AQ do **SOLEMNLY AND SINCERELY DECLARE** as follows:-

1. I make this Statutory Declaration at the request of Newnham Parish Council in connection with the premises known as The Old House At Home Pub, Newnham Green, RG27 9AH.
2. I confirm that in the latter part of 2014 I was handed by Oliver Williams the then Landlord of The Old House at Home accounts for the pub business covering the period from 2007 to 2010.
3. I reviewed those accounts in connection with the possibility of my own company taking over The Old House at Home. Subsequently having reviewed the accounts I handed the copies of the accounts that I held to Clive Pinder a member of Newnham Parish Council. I understand that subsequent to my handing the accounts to Clive Pinder they have been lost.
4. I can recall however from information I retained at the time the following:-
 - a) The turnover for the business for the period 2007 to 2008 was £479,667.00.
 - b) The turnover for the business for 2008 to 2009 was £367,963.00.
 - c) The turnover for the business for 2009 to 2010 was £259,784. The turnover was seriously affected in that year due to a serious fire at the property at the end of July 2009.
 - d) The accounts also confirmed that the rent being paid for the property was at that time £33,000.00.



AND I make this Statutory Declaration conscientiously believing the same to be true by virtue of the Statutory Declarations Act 1835.

DECLARED by the above named)
Deponent at)

BRAIN CHASE COLES
SOLICITORS

HAYESMARKET HOUSE, 20-24 WOTTE ST
BRIMSTONE, HANTS RG21 7HL

in the County of)

this 15th day of December)
2016)

Peter 2-2-

Before me,

Solicitor

Jonathan Mark Cole

1 message

Newnham Clerk <newnham.clerk@btinternet.com>
To: Anthony Miller <millanthony@googlemail.com>

15 November 2016 at 19:13

Hi Anthony

The only meeting with Red Oak was after the change of use application had been put in to BDBC. There had been repeated attempts before then by Clive (via Dan O'Regan) to get a meet but not successful.

The meeting was with Clive (then PC chair) and Dan O'Regan (not PC)

This was Clive's take on the meeting... plus the email to you which included figures - I'm guessing he intended £ not \$

This is the only time I've heard of Red Oak being prepared to negotiate with us - but I'm guessing at this point they had no doubt that they would get change of use.

Sue

Begin forwarded message:

From: Clive Pinder <clive@clivepinder.co.uk>

Date: 3 May 2016 17:19:30 GMT+01:00

To: 'Peter Lumley' <peter.lumley@lumleys.net>, June James <junejames.ontheedge@virgin.net>, "Wilson, Richard & Bethany (richoption@gmail.com)" <richoption@gmail.com>, "Paul Gaskell (paul.gaskell.007@btinternet.com)" <paul.gaskell.007@btinternet.com>, Christopher Bingham <cc_bingham@yahoo.co.uk>

Cc: "doregan@uk.ey.com" <doregan@uk.ey.com>, Newnham Clerk <newnham.clerk@btinternet.com>, 'Cllr Sven Godesen' <Cllr.Sven.Godesen@basingstoke.gov.uk>

Subject: FW: Old House at Home Campaign

Our meeting today was productive in that we now have a very clear idea of Red Oak's intentions, and what we have to do to keep the OHAH alive.

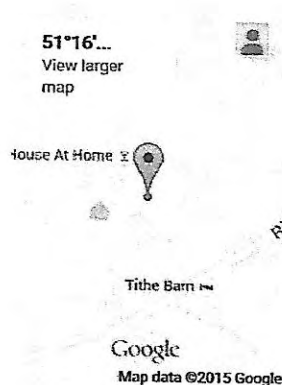
Headlines below – in the meantime Dan and I would like to have a meeting at 6pm on Friday or 11am on Saturday with all those on this email. There will be a time to involve others, but for now we need to balance the 'many hands' with the 'too many cooks' maxim. Can you let us know which one suits best – Peter you may still be away.

Headlines:

- It is clear that Red Oak have NO intention of running OHAH as a pub. They claim it is unviable.
- Their clear goal is to optimize the capital they can make by getting a change of use and then most likely refurbish the pub as a home and build another home on the car park
- If they don't get a change of use, they will negotiate with 'us' to buy the pub.
- In the meantime, they will not board up the pub.

Please let us know which time works best....the meeting will be for 45 minutes only.

> PUBS > OLD HOUSE AT HOME



Old House At Home

Address

Tyne Lane, Newnham Green, Basingstoke, RG27 9AH

Availability

Available

EMAIL OPS MANAGER

OPS MANAGER DETAILS

APPLY NOW

This is an unique opportunity to acquire this well established quality food (average spend inclusive of lunch time trade £35+ per head) venue in this much sought out area between Hook and Basingstoke.

The Old House is located in the small village of Newnham Green with easy access to mainline railway and the M3.

The House is in very good condition and has been well looked after. The outside has a seating area with chairs and tables for approx. 20 people. There is a good size car park which can park 20 + cars.

The living accommodation consists of 3 good sized rooms (double bedroom) and a bathroom. There is gas central heating throughout the building.

The trading area/ Kitchen prep. Consists of a covered back yard with walk in refrigeration as well as other auxiliary equipment. you have access from the yard to a Prep room as well as the main kitchen. The prep room and the kitchen are also internally connected. The Kitchen is a full equipped trade kitchen. Between the kitchen and the restaurant is a still room with crockery/cutlery storage and coffee machines etc.

Although a traditional style pub the bar area is used as restaurant with only a small area used as the bar. The restaurant area is spread across two rooms, the first one being the original bars with all the tradition beams an open fires the second area which leads of the bar is the old stables which have been very tastefully converted. This part can be separated from the main area and used for private functions and has its own access to the outside areas.

The house is on offer either on a short or substantial free of tie agreement circa £30000rent per annum.

APPENDIX 5.

BBPA Rural Character Pub

Trading at £5000 turnover per week net of VAT

	TIED PUB		FREE OF TIE	
	£ week	£ PA	£ PA	
Total Drinks Sales	2818	146536	146536	
Total Food Sales	2070	107640	107640	
Total Sales	4888	254176	254176	
Cost of Drinks	1327	69004	51288	
Cost of Food	787	40924	40365	
Total cost	2114	109928	91653	
Gross Profit	2774	144248	162523	57% 64%
Wages & Salaries	944	49088	49088	
Rates	140	7280	7280	
Utilities	339	17628	17628	
Repairs & Renewals	84	4368	4368	
Insurance	43	2236	2236	
Marketing/Promotion/Telephone	71	3692	3692	
Consumables	30	1560	1560	
Waste Disposal/Cleaning/Hygiene	54	2808	2808	
Professional Fees	48	2496	2496	
Bank charges	31	1612	1612	
Equipment Hire	24	1248	1248	
Interest on capital	28	1456	1456	
Other costs	76	3952	3952	
Total Operating costs	1912	99424	99424	39% 39%
Net profit	862	44824	63099	17.60% 17.60%
Less Tenants share say		25000	25000	
Divisible Balance		19824	38099	15%



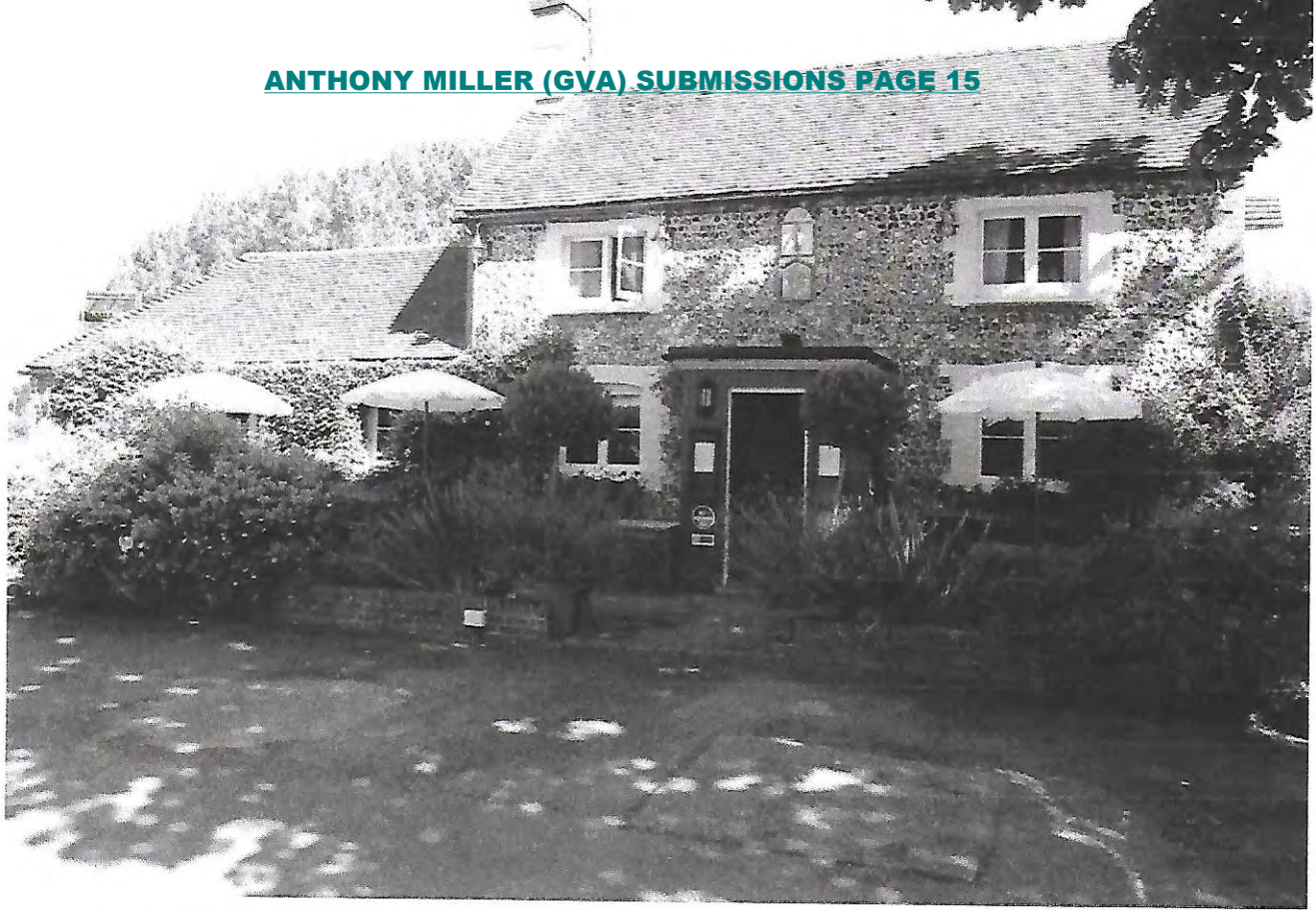
Leasehold: £99,950
Annual Rent: £50,000

Ref: 8855902

The Rainbow Inn

 **Resting Oak Hill, Cooksbridge, BN8 4SS, East Sussex**

Free of tie fully repairing lease under private ownership. Two and a half years remain on current lease. Able to renew or extend lease from outset.



James Hughes
Business Agent - Licensed

+44 1622 656 006
+44 7711767439
james.hughes@christie.com

FIND OUT MORE

At a glance

- Annual turnover in excess of £250,000
- 70 cover restaurant
- 150 cover trade garden
- Car park (circa 30 cars)
- Two bedroom owners' accommodation
- Energy Rating D

Description

An attractive, historic and homely country pub.

Location

The Rainbow Inn is located in the village of Cooksbridge which lies about 20 minutes' drive from Brighton and Hove and just a few minutes north of Lewes on the A275. Cooksbridge is a long thin village lying on the Lewes to Haywards Heath road. The South Downs can be seen from anywhere in the village and provides a nice backdrop to the surroundings. Cooksbridge railway station serves the village with services to Eastbourne and London Victoria.

Internal Details

The main bar area is very cosy with wood panelling, an oak floor and inglenook fireplace and is furnished with sofas, armchairs and bar stools. The restaurant is split into two large sections and can cater for circa 70 covers. This area has tables and chairs, an open fire and one part of the restaurant opens, via patio doors, to the glorious

All trade fixtures and fittings will be included in the sale and our clients will provide a trade inventory.

External Details

A large garden to the rear, split into three different sections (patio, grassed area and gravel courtyard) that can cater for up to 150 covers and an outbuilding with a toilet for use by those in the trade garden. There are two further outbuildings, one used as the cellar and the other larger building is split into laundry, storage and a fridge/freezer area. There is a good sized car park to the front of the property for circa 30 cars, as well as further outside seating for 16 covers.

Owner's Accommodation

The owners' accommodation is situated above the pub on the first floor and has two double bedrooms, a lounge/diner and a bathroom.

The Opportunity

The business has been operating under the current ownership for the past two and a half years and has built up a good reputation during that period among both the local and wider community. The pub attracts repeat custom from a wide radius with the benefit of a loyal following.

Staff

The business is currently manager operated with a mixture of full and part time staff.

Trading Information

The business has an annual turnover in excess of £250,000. Full trading information will be made available, following a formal viewing. Loan available via Christie Finance (subject to status). For further information, call 01622 656 000.

Trading Hours

The business operates seven days a week from 11am to 11pm.

Business Rates

The business rateable value is £31,750.

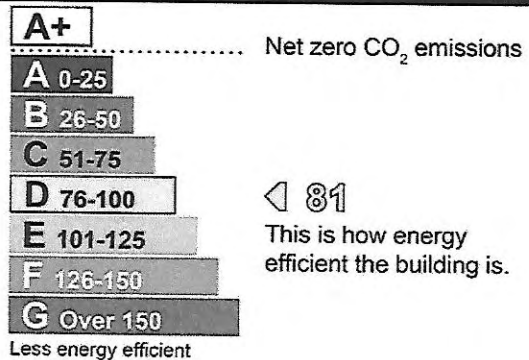
Regulatory

Premises Licence.





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**COUNTER REPRESENTATIONS BY ANTHONY MILLER
TO A VIABILITY REPORT
PREPARED BY STUART PARSONS
DATED 30TH MARCH 2016**

**In connection with
a proposed planning application for change of use
relating to
OLD HOUSE AT HOME
TYLNEY LANE
NEWNHAM GREEN
HOOK
BASINGSTOKE
RG27 9AH**

6th June 2016

1.INTRODUCTION

1.1 Personal

1.1.1 I am Anthony Miller a Founder Director of Humberts Leisure and now a Consultant with GVA following the takeover of the practice and my retirement after more than 50 years from day to day practice. I was elected a Fellow of the Royal Institution of Chartered Surveyors in 1978. During my career after working for 8 years in two breweries I have been working in private practice and involved in all aspects of Leisure Property on a national basis undertaking valuations for a variety of purposes including purchase and sale, rating, asset valuations, rent reviews and acting as an expert witness or arbitrator in cases predominantly to do with Public Houses. During the recent changes within the Industry I have been heavily involved in helping to set up and carry out valuations for a number of the new Pub Companies including British Country Inns, Enterprise Inns and Ushers. I have appeared in the County Court as an expert witness and given evidence in Local valuation Courts on Rating Appeals and delivered talks on different matters to do with Public Houses. I have worked in a family brewery where I gained experience in all aspects of the business. Latterly I helped to manage their portfolio of some 200 pubs before moving to Bass Mitchells and Butler where I spent time in the Property & Licensing Department.

1.1.2 Since retiring from full time work, I have been an Adviser to Pub is The Hub(PITH) overseeing their business in the South East of England. The work has involved giving advice to Local Authorities on how they can improve services to the rural communities and to communities wishing to acquire their local pub. In the South East alone we have had over 50 enquiries in the last 12 months. Some of these outlets have been listed as an Asset of Community Value. In addition I have run workshops and given advice to Licensees on Diversification to help the individual operator increase the footfall to his pub and thus help improve turnover. Thus village shops have been installed in pubs, as have Post Offices and library facilities. PITH have undertaken over 500 schemes nationwide helping licensees. We have also encouraged licensees to start offering meals for the elderly linked to some computer learning. PITH now have over 27 different schemes to help pubs diversify and so assist licensees to build a sound business for the future. I chair a Board with representatives from all the brewers and many of the Pub Companies in the South East as well as representatives from the Department of Communities and Local Government, the Post Office, the BBPA, Applause, and South East Tourist Board.

1.1.3 Until 4 years ago I was chairman of British Country Inns a Pub Company originally set up, under an Enterprise Investment Scheme, with 30 pubs in the Midlands and South West of England and into Wales. The outlets are held freehold apart from one that is leasehold. This is a portfolio of Free Houses in rural locations trading as local and destination outlets where food accounts for a significant percentage of the turnover. The outlets operate under a mix of managed and leased arrangements. During my time management were successful in growing turnover year on year throughout the portfolio by installing competent management in each outlet and making sure the trading format suited the pub's location.

1.1.4 Finally I am an investor with four others that own a public house fronting the River Thames in Twickenham. We purchased the freehold interest in the White Swan five years ago and now operate the business as a Free House under our direct management. This is a destination outlet with a regular local following that serves a range of real ales, national lagers and offers home cooked food from a printed menu with a blackboard of daily specials.

2. Instruction.

I am instructed by Newnham Parish Council in connection with their "Save our Pub Appeal". I am asked to provide a critical commentary on Stuart Parsons Report dated 30th March 2016 and to give an alternative approach to the future viability of the Old House at Home (OHAH). I will not be producing a formal valuation Report.

My Practice have had dealings with the OHAH before as the business was the retained valuer for Ushers at the time a portfolio of over 400 pubs was acquired from Courage's Brewery in the 1990s. I personally have not had dealings with the OHAH before as far as I can recollect although I was involved in supervising the overall valuation of the Ushers portfolio, at the time, on a number of occasions.

3. My Approach.

I intend to comment on Mr Parsons Report paragraph by paragraph and to give comment where I take issue with his opinion. I will deal with the viability of the OHAH at the end of this submission and will limit my comments on the listing as an Asset of Community Value leaving Dale Ingram of Planning for pubs Ltd., as the Parish Council's Planning Consultant, to comment in more detail.

4. Red Oak Taverns.

Mr Parson makes reference to the Kings Arms, Whitchurch and Greyhound, Overton as being examples where Red Oak Taverns have carried out a refurbishment of each property using the proceeds of sale of other "unviable" pubs. I have visited both properties as a customer. With the benefit of historical rental information during Ushers ownership, an analysis of the current rating assessments and my customer inspection I have reached the conclusion that these two examples actually help my case in proving that there remains a viable business at the OHAH.

I understand Red Oak Taverns made an initial acquisition of 32 pubs in 2011. This was followed by the purchase of a further 146 pubs in 2015. The OHAH was one of the pubs included in the second tranche. The Land Registry confirms the acquisition of the OHAH on 28th August 2015. Mr Parsons is wrong to suggest the OHAH was acquired by Red Oak Taverns in 2011(1.3.2).

5. The Market Place for Public Houses.

I agree with Mr Parsons that the drink drive legislation, the smoking ban and the influence of cut price liquor bought from the supermarket have all affected the trade in pubs, particularly those in rural areas. Values in recent years have also been affected by the Banking crisis. We are however dealing with the OHAH with evidence that can be produced of historical turnovers and good profits which should be taken into account in assessing the future viability of the pub. A turnover of c£375000 for a rural pub is

significant. The competition is also of assistance in proving viability for the OHAH. I am not convinced that the rest of Mr Parsons' comments here are particularly relevant to this case.

6. The Property.

6.1 I have viewed the OHAH from the outside whilst Mr Parsons has had the benefit of full access to the property. He has outlined the accommodation and its general condition. The pub is located on the village green in an affluent village mid-way between Hook and Basingstoke. The village is well connected to the road network.

6.2 I have no reason to doubt the accuracy of his description of the building and to the general state of repair. However the building has had little money spent on it over many years and I would question whether only £20,000 would be sufficient to attend to the immediate repairs and to any modernisation that is required to the trade accommodation, the manager's flat and to the trading inventory.

7. Rating.

I have dealt with this matter later in my submission.

8. Planning.

The comments I take as accurate and I comment generally on the designation of the property as an Asset of Community Value(ACV) later in my submission. Our Planning Consultant will deal with the issue of the ACV listing in greater detail. Suffice it to say that in designating the OHAH as an ACV the Council will have been satisfied of the pub's viability and its future trading potential.

9. Availability of Alternative Facilities in the Local Area.

I accept that all the pubs listed are to some extent competition. I deal in some detail with their trading aspect under the paragraph to do with Rateable Value.

Apart from the Old White Hart, the properties are mainly drive to destination pubs with an element of local trade. All serve food. I do not consider Newnham Club Room to be important from a trading/viability point of view.

It should be noted that the OHAH is the only pub in Newnham village and there is no village shop. It may be possible to develop a village shop at the OHAH.

10. Viability.

My observations on viability are as follows:

10.1 Repair:

The pub according to Mr Parsons is in reasonable condition after being closed for more than 12 months. Some of the trading inventory remains in situ. I consider his allowance for repairs of £20,000 to be conservative given that an element of modernisation, repair and inventory replacement will be necessary.

I enclose at Appendix 2 copy of letting details prepared by "Pubs for Let" and dated 4th June 2015. Note in particular in the text: "This is a unique opportunity" and "The House is in very good condition" and "The Kitchen is a fully equipped trade kitchen", "The House is on offer on a free of tie agreement at circa £30,000 per annum".

At 5.1.1.2 Mr Parson states "The OHAH is in reasonable condition. I do not consider the condition of the property has in any way contributed to its declining trade performance in more recent times". Contrast this statement in Pubs for Let details, which state "The House is in very good condition". And how from Mr Parsons Viability Report do we know that there has been a declining trade performance in more recent times? He has not submitted any trading information at all, so this is a purely hypothetical comment which is supported by his comments at 5.1.2.2 where he says "I know little of the previous trading history of the site".

Mr Parsons comments in 5.1.2.3 through to 5.1.2.8 are either incorrect, or based on facts which cannot be supported. At 5.1.2.9 surely Mr Parsons must know that the actual rent being paid by the previous tenant was £37,000 per annum.

10.2 Management:

Mr Parsons fails to mention in detail the tied lease terms to the previous tenant. This information must have been disclosed at the time of the sale to Red Oak Taverns. I believe the freeholder must have been provided with the terms of the tied lease along with the historical barrellage figures. So why has this information not been disclosed? The pub was actually acquired in August 2015 not in December 2011. I understand it closed for trading in February 2015 and has remained closed ever since.

10.3 Competition:

Considered elsewhere in my submission.

10.4 Profitability:

I am advised by the Parish Council that the actual trading accounts in recent years indicate that the lessees paid themselves £60,000 yet still managed to show a small profit.

10.5 Material Change:

None except that under the Hart Local Plan a strategic site has been allocated for the possible development of an estate of 700 houses to be built within 1 mile of Newnham village. The proposal is at the Consultation Stage.

10.6 Trading History:

The Parish Council have advised me that the actual trading accounts for the years 2008 and 2009 show turnover figures of £419,667 and £367,000. Following a fire in 2009 the property was closed for 8 months. The Parish Council have advised me that when the pub re-opened the turnover was £259,784 in the initial 6 months of trading. In my view an analysis of the rating assessment at 1st April 2010 supports an annual turnover of £375,000 in 2016.

11. Assessment of Trading Potential.

For the reasons mentioned in the paragraph on Rating Assessments I believe Mr Parsons has failed to properly review the trading potential of the competitor outlets. We must assume that the properties are all viable businesses. So why is the OHAH described as not viable given its position in the table of comparative rating assessments? (Appendix 1).

Mr Parsons site specific matters are in my view an unfair reflection of the property:

There is adequate space to enhance the building area.

A modernisation of the trading area will help the configuration.

There is nothing wrong with the external trading area.

The external area is adequate for the business with the garden and forecourt.

The storage areas can be improved in the refurbishment.

Small beer store.

There is adequate on site car parking together with ample street parking.

The fact is that the accommodation was suitable for the pub to have an average weekly turnover of c£7,500.

12. Mr Parson's assessment of viability (5.2.2.6).

12.1 I cannot accept Mr Parson's approach particularly as he has not undertaken any analysis to support his assessment. He has chosen to ignore any evidence from the competitor pubs and has failed to investigate any rental, trading or rating assessment analysis of the subject property. This is surprising given that Red Oak Taverns would have held the information.

12.2 His FMT is understated. An analysis of the rating assessment should have told him this. It is unclear whether his figure of FMT at £260,000 is his opinion in Year 1 immediately on re-opening or the turnover at maturity, given that the trade will take time to build after more than a 12 month period of closure. His Gross Profit margins are too low compared to evidence I have on the British Country Inns Estate and on our pub in Twickenham. His operational costs are not too dissimilar to my own view. I have assumed a greater share of the profit to the tenant as a reward for his efforts.

12.3 His allowances for stock and working capital are too low- it is normal to allow 2 weeks cash in the calculation which would leave the value of stock on his turnover is far too low at only £4,800!

12.4 His allocation of £20,000 for refurbishment and the value of the inventory must be too low.

12.5 He has ignored the likely approach that the Parish Council will take in arranging finance through the Public Works Loan Board or other potential funding sources eg: Plunket , Big Lottery,.

12.6 At 5.1.2.3 Mr Parsons states that the rent in 1998 for the OHAH was £23,000. This is understated as the rent in 1998 according to the Company's records was £25,954 under a 10 year Ushers tied lease. At this level of rent the turnover for a competent operator should have been at that time under a tied lease of the order of £225,000-250,000. If the tenant was struggling it would suggest that he or his concept was not suitable for the pub, not that the pub was unviable.

12.7 Mr Parsons indicates his opinion of value at £350,000. This was the figure being asked by Christies when the property was offered for sale in 2013. Given that the property has been closed for more than

12 months this figure is excessive as it will now take time to build the turnover back to a true Fair Maintainable Trade and there is no allowance for this in Mr Parsons calculations.

13. I set out below my assessment of viability:

13.1 I am aware from the Parish Council that the annual turnover, net of VAT, in the years immediately preceding a fire at the property was of the order of £370,000 and £420,000. I understand the pub was closed for 8 months after the fire whilst repair work was carried out.

13.2 I am also aware that the rating assessment is currently £29,750 which at 8.5% of turnover suggests that at 1st April 2008 the antecedent valuation date for the 2010 Revaluation that the Fair Maintainable Turnover (FMT) adopted by the Valuation Officer was of the order of £350,000. This is not dissimilar to the actual turnover.

13.3 I consider an FMT for the property under competent management and once the necessary repairs have been done and after a 2 year period of trading to allow the business to build would be of the order of £375,000 net of vat. I would see the format of the pub being a local destination pub serving the village and surrounding area with an offer of a range of real ales and national lagers, together with a food offer from a printed menu of good quality home cooked pub food, locally sourced, with a blackboard menu of daily specials.

13.4 If the Parish Council are successful in acquiring the OHAH they intend to fund the purchase through a Loan from the Public Works Loan Board. The Parish will then let the property on a full or internal repairing lease to a competent operator who will pay the Parish Council an annual rent at a level that will cover the interest charges on the Loan.

13.5 I am aware through my work for PITH that such an arrangement has worked elsewhere. The PITH website gives the Dolphin at Bishampton as an example.

Given that the OHAH will be a Free House my approach to arrive at the annual rent would be as follows:

FMT Turnover	£375,000
Gross Profit at 67.5%	£253,125
Less	
Wages at 31% of T/O	
Fixed and Variable	
Costs at 16% of T/O	
Total costs	£176,250
Net Profit	£ 76,875
Less Interest on capital	
Cash	£8000
Stock	£15000
FF&E	£45000
Total	£68,000

Interest at 5%	£3400	
Divisible Balance	£73,475	
Rental bid at 50%		
Rent	£36,737	say £36,500

This leaves the tenant with an adequate income of £36,500 as a reward for his risk and remuneration.

13.6 The rent over the initial 5 years of the term would be discounted in years 1 & 2 from £36,500 to in Year 1 £25,000 rising in Year 2 to £30,000 and in Year 3 to £36,500 until the first review if the Parish Council went the Public Works Loan Board route. This would give the business time to reach a maturity. The rent paid to the Parish Council would be used to pay interest on the loan. There would be no interest payable in Year 1.

13.7 I am aware this arrangement has worked successfully at the Dolphin at Bishampton in Worcestershire and has been written up on the Pub is The Hub website as an example of how communities can approach the acquisition of their local pub.

Such an approach means that the essential local services and facilities are preserved and can be improved at the OHAH with the provision of a village shop and library facility at the OHAH.

13.8 Evidence to support viability is evidenced by the approach made by the former tenant to buy the property with an offer of £325,000. Add to that the interest shown by the Parish Council with their recent meeting with Red Oak Taverns and their approach to the Public Works Loan Board for finance.

13.9 I believe that the OHAH has potential to be a viable business in the future for all the reasons mentioned in this submission. I have concluded that the only reason the present owners will not treat with the Parish Council or any other party is purely financial as they see the value of the site for alternative use to be substantially in excess of its value as a Public House. It has nothing whatever to do with the viability of the site as a Public House. In this respect they have chosen to completely ignore the wishes of the local community who want to retain the only existing service in the village that provides a meeting place for the villagers.

13.10 I question why Mr Parson considers the OHAH to be unviable because:

1. The pub was let to a tenant on a lease at a rent of £37,000 immediately prior to the pub's closure.
2. The premises are in a reasonable state of repair after 12 months closure. Mr Parsons considers £20,000 would be sufficient for repairs, decoration and inventory replacement prior to re-opening.
3. The rent of £37,000 or the lease terms were never disclosed in Mr Parsons Report.
4. The Parish Council have informed me that the actual trading Accounts show a turnover of £419,667 and £367,000 in the 2 full years prior to closure. I have not seen the accounts myself.
5. An analysis of the competitor RVs suggests an FMT of £350,000.
6. A comparison with the Kings Arms, Whitchurch and Greyhound, Overton suggest OHAH is viable.
7. The letting details of "Pubs to Let" confirm viability.
8. There is a petition from the village with over 1000 signatures supporting the pub.
9. The Parish Council are considering their options for the building which might include a village shop at the OHAH.

14. Rating Assessments.

14.1 A schedule of the Rateable values of all the pubs mentioned in Mr Parsons report is included at Appendix 1. Since the actual turnover records of the competitive pubs are not available I have chosen to look at the individual rating assessment to provide a guide to the individual pub's turnover. The rating assessment for the OHAH is substantially above both the Kings Arms and the Greyhound indicating that there was a well established business at the OHAH prior to closure. The two pubs are clearly trading below the OHAH so that the recent investment is to some extent speculative whereas the re-opening of the OHAH would be done on the back of proven trading history.

On the same schedule I set down the lease type and passing rent for the three pubs as at 1998. Again the OHAH has a passing rent substantially in excess of the other two pubs which underpins further my conclusion.

14.2 Looking now at the rest of the pubs that have been mentioned in the Report it can be seen that the OHAH falls below the assessments on the Old White Hart, the Hogget and the Falcon. In the first two cases this is not surprising as the pubs enjoy a quite different business due to their location. The Falcon has a village setting close to the church and village school and has been remodelled in recent years with a large car park to the rear. This must be a destination pub catering for the car trade. The Coach & Horses is an attractive village pub owned by a family brewer and is not dissimilar to the OHAH yet it only has an assessment of £11,000RV. This again shows how well the OHAH had been trading prior to its closure. The assessment on the Y Knot Inn is £8700RV. This is a small pub recently refurbished fronting the A30 in a rural setting with few houses around. Hence trade is almost completely car driven.

14.3 The current valuation list for rating purposes came into effect on 1st April 2010. For public houses the rating assessment is based upon trading information supplied to the Valuation Officer by all individual licensees for the three years leading up to 1st April 2008, called the antecedent valuation date. Turnover details were provided on a Statutory Form of Return and turnover would have been broken down as between, liquor, food, accommodation and other income for the three years prior to 2008. It was with this information that the Valuation Officer arrived at a Fair Maintainable Turnover in order to calculate the Rateable Value. This was typically between 8-9% of turnover. An analysis of the RVs therefore give a guide as to turnover of individual properties in 2008.

14.4 I see from the Valuation Officers database of Rateable Values that apart from the successful appeal against the initial list entry of £42,750RV, two further appeals were made. These are shown to have been unsuccessful and the assessment remains at £29,750RV. Turnover details would have been submitted to support the appeals both of which were dismissed, presumably on the grounds that there had been no material change of circumstance. It is unclear from the database when the appeals were made, who made the appeals whether it was the previous tenant, the freeholder, or indeed Fleurets or ANO.

15. Conclusions.

15.1 Mr Parsons states that the OHAH has a history of being a marginal or unviable public house. I am not sure where he gets his evidence from for such a statement. He states that the present freeholders are not property developers yet that is precisely what is happening here. This application is based purely on a property play as there is perceived to be a higher alternative use value. Little or no consideration has been given as to whether there is potential for a viable business with the result that the community could be deprived of an important community asset that can be converted back once open to becoming a focus for the community and to be developed to provide much needed additional services for the community: i.e. a Village Shop.

15.2 Mr Parsons questions whether the property is a financially viable proposition which of course the Council must have had in mind when it confirmed the listing of the property as an ACV and accepting its viability.

15.3 Mr Parsons makes reference to the competitor outlets yet he chooses not to make any attempt to carry out any financial analysis of the evidence that they provide.

“Given the lack of accounting information” says Mr Parsons. I would question why the freeholder did not provide such information to help Mr Parsons reach his conclusions. Or why Mr Parsons did not ask for it?

15.4 There is no mention of the fire that occurred at the property, or the subsequent length that the pub was closed, or of any lease details or trade figures which the freeholder must have had at the time the pub was purchased.

15.5 In my professional opinion I think Mr Parsons approach is wrong and unsupported by any analysis of the evidence that should have been available to him, and which he should have asked for. I believe the pub is viable which I have set out to prove using my experience as a valuer to the brewery industry and more recently from the knowledge I have learned helping communities and individual licensees to diversify and develop trade in their outlet through Pub is The Hub.

16. Professional Declaration.

In accordance with PS5 of the Royal Institution of Chartered Surveyors Practice Statement for “Surveyors acting as expert witnesses” effective from 1st January 2009 I confirm the following:

That insofar the facts stated in my submission are within my own knowledge I have made clear which they are and I believe them to be true, and that the opinions I have expressed represent my true and complete professional opinion.

That my submission includes all facts which I regard as being relevant to the opinions which I have expressed and that attention has been drawn to any matter which would affect the validity of those opinions.

That my duty in the capacity of an expert witness overrides any duty to those instructing or paying me, that I have understood this duty and complied with it in giving my evidence impartially and objectively, and that I will continue to comply with that duty as required.

That I am not instructed under any conditional fee arrangement.

That I have no conflict of interest of any kind other than those already disclosed in my submission.

That my submission complies with the requirements of the Royal Institution of Chartered Surveyors as set down in the Surveyors acting as expert witness RICS practice Statement.

Signed.....

Date.....