

Viability Assessment



**Carpenters Arms
105 King's Cross Road
London
WC1X 9LR**

**Prepared by
Kenneth Hogg BSc (Hons) MRICS**

14 October 2019

14 October 2019

T +44 (0)20 7198 2000

Private & Confidential
Centro Planning Consultancy
55 St John Street
London
EC1M 4AN

www.lsh.co.uk

Lambert Smith Hampton
United Kingdom House
180 Oxford Street
London
W1D 1NN

For the attention of Luke Raistrick

By E-mail: luke@centroplan.co.uk

Our Ref: LWVAL/KH/0087342

Dear Sirs

Client: Mendoza Limited, Hussein Aziz

Property: The Carpenters Arms, 105 King's Cross Road, London WC1X 9LR

1.0 Introduction & Instructions

- 1.1 It is proposed that the upper two floors which were formerly used as part of the Carpenters Arms Public House, but which have subsequently been converted into self-contained flats, are converted to apartment hotel use. We are advised that the Local Authority, Camden Council, considers that this would leave the existing drinking establishment at ground floor and basement level unviable in the future.
- 1.2 The property is currently operated under a lease as a lock up public house trading as the Racketeers. The public house has been extensively refurbished at both ground and basement level.
- 1.3 For the purposes of this report, I visited the property on 25 September 2019. I was able to view the ground floor and basement of the public house.
- 1.4 I am a specialist adviser in respect of public houses and other licensed premises, with some 29 years experience, throughout central and Greater London, the South East and nationwide. I enclose at Appendix 1 my CV for your information.
- 1.5 I previously provided advice on the viability of the public house in June 2016. I have no conflict of interest in this matter and am pleased to report accordingly.
- 1.6 Lambert Smith Hampton is a national property consultancy firm.

2.0 Location

- 2.1 The subject property is situated within an area administered by the London Borough of Camden, to the south east of King's Cross St Pancras Station and north of Farringdon. The surrounding area comprises a mixture of private and municipal housing, hotels, businesses and institutional uses including hospitals and educational establishments.
- 2.2 The area has benefited from significant inward investment in recent years to include new housing, tourist hotels and places of work. Large scale redevelopment continues around King's Cross to the north as well as Smithfield and Farringdon to the south. The redevelopment of a large section of Royal Mail's depot at Mount Pleasant has recently commenced.

- 2.3 The subject property occupies a prominent corner trading position on the north western junction of King's Cross Road and Frederick Street, flanked to the west by a vacant shop and to the north by secondary retail units. On the opposite side of King's Cross Road is a former court house which has been converted to a 583 bedroom backpacker hostel by Clink Hostels and the 408 bedroom Travelodge Royal Scot Hotel. A short distance to the south is the 219 bedroom Travelodge Farringdon Hotel and the 429 bedroom Crowne Plaza London King's Cross.
- 2.4 The Mount Pleasant sorting office is situated to the south west. This is subject to a redevelopment comprising some 700 homes, shops, offices, restaurants and open space. Frederick Street to the west comprises attractive Georgian style former townhouses, many of which have been refurbished for private residential use in recent years. Within the wider area attractions include arts establishments such as Saddlers Wells Theatre and Exmouth Market, which is renowned as a destination for food and drink with numerous pubs and bars attracting significant footfall into the area.
- 2.5 The surrounding residential area contains a broad mix of socioeconomic groups and cultures. In the 2011 Census the population of Kings Cross was 11,843 with a broadly even split between female and male. The average age was 31 while the median age was lower at 26. 46.1% of people living in Kings Cross were born in England; other top answers for country of birth were 5.6% Bangladesh, 2.6% China, 2.3% Somalia and 2.3% United States. 20% of people are married, 8.3% cohabit with a member of the opposite sex, 2.7% live with a partner of the same sex, 52% are single and have never married or been registered same sex partnership. The top occupation listed by people in Kings Cross was professional at 29.2%.

3.0 Description

Exterior

- 3.1 The property comprises a corner terrace public house dating from the 19th century arranged over basement, ground and two upper floors. It is conventionally constructed of brick with the ground floor public house having timber framed glazing and tile frontage. Upper elevations are painted brick with ornate detailing around windows.

Customer Areas

- 3.2 The public house has recently been refurbished as a ground floor and basement lock up unit. The customer area at ground level has been extended by the removal of an internal private lobby and stair area with services relocated into the basement much of which had previously been unused, other than for ancillary storage purposes.
- 3.3 The refurbished trading area is presented in a traditional style with features from the Victorian period. It is arranged around a central bar servery and has seating for some 70 customers as well as a good amount of space around the bar for stand up drinking and socialising. The servery is equipped with craft beer fonts, rear bottled drink and spirits displays. To the back of the bar servery is a small preparation area used for assembling light meals and snacks.
- 3.4 Within the basement there is seating for some 13 customers, a dry and refrigerated goods store which has been partly fitted out in order to provide additional space for preparation of food, a manager's office, drinks cellar and customer WCs. The property has a comparatively large basement, broadly similar in size to the ground floor trading accommodation. The preparation and storage facility is not being fully utilised and may provide scope for additional catering to be undertaken on site if required in the future.

- 3.5 I did not view the upper parts of the premises which I understand have been converted for residential use as the purpose of my instruction was to consider the future viability of the public house.
- 3.6 External areas comprise a forecourt to the front of the pub. The main trading area at ground level opens onto enclosed patio garden at the rear. The garden was previously not accessible to customers.

4.0 Repair & Condition

- 4.1 The property is presented in good condition both externally and internally having recently benefited from comprehensive refurbishment. The renovated public house has been finished to an exceptionally high level sympathetic to the history of the building with good quality fixtures, fittings and equipment.

5.0 Local Enquiries

Planning

- 5.1 The property is administered by the London Borough of Camden Council.

Licensing

- 5.2 A premises licence is held which permits the sale of alcohol during the following hours:

- Monday to Thursday 0900 to 0030
- Friday and Saturday 0900 to 0100
- Sunday 1000 to 2330

Other activities permitted by the license include facilities for dance, live and recorded music.

Rating

- 5.3 I have made informal enquiries only and am informed by the entry appearing in the 2017 Rating List of the Valuation Office Agency on the date of valuation is assessed for business rates purposes as a public house with a rateable value of £19,000.

6.0 Tenure

- 6.1 The property is owned freehold and the public house at ground floor and basement level is subject to an occupational lease.
- 6.2 We have been provided with a copy of the lease agreed on 23 December 2016 between Mendoza Limited as original landlord and Gin & Ignorance Limited as original tenant. The lease is for a term of 15 years at an initial rent of £65,000 per annum.
- 6.3 The permitted use is café, restaurant, public house, wine bar or other drinking establishment under Class A3 or A4 of the Town & Country Planning (Use Classes Order 1987). I confirm that the present occupant is evidently using the premises as an A4 public house.
- 6.4 The property can be assigned as a whole subject to landlord's consent, which is not to be unreasonably withheld. The usual forfeiture provisions apply for non-payment of rent, breach of covenant etc.

- 6.5 Gin and Ignorance Limited are registered in London and have been trading for some four years as an operator of public houses and bars. The company is rated by Dun and Bradstreet as a low to moderate risk, likely to remain stable over the next 12 months with a high likelihood of continued operations.

7.0 Nature of the Business

- 7.1 When I previously viewed the Carpenters Arms in 2016 it was a male orientated wet led public house or “boozer” with trade drawn from local residents and contractors. Customers were attracted by darts, televised sport, occasional live music, and events such as karaoke and quiz nights.
- 7.2 The pub focused on draught ale and lager; saliently no food was available on the premises other than crisps, nuts and snacks. The trade kitchen at first floor level had not been utilised for the preparation of substantial food for many years, albeit was claimed by a previous tenant during a planning hearing that the kitchen had been used to prepare snacks for the darts team.
- 7.3 Following the granting of the new lease, the name of the public house has been changed to the Racketeers. The establishment has remained wet led, albeit it now offers a selection of snacks and sharing dishes appropriate to the size and use of the venue as a destination for social drinking. The menu includes cheeseboard, charcuterie, hot dogs and cheese toasties.
- 7.4 The bar servery has been reconfigured and extended and provides a much wider choice of drinks for customers. This includes craft beers and lagers as well as a selection of spirits and wines.

8.0 Market Commentary

- 8.1 The London pub market has proved to be considerably more robust since the economic downturn than the UK as a whole. Trading conditions within the capital’s business, tourist and affluent residential districts have been consistently strong. This is because of London’s diverse economy and the benefit of a weaker exchange rate which has assisted in encouraging higher visitor numbers, particularly from continental Europe.
- 8.2 Buyers of public house investments in London area are influenced by the both the stability of the rental income and long term development potential. Low returns in other markets and limited alternative investment opportunities means the demand for all types of property investment including public houses are expected to remain stable for the foreseeable future.
- 8.3 Low interest rates have had a disproportionate effect on the economy in London and have helped to support people’s disposable incomes. A higher proportion of the population goes out to socialise on a regular basis with visits to the pub still a popular pastime.
- 8.4 In commercial districts such as King’s Cross and Farringdon there is a high demand for public houses that provide an attractive venue for informal business meetings, tourist trade and the evening social market. Proximity to other public houses, which enables circuit drinking, as well as other leisure attractions and hotels help to feed trade.
- 8.5 The market for public houses in London is shaped by corporates that are actively seeking to enhance their estates, private investors, EIS back vehicles, high net worth individuals and individual owner operators. The market is presently characterised by a shortage of supply of good quality businesses and strong demand. Rental values for public houses have generally been sustained and premium values (including key money, goodwill, fixture and fittings) have remained stable because of a lack of stock.

- 8.6 Many purchasers of freehold public houses for owner occupation or investment are seeking opportunities where there is underutilised ancillary accommodation. There are many examples of public houses which have been converted to lock up premises in recent years with the upper part having been converted for alternative use, such as hostels, residential letting accommodation or flats. This has helped to maintain the demand for public houses in London and in many circumstances has ensured that the trading business has remained viable.
- 8.7 In July 2019 the MCA reported that pubs had outperformed the overall eating and drinking out market for the second year running as the adaption of pubs appeal to a broader demographic has paid off. An improved choice of products for customers as well as additional revenue streams such as accommodation contributed to turnover in the sector being forecast to continue grow by around 1.9% in 2019. It is anticipated that the sector will continue to grow annually by up to 2.4% between 2019 and 2022.
- 8.8 Improved pub management, more tailored offerings and further premiumisation in the market have also contributed to pubs success with the rate of net closures slowing to 0.9% this year to 45,664 pubs, the equivalent of eight pubs per week down from 21 pubs per week in 2016 as the market turns with net expansion expected to be seen from 2023. A key driver is the tenanted/lease segment where outlet decline is forecast to drop as the remaining portfolio quality improves and profitability's strengthen through greater efficiencies.
- 8.9 Whilst the restaurant sector has been affected by rising costs and competition managed individually branded wet led pubs including those operated by Greene King, Marstons and EI Group have continued to expand. In terms of growth models premium, urban hubs and drink destination pubs are expected to be key growth segments in the pub market going forward. Outlet decline has slowed and those with a higher calibre of staff and training, better quality range of products and more attractive surroundings are well placed to tap into the growth forecast over the next few years.
- 8.10 The growth in premium is expected to continue at the expense of traditional male orientated "boozers" as pubs address consumer demand for higher quality, provenance and craft led choices. Future growth is likely to be driven by premiumisation, wet led resurgence and growth in accommodation providing additional revenue streams. In addition those operators with more hybrid formats that offer local communities multiple and more tailored reasons to visit are also expected to achieve strong market growth attracting more under 35s, a higher number of females and a diversity of cultures which might previously have been put off by more traditional male orientated establishments.

9.0 Factors Influencing Trading Potential

Location & Situation

- 9.1 The property occupies a prominent corner trading position on King's Cross Road, between King's Cross St Pancras and Farringdon. Whilst, the pub is relatively compact it is well placed to attract customers throughout the day due to its proximity to a variety of uses including business headquarters, large tourist hotels, hostels and residential property. It is close to both Exmouth Market and King's Cross which in recent years have become well established as destinations for public houses, bars, restaurants and evening entertainment. We consider the pub well placed within a drinking circuit which extends from King's Cross in the north to Farringdon in the south.

The Property

- 9.2 Whilst, the public house enjoys a prominent corner site, the customer trading accommodation is relatively compact. This is typical of many historic public houses in central London which were traditionally blue collar male orientated vertical drinking destinations rather than dining establishments. There is limited space for tables and chairs and as a consequence the premises are not particularly well suited for use as a venue for sit down meals without compromising the wet trade.
- 9.3 A pub is generally defined as a social drinking establishment licenced to sell alcoholic beverages without food where customers may sit or stand around a bar. It is an informal arrangement which, in many places provides a focal point for the community enabling individuals to intermingle with a variety of other people. Restaurants are generally a more formal environment where drinks are served at tables with substantial food. The opportunity to interact with other customers is more limited and dining alone is often a solitary experience.
- 9.4 Over the course of the last 20 years the importance of food in pubs is well documented and acknowledged. There are, however, significant fixed costs associated with providing food which may affect viability. In addition unless a separate areas for dining can be provided the setting aside of tables and chairs for restaurant customers can have a negative impact upon the established wet trade. It is very difficult for small venues such as the subject property to provide for both social drinking and substantial food as enough tables and chairs will have to be reserved in order to ensure there is adequate space for customers wishing to take meals and for the kitchen to be operated efficiently.

Surrounding Population and Demographics

- 9.5 The surrounding area is densely populated and has undergone gentrification in recent years. A high proportion of the residential population consists of young professionals that go out to socialise on a regular basis. One of the major attractions of living in Central London is proximity to public houses, bars and other socialising venues. The premises are also close to offices and other places of work, large tourist hotels and backpackers hostel, all of which are likely to generate demand for the premises as a place to socialise. I would therefore consider that there is likely to remain sufficient customer base within this area to support a wet led establishment.

10.0 Competition

- 10.1 I have provided a brief summary of public houses within the vicinity of the subject property.

Packenhams Arms, 1 Packenhams Street, Kings Cross, London WC1X - this was a historic Grade II Listed public house. It ceased trading in 2014 after planning permission was granted for the conversion of the upper parts to residential use. Whilst, works were underway on the flats the public house was stripped out to a shell condition. It still remains vacant, albeit with little evidenced of it being actively marketed by any of the main agents known to specialise in the sale or letting of public houses.

I understand that the present owners have sought change of use but this has been refused by Camden Council on the basis that it is still viable as a public house. This would appear contrary to the Council's opinion that the subject property may not be viable as a pub in the longer term, notwithstanding it is in a much more prominent trading position and enjoys higher levels of footfall with pedestrians travelling between Farringdon and Kings Cross and has benefitted from a considerable amount of investment to create a high quality pub destination.

Prince Albert, 2 Acton Street, Kings Cross, London WC1X – this is a former public house occupying a corner position immediately to the north of the subject property. It was became a gastro pub during 2006, trading as Konstam at the King Albert Pub. A number of different food led restaurant style concepts have been attempted at the venue since then none of which I understand to have been particularly successful. On the day of my inspection the formerly food orientated pub had ceased trading entirely.

The Union Tavern, 52 Lloyds Baker Street, Clerkenwell, London WC1X – this is situated a short distance to the south of the subject property. It is a traditional Victoria pub which was converted a number of years ago as a gastro pub. The main trade kitchen is situated at ground floor level and is a compact open arrangement positioned to one side of the customer trading area to provide for theatre style cooking. More than half of the ground floor has been set aside for formal dining leaving a relatively small space at one side for pre meal drinks and socialising. The upper floor of the premises has been stripped out to provide an event space.

The Wilmington, Willesbury Avenue, Exmouth Market, London EC1R – this is a substantial public house situated on the fridge of Essex Market to the south of the subject property. It is considerably larger than the subject property enabling it to be split into separate bar and restaurant. The restaurant has an open theatre style kitchen on the ground floor, to the front of which is a dining area with tables and chairs for some 100 covers. Remaining space is sufficient to provide a social drinking area with seating for approximately 40 customers and vertical drinking around the bar.

Exmouth Arms, Exmouth Market, London EC1R – this is a popular corner pub located in the heart of Exmouth Market. Living accommodation at upper parts was stripped out by the operator a number of years ago to provide an extended customer area and administrative facilities for the operator. The pub specialises in craft beers and gin with a limited snack based menu appropriate to the business which includes burgers, fish finger buns and sausages.

The Eagle, 159 Farringdon Road, London EC1R – this is an historic Victoria public house broadly similar in size to the subject property and located a short walk to the south towards Farringdon. It is renowned as the capital's first gastro pub and is therefore food orientated. Most of the former bar area has been given over to cooking and food service and there is little or no space for social drinking during the evening hours when it is essentially a restaurant.

The Coach, Ray Street, Clerkenwell, London EC1R – this is a modern, food orientated public house located to the south of the subject property. It is significantly larger than the subject property and is therefore able to draw trade from a number of different sources. Whilst, there is an informal drinking area towards the front of the front floor most of the space has been given over to formal dining with tables having to be booked at busy times. Former staff accommodation on the upper floors of the property has recently been converted to provide hotel style letting accommodation.

The Hat & Tun, Hatton Wall, Farringdon, London EC1M - this is a traditional public house dating from the Victorian period situated close to Hatton Garden. It was acquired a number of years ago by the ETM Group, which is a specialist pub and restaurant operator with venues including Botanist at Sloane Square, Chiswell Street Dining Rooms and the The Jugged Hare.

The pub had originally been configured with a substantial trade kitchen at first floor level, however despite ETM being a food orientated business this was not considered efficient for the size of the public house at ground level and was removed to create an additional event space with the remaining upper parts of the property converted to provide administration facilities for company.

Whilst, the pub is renowned for its ales the limited food service has won a number of accolades. It provides a menu I would consider appropriate for the size of venue specialising in pie and mash served at the bar from a small preparation area located in the basement.

The Queens Head, Acton Street, London WC1X – this is a mid-terrace pub located within a mainly residential street a short distance from the subject property and is one of its main competitors. The pub specialises in ales and ciders and also offers a good selection of wines and spirits. The food menu is limited, but appropriate to the style of pub comprising items which can be prepared without an extensive kitchen including pork pie, ploughman's meal, Spanish meat board and cheeseboard. The business is very well reviewed and has won numerous awards including the CAMRA London Regional Cider Pub of the Year 2016.

The Lucas Arms, Grays Inn Road, London WC1X – managed pub restaurant operated by Greene King with tables set aside for food including fish & chips and steaks from a standardised menu. The premises are essentially a casual dining destination rather than a venue for social drinking.

- 10.2 There are numerous other public houses within the vicinity of the subject premises. This includes both gastro pubs and wet led establishments. The variety of different styles of pub and choices available to customers is likely to be of benefit to the subject premises attracting visitors into the area throughout the week.

11.0 Approach to Viability Assessment

- 11.1 In order for a business to be considered viable it must be capable of generating a profit on a sustainable basis in the long term. There are, by necessity, a number of different definitions of profit, all of which are valid, and all of which have applications by accountants and other users of accounting information for different purposes.
- 11.2 For example, gross profit is calculated by taking costs of sales (direct sales) from turnover or sales; operating profit is a measure of profit after wages and variable costs of the business have been deducted from sales. Sometimes for valuation purposes the appropriate profit level is EBITDA (earnings before interest, tax, depreciation and amortisation).
- 11.3 None of the above definitions is appropriate to assess viability. The correct definition of profit to be applied in viability assessments is net profit before tax. This is the profit earned firstly after property costs (whether rent or a notional return on freehold asset value in terms of interest repayment and amortisation) and secondly after a charge is made for depreciation.
- 11.4 Any business which is unable to meet these costs is not a viable business.
- 11.5 I set out below in further detail why this is so:

Depreciation

- 11.6 All fixtures, fittings and equipment employed by any business, whether a public house or any other field of enterprise, wear out over time and need to be renewed and replaced. Depreciation is the non-cash allowance made in the preparation of all company accounts of all businesses to reflect this fact. If businesses fail to account for the replacement of fixtures, fittings and equipment, ultimately they will be unable to continue to operate as a businesses.
- 11.7 In the case of a pub where substantial food is provided, the kitchen equipment, cooking appliances, extraction equipment, food storage equipment, fridges and freezers require renewal over a period.
- 11.8 Any pub which does not make the charge for depreciation in their accounts may be difficult to sustain in the long term.

- 11.9 It is therefore a fundamental requirement for all businesses to make a charge to depreciation in order to be viable in the long term.

Property Costs

- 11.10 All businesses must function from a place and as such incur property costs. In the case of businesses occupying properties on a leasehold basis at a market rent, there is effectively no capital employed in the land and buildings and no return on that capital employed is required. The property costs are transparent in the accounts with the payment of rent included in the overheads of the business.
- 11.11 Where a business occupies a building on a freehold basis, it has capital tied up in the asset. The capital could be employed elsewhere, either in the business itself, or in other alternative investments. Indeed, the capital could be earning a return by leasing the property out to a third party. There is an opportunity cost associated with the capital employed in owning the property. This is independent of the operation of the business itself (in this case the operation of a pub). As a consequence, in high value areas such as Central London, extensive ancillary or staff accommodation which is not fully utilised for the benefit of the business or which may be redundant is likely to have an impact on the long term viability of the business.

Operational Costs

- 11.12 Notwithstanding the capital costs involved in providing a kitchen facility space within the property, operational costs must be taken into account by the operator. Some of these costs will effectively be fixed. For example, the provision of food service throughout the week, even if it is only during the lunch time period, will require an experienced chef to deal with purchasing, preparation and production of food. Due to the demand for catering staff in London single chef's wages are typically in the order of £30,000 per annum
- 11.13 It is unlikely that a full service kitchen could be operated by just one chef. The minimum support required is likely to include an assistant chef and porter. As a consequence the minimum wage costs for operating a full service kitchen would normally be in the order of £70,000 per annum. As catering staff remuneration is usually budgeted at around 30% of sales turnover, in order to justify the extra wages additional sales of around £230,000 per annum before VAT will be required. This is a full sum given the size of the premises and its seating capacity.
- 11.14 The increased cost of employing staff due to changes in legislation including national living wage have had a particular impact on food led businesses and where costs cannot be controlled it is not unusual to see wages rising to unsustainable levels. In the case of the subject property the costs involved in staffing a full service kitchen would likely require a shift in the operational style of the business from social drinking towards restaurant.
- 11.15 Repositioning the trade kitchen at the same level as the customer trading area may help to reduce staff and other operational costs. There is currently a trend for pub operators to provide open theatre style kitchens within the trading area and a good example of this trend can be seen at the Union Tavern and the Eagle further toward Farringdon. However, this does not address the issue that the food offering has to be appropriate to the size and style of the business.
- 11.16 The number of tables and chairs which would have to be set aside at the subject to provide a comparable food offering to the Union Tavern (which is essentially a restaurant) would undermine the venue as a destination for social drinking.

12.0 Assessment of Viability

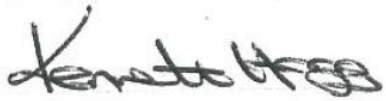
- 12.1 I have been asked to consider the impact on the premises on not providing an extensive trade kitchen within the first floor of the public house.
- 12.2 The existing tenant's business does not appear to have been impacted by the lack of a trade kitchen. The tenant is able to provide a menu which is appropriate to the operating style which is a wet led public house suitable for social drinking around an extensive island bar with wide choice of drinks for customers including premium products such as craft beers, gins and wine. The pub appears to be trading well in this format with nearby venues such as the Queens Head operating in a similar manor attracting an eclectic mix of trade.
- 12.3 The loss of living accommodation may make the premises less attractive to potential owner operators or future tenants. However, it is no longer the norm in London, and especially in Central London, for staff accommodation to be provided on site due to the very high costs associated with providing accommodation.
- 12.4 The manner in which public house are now managed has also been affected by the change in social attitudes and family life. Whilst, pubs were historically operated by a husband and wife living above the pub, this is less conducive to modern family life. Managers are no longer keen to live and work in the same place and should they have life partners it is not unreasonable to expect them to have chosen different career paths. In the current century it is more usual for pubs to be operated by a manager (who may or may not be the owner) and an assistant manager. This allows each to have time off during the week and annual holidays with their respective families and friends.
- 12.5 The proposal to utilise the upper parts as serviced apartments or hotel rooms, is in accordance with many other pubs operating in the Central London area where there is good tourist and business demand. Central London is a densely populated area with numerous businesses and workers travelling in and out of the city each day for employment as well as tourists and visitors travelling into the centre of London for entertainment and leisure. As a consequence, there is demand for a variety of different styles of public house catering for a spectrum of needs.

13.0 Conclusion

- 13.1 The public house, which is now trading as The Racketeers, would appear to be trading reasonably successfully. Whilst the customer offering includes premium beverages, the venue continues to operate as a public house and would seem to be a popular destination for social drinking.
- 13.2 I consider The Racketeers is likely to be of broader appeal to The Carpenters Arms, which was a male orientated ale and lager pub. The current tenant provides an all-day food offering, whereas the previous publican provided no food at all, notwithstanding the availability of a trade kitchen at first floor level which he did not use. The pub appeals to a wide selection of ages, social groups, cultures and genders visiting, working or living in the area.
- 13.3 I would consider the current food offering appropriate to the venue, however should a more substantial menu be proposed then there is scope to provide additional preparation facilities in the basement which is still not utilised to its maximum potential.
- 13.4 In respect of the marketability in the future, I do not consider the loss of the kitchen or upper floor ancillary accommodation is likely to have a material impact on the marketability of the public house. If anything the proposed creation of serviced apartment or apartment hotel style rooms at upper floor level helped to ensure the longer term viability of a public house within this location as it will provide an additional source of revenue.

- 13.5 The Local Authority's decision that the upper floors of this property are effectively mothballed until the end of the current occupational lease in 2031 appears unreasonable. It has no regard to the market or the economic realities of owning and operating public houses in London either now or in the foreseeable future.
- 13.6 The requirement for a large kitchen facility to be maintained at first floor level, just in case a prospective operator may require this at some point in the future, is more likely facilitate conversion to a food orientated restaurant style business which is contrary to the use of the premises as public house which provides a place in the community for drinking and socialising.

Yours sincerely



Kenneth Hogg BSc MRICS
RICS Registered Valuer
Director
For and on behalf of
LAMBERT SMITH HAMPTON

Date: 22 June 2016

Appendix 1

CV of Kenneth Hogg BSC (Hons) MRICS

Kenneth Hogg is a Chartered Surveyor and RICS Registered Business Valuer specialising in providing advice on a wide variety of matters including trade related valuations. He is regularly instructed as consultant for estate management or strategic reviews and to provide preliminary advice reviewing business plans.

Based in London, Kenneth has over 24 years experience dealing with traditional public houses. He began his career working for brewers Allied Breweries where he qualified as a Chartered Surveyor. He subsequently worked for Bass Taverns now Mitchells and Butlers and Scottish and Newcastle before moving into consultancy roles as an adviser on pubs and other trading related property in the early 2000s. He is currently employed as a Director by Lambert Smith Hampton where he specialises in trade related property valuation.

Whilst working across the UK, his regional area of expertise is concentrated in London, the South East and East Anglia.

Since 2006 Kenneth has been involved in professional work in the traditional pub sector as well as High Street pub & restaurant market and hotel sector across the UK. Kenneth also provides valuation advice to all the leading banks, private equity firms and investors. More recently he has been involved in Expert Witness cases and viability studies of public houses for both operators and local authorities.

Kenneth was recently elected as a member of the Association of Valuers of Licensed Property (AVLP) which is a leading body of specialists in the industry. He has also been an Associate member of the British Institute of Innkeeping (BII) which is a professional body in the licensed sector and the Leisure Property Forum.