



APPENDIX 2

ASSESSMENT OF ADAMS INTEGRA REPORT DATED DECEMBER 2018

The report is required to “assess the viability of the existing enterprise and the public demand for it in accordance with the retained policy LT2, and to assess the viability and sustainability of the proposed 12 bedroom operating model for a hotel in comparison with the existing”.

We find this report to be lacking in comprehensiveness, including the way in which the exercise has been carried out and refer to the following examples :-

- 1) It is stated that ‘our opinion of the sustainability of the existing 43 bedroom hotel is based on the previous history, the trading figures and our experience of the commercial property market’.
- 2) ‘the business has been placed into administration twice in 2014 and 2017’
- 3) ‘there are various reasons that cause a business to fail and we are not informed of the specific reasons in this case. Nevertheless it is clear that the larger number of rooms was not sufficiently profitable to survive’.
- 4) ‘the experience and ability of an operator are vital to make a hotel business successful.’

There is no investigation as to why the trading figures are poor, why it was necessary to be put into administration nor any checks made to establish why the business failed to provide comprehensive advice to WBC. Also there is no reference to any inspection of the premises being carried out – a necessary exercise when considering viability. None of the ‘various reasons’ is identified or examined as to why it is clear that the larger number of rooms was not sufficiently profitable to survive. If no reasons were given to them for failure Adams Integra should have made enquiries to find out the reasons to base their advice on.



Consequently Adams Integra failed to appreciate that the hotel could not produce a reasonable profit because the rooms were in such a run down state and that the hotel was in need of immediate upgrading. Furthermore they failed to appreciate that the owners were property developers, with no hotel experience, intent on seeing the hotel deteriorate to facilitate their residential development ambitions. Whilst recognising the importance of the operator's hotel experience Adams Integra appear to have done nothing to ascertain whether such experience was present to take into account when assessing viability.

5) 'The marketing of the freehold in 2017 exposed the availability of the property to the entire industry but the preferred purchaser was the previous operator. So one can conclude that no other operator felt the business had sufficient potential to warrant a stronger bid.'

Adams Integra had no specific evidence to base this conclusion on. If they had carried out investigations they would have then confirmed whether other bids were made by hotel operators who allowed for the necessary upgrading of the hotel in their bid price. Lannister House (1782) Ltd paid a premium to ensure they could repossess the hotel to reap the residential development profit. The fact that the principal director of the failed company Lionhouse Hotel Ltd was also a director of Lannister House (1782) Ltd who paid the premium to buy the hotel back should have alerted Adams Integra to investigate the true situation .

Throughout their report Adams Integra quote and rely, without any questioning, on statements in the flawed Fleurets Report. Commenting on potential competition they refer to Fleurets unrealistic inclusion of hotel rooms a considerable distance (12.5 miles) away from Haslemere as opposed to only considering more local competition of the same star rating.



They fail to recognise that so many local hotels have been extending and upgrading their premises and checking whether this was indicative of increasing demand. They also fail to recognise the potential business available from the relatively recent creation of the South Downs National Park and Haslemere's position as a 'Gateway' to the park. Fleurets Report fails to recognise all the above mentioned points and it is clearly produced to support the interests of their client which Adams Integra fails to acknowledge. Consequently their advice to Waverley B C has been inadequate. A comprehensive assessment of public demand for the existing hotel as required by the brief has not been made.

When considering the viability of the proposed 12 bedroom hotel model Adams Integra knew that this would be a Cirrus 'pub with rooms' model and include 40 + 25 covers and only provide 12 car parking spaces. They omit any reference to the more than 100 covers banqueting facility with respect to viability and the parking inadequacy. An experienced consultant should know that only 12 parking spaces is grossly inadequate and a check with any similar operator would have indicated this. The pub type operation is reliant on adequate car parking space being available. If parking space provision is inadequate then the business will not be viable and Adams Integra has missed this in their advice to WBC. Please refer to recorded local pub and hotel parking space provisions given in Appendix 3.

WBC need to be mindful of these inadequacies and the unreliability of conclusions, as well as the useful comments, when referring to this report.

