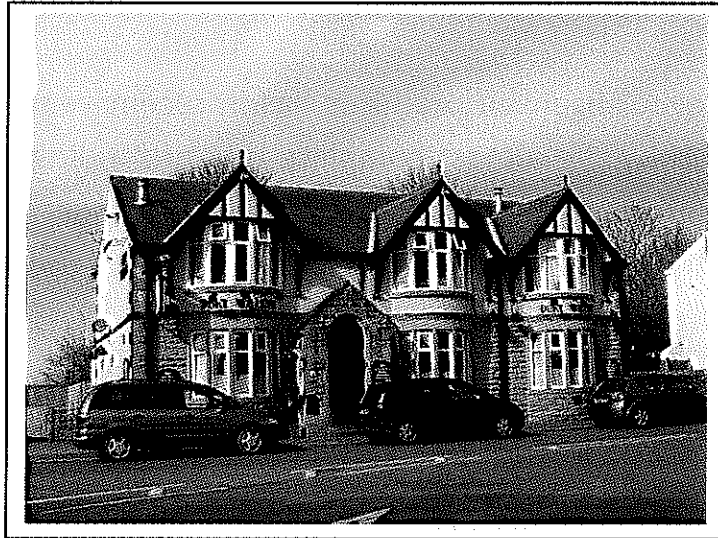


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MARKETING REPORT

THE DUKE WILLIAM, CHAPEL STREET, LONGRIDGE, PR3 3NR 14 MAY 2013

Westlake and Company are a specialist commercial property agency, established in 1993 although the Partners between them having in excess of 60 years experience of the licensed trade market. The company regularly acts for major national/international and regional brewers, national pubcos, together with specialist operators including niche licensed traders, micro brewers etc.

The company operate throughout the north of England and have been involved in transactions concerning over 4,000 licensed properties in the last 20 years.

A significant proportion of present activity includes disposals on behalf of multiple-site operators and “pubcos”, reflecting the contraction of the licensed trade estate nationally in response to continuing changes in social trends, weight of legislative burden, reduction in consumer spending etc.

The market for licensed premises has in recent years been significantly constrained by the almost complete lack of funding available following the “credit-crunch” with a significant number of the major lenders having withdrawn from the commercial sector of the market altogether.

The much flaunted government-backed “Funding for Lending” scheme has been a partial success only although widely recognised not to have had any influence on this sector of the market.

Demand for trade premises has very significantly weakened whilst the supply of licensed sites has been at unprecedented levels, and with not just an expectation of the situation continuing for the foreseeable future but with the possibility of some acceleration.

Preliminary Information and Reporting:

Westlake & Company were first asked to inspect the premises and provide recommendations in anticipation of potential marketing in November 2012.

Following a site visit and research undertaken, including consideration of comparable transactions, we provided our recommendations and marketing advice.

Whilst the bulk of such information must be considered subject to client confidentiality, we are able to divulge that our research (including discussions with the licensees) yielded confirmation of the following:

- Operators of these premises up to November 2011 (and when that business was placed in liquidation) had failed to trade successfully/viably for a period of time notwithstanding having established a significant clientele and an increasingly competitive tariff;
- The premises re-opened under new management from the end of March, following refurbishment although never achieved break-even despite advertising and some initial discounting/offers, the principal reasons for trading difficulties being expressed as the fringe location, weight of competition in the area and general economic situation.

In reporting to our clients we included the following comments:

- The character, scale and configuration of the accommodation do not lend themselves to any obvious alternative commercial use (demand for which in this location would be limited)";
- Whilst reasonably prominent and accessible, competition from other licensed trade premises in this area is very high.

There are in excess of 80 licensed premises within an approx 3 mile radius of this site (PR3 postcode - source: Valuation Office Database as at April 2012), with 20 within Longridge itself and as follows:

Public Houses	53
Restaurant Premises	19
Club Premises	11
Total	83

At the time of advising with regard to a potential disposal of this property/site, the premises had been offered openly on the market To Let for approximately 8 months. To Let boards were erected with particulars prepared/circularised by Enterprise Inns Plc. although with interested parties coming forward.

At the time of our inspection the premises were operating under a temporary management arrangement (being the only basis on which the business could be kept trading) although closed shortly thereafter remained so for the entire period of our agency.

In summary, Westlake & Company provided advice as to a likely Realisation Value for the property/site, this opinion based on the sale of a number of broadly similar premises recently in this general area (as well as over the region as a whole).

Confirmation of instructions to offer the property openly on the market for sale (or alternatively to let on a Free of Tie basis) was received on 13th December 2012.

The quoted asking price of £285,000 (offers) was in line with our advice to clients at the outset, as was the availability of the premises on a Free of Tie lease at £30,000 per annum - was in line with our advice to clients at the outset.

For the avoidance of doubt and in accordance with our usual brief of instructions, clients imposed no preference or restrictions as to future use (ie for continued licensed trade occupation or any other).

Marketing Activity:

The property was placed on the open market for sale with immediate effect in December 2012.

Sale particulars were prepared (including photographs – copy attached), these clearly highlighting the features and attributes of the property, and with the intention of appealing to the widest possible range of potential occupiers.

For Sale boards were erected on the frontage of the building from the outset, clearly highlighting the availability of the same.

In view of the timing and the impending Christmas break sale particulars were circularised with effect from the first week in January, and these to Westlake and Company's extensive general mailing list, and across the widest range of potential parties including:

- All national, regional and local 'pubco' operators;
- Small regional/niche brewers;
- Leisure and multiple site operators;
- Local licensees/traders;
- All parties having actively enquired via our offices for details of similar sites/properties within a 20 mile radius;
- Local agents (and who may be retained by interested parties to secure similar premises in any particular area).

From December 2012 the premises were prominently featured on our agency website, and from which sale particulars, photographs, site plans etc could be downloaded.

Thirteen enquiries were received as a result of marketing.

All enquirers are asked to provide details of background and potential use of the premises together with funding requirements although not all choose to confirm such information (at least immediately).

Summary:

The property was offered openly on the market by Westlake & Co. for sale for approx 3-4 months (in addition to the previous 8-9 months via Enterprise Inns).

As agents regularly dealing with this type of instruction and in this general area we can confirm that the response received was broadly in keeping with expectations, and as can be expected for an instruction of this type.

This is a relatively popular locality although one that is generally regarded as over supplied with licensed trade premises, many of the same known to be operating either just at or below the threshold of viability, and with a number of closures in recent years.

Report prepared by Alastair McDowell MRICS 29th April 2013.

**The Estate House, South Street, Gargrave
Skipton, North Yorkshire, BD23 3RT
Telephone: (01756) 748100 Fax: (01756) 748104
Email: info@westlakeandco.co.uk www.westlakeandco.co.uk**