



## **APPENDIX 1**

### **ASSESSMENT OF THE FLEURETS REPORT DATED 14 AUGUST 2018**

The report sets out to provide an 'independent market and business review' of the Georgian House Hotel. It provides full accounts only for 2018 when owned by Lannister House (1782) Ltd but does not provide such accounts for 2015, 2016 & 2017 which are available from Lionhouse Hotel Ltd., both under the management of Mr McVeigh (an unnecessary omission).

The Report concludes :-

- The last four years of trading were consistent.
- Room rates in 2018 were 26.25% less than what they would expect
- Room occupancy was 12.7% lower than what they would expect
- Annual repairs and maintenance were only £24090 whereas they would expect this to be £45000
- The hotel is 'tired and requires immediate investment'
- The hotel is currently not viable
- Being placed into administration twice in four years demonstrates its vulnerability
- The significant pipeline of new hotel bedrooms 'may' result in further deterioration
- The pipeline of new hotels justifies the proposed reduction (of 31 rooms)
- From looking at a list of 'pubs with rooms' operated by Fullers and Cirrus that this is viable



***The Society's observations and comments:-***

***There is no explanation of the reasons for the lower room and occupancy rates – The fact that the general condition of the accommodation and the poor service is a clear reason for this which would have a marked effect on viability of the current 43 room hotel. Considering the unattractive and poor condition of the hotel (which can be improved) lower rates are to be expected.***

***The under spend on maintenance is another factor which the report does not highlight and the conclusion that the hotel is not viable – without examining why – is a serious omission, ( but probably intentional).***

***The assessment of trading performance would appear to assume just 40 restaurant seats and 25 bar seats. In addition to this there is the 120 seat function room which is proposed to be the new restaurant. We are not satisfied their figures in assessing Fair Maintainable Trade take account of the correct capacity of the property.***

***Remaining silent as to why the hotel was placed into administration is a serious omission (but probably intentional).***

***The pipeline of new rooms exists because other hotel groups, large and smaller, are confident about the potential business but such comment is avoided and suggesting this justifies the reduction of 31 rooms is pointless.***

***There are no profit figures for the Fuller and Cirrus small ventures given but this is not relevant to the viability of the existing Georgian Hotel viability and addressing the question of whether there is an active market for 'pubs with rooms' per their brief, is also not relevant to the existing Georgian Hotel.***



***The 2018 accounts include costs of £360,346 for borrowing and exceptional items. The current owners borrowed and bought/regained possession of the hotel after the second administration, paying a premium over other bids in the full knowledge of its run down condition and the immediate need for substantial investment to upgrade the property.***

***n referring to the proposed boutique hotel Fleurets make no mention of the potential competition from the restaurants likely to be established in the two redundant bank buildings in the town centre and the potential competition from the (now confirmed) 5 Star Lythe Hill Hotel.***

