



The Drovers Inn

A traditional country pub on the Cranborne Chase

Business Plan

March 2015

Ref JPS/SAS
12th February 2015

The Residents Action Group Steering Committee,
Save The Drovers Group,
C/O Teachers,
Gussage All Saints,
Wimbourne,
Dorset, BH21 5ET

Dear Sirs

Re The Drovers Inn, Gussage All Saints, Wimbourne, Dorset

I am a Chartered Surveyor and Registered Valuer, and fully conversant with RICS Practice Statements and Guidance for the valuation of public houses. I have practiced throughout the West country for over 35 years, and have dealt with hundreds of village and rural pubs which were either closed or open and trading. My profile along with my companies' portfolio is available on the company's website www.stonesmith.co.uk

I have valued pubs, sold them, acquired them for clients, let them, assigned them, advised upon viability, and undertaken business forecasts etc. I have also appeared as an Expert Witness in The County Court providing evidence for rents based upon the "profits test" method of valuation.

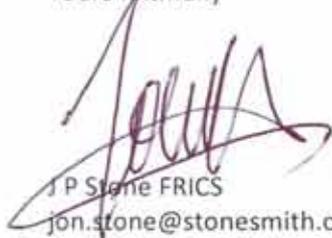
Although I have not inspected The Drovers Inn, my company has a file on the property dating from 1999 when we provided a security valuation for a high street bank. This provides useful background information including historic accounts and selling price.

I have reviewed the viability report and associated business plan set out in this document, and submitted by The Residents Action Group Steering Committee. I consider that with competent management and adequate marketing and funding, this is a fair assessment of what could be achieved at The Drovers Inn.

I have also reviewed the report critiquing the evidence put forward by Savills, Marsdons and Davis Coffey Lyons. I agree with the issues raised in the critique, and consider that if the Drovers Inn had been offered for sale at an asking price of around £300,000, in line with comparable pubs, it would have achieved a sale for continued trade use.

I hope I have covered all the points you required in sufficient detail, however should you need clarification on any matter please let me know.

Yours faithfully



J P Stone FRICS
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INTRODUCTION

As current owners of The Drovers have applied for change of use, there are two key assumptions that need to be mentioned before this document can be presented. Firstly, this document assumes that The Drovers is still available for purchase, and also that it can remain operational as a pub. Secondly, from here on in, the business plan does not mention issues of planning and ownership; it is presented as an intrinsically viable business plan assuming that ownership has been gained.

The Drovers current status creates an irregular planning landscape; therefore information contained within this plan has been drawn on from a range of credible sources in order to produce a commercially sound document based on the facts and figures available. Information provided by two separate industry professionals suggested that in its current state as a pub, The Drovers is worth somewhere in the region of £300,000 retail value. It has also been suggested that investment in the region of £100,000 would be required in order for the establishment to reopen its doors and trade.

As a result of this input, this business plan has been constructed under the presumption that the process of acquisition has taken place and the property is then owned as a free hold. The financials within this document are written in a way that accounts for this process, and highlights the venue's ability to turn a profit. The figures presume that the land has been purchased with a 50% deposit and a 50% business mortgage and the reinvestment figure has been paid by the owners, this has been factored into the annual property costs. Full and comprehensive financials will be produced at a time where accurate information is accessible. The figures contained within are based on tangible evidence, or standard industry guidelines.

Funding options are currently being explored and have yielded good initial results. An interested party has presented themselves at this stage (3/2/15) who is interested in purchasing the property as a free hold and running the business as a pub - in a similar way to the case outlined in the following document. They are a seasoned industry professional and are taking serious steps to put in an offer. A process is currently under way to gather funds and make a tactical manoeuvre to acquire the premises – and subsequently strengthen the legitimacy of the concept outlined in this business plan.

1.0 EXECUTIVE SUMMARY

The Drovers concept, as outlined in this business plan, is designed to provide a viable alternative to the suggestion that the venue is unable to operate profitably. This document outlines how strategic management and professional staff coupled with high quality products and customer service enables the business to turn a profit. (page 7).

The Drovers is set in the village of Gussage All Saints and will be marketed to the local area as well as to the local tourism industry. Within a 10 mile radius of The Drovers there are over 87,000 residents, and a tourism trade creating over 3.3 million visits to its area of the county each year (page 13).

The business plan identifies the way in which management plays a crucial role in ensuring the success of the venture and is central to implementing the high standards necessary to regain the reputation of The Drovers and the trust of the local and wider communities. Key skills and responsibilities of these owners/managers should possess can be found on page 21. As this business plan has been produced, such a figure has been identified, further strengthening the likelihood of the business's success.

The Drovers is surrounded by a number of local competitors but boasts a unique position in the market, through first mover advantage and competitive analysis, strategies can be implemented to offer a differentiated 'product' from competitors and encourage foot fall (page 18). There are numerous opportunities for the business to exploit, and weaknesses and threats have been identified and mitigated (page 16).

There are also multiple additional revenue streams that can be pursued in the longer term once the core offering has been implemented (page 28).

A financial summary can be found on page 24 that outlines the way in which it is possible to operate The Drovers profitably based on specific margins and professional management. Overall, this business plan uses tangible research and independent expert knowledge to reinforce the reasons why the business can be operated successfully and profitably.