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The Dulwich Estate
Registered Charity No. 312751

**Christ's Chapel
of God's Gift at Dulwich**
Registered Charity No. 1057970

J E Major
Chief Executive

Mr Major
(Direct Line: 020 8299 5600)

26 February 2016

Dear Mr Wight

Retail rents in Herne Hill

Thank you for your letter of 22 February. The media, unfortunately, has largely chosen to disregard the facts of the matter:

The only property in Half Moon Lane owned by The Dulwich Estate and subject to a recent rent review was Just Williams (for the avoidance of doubt, the Charity does not own the property occupied by Bon Velo). Although our policy is not to discuss landlord/tenant matters since we regard these as private and confidential, to put the record straight:

- i) The lease on 18 Half Moon Lane came to an end on 19 July 2015 and the Estate served (in October 2014) the appropriate notice under Landlord & Tenant legislation. This offered the tenant a new 10 year lease with the rent being fixed at £28,400 p.a. for the five year period from 2015 to 2020;
- ii) The Tenant did not respond to this offer by making the relevant application to court to protect its right to a new tenancy. It is apparent that the tenant failed to take professional advice from a surveyor who would have negotiated the terms for the new lease and, in particular, the level of rent. This is somewhat surprising, given that the Tenant has three other shops (including one in East Dulwich);
- iii) The rent had been fixed for the five year period from July 2010 to July 2015 at £22,000 p.a.;
- iv) The notice served by the Estate under i) above, proposed a maximum increase in rent (£6,400 p.a.) of 29% (equivalent to 5.8% p.a. for the 5 year period from 2010 to 2015). This proposed rent was negotiable;
- v) Since the Tenant remained in occupation but without retaining the right to a new lease, we negotiated a Tenancy at Will with a rent to reflect the then market value (in mid-2015) of the premises (which had risen to 40% above the 2010 rent).

The Estate remains at a loss as to why the Tenant at Just Williams did not take up the offer of a new 10 year lease at an increase in rent equivalent to 5.8% p.a. since 2010. The premises are being advertised now at what our agents advise us is the current market rent.

Please be assured that the Estate likes to retain tenants but, ultimately the decision on rent review or lease renewal is a matter for the tenant and the viability of its business. Our leases are generally for a term of 10 years with the rent being fixed for a period of 5 years. Contrary to popular belief, when (rarely) we have a shop vacant, we are not solely driven by rent: we look at a number of factors in

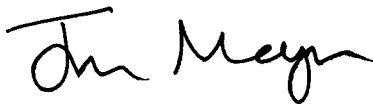
assessing would-be tenants. These include the business plan, strength of covenant, potential impact of business on existing traders (i.e., competition) and 'fit'. We too do not wish to see parades full of estate agents!

Whist writing, I would like to comment on the Half Moon Pub. Following the flood, it was the tenant who decided not to re-open. We were concerned about the condition of this Grade II* listed building and negotiated to take back the premises. Since that time, we have been in discussions with the Council over the development potential of the building (whilst always retaining the pub on the ground floor). We are pleased to have entered in to an agreement with Fullers whereby it has submitted a planning application to convert the upper floors to provide (at the suggestion of the Council) hotel accommodation and to invest a substantial capital sum (together with the Estate) to renovate and refurbish the building. We are hoping that planning consent will be forthcoming on a timely basis in order that the pub can re-open for the enjoyment of residents and others, thus increasing the footfall in the area and trade for our commercial tenants.

We are aware of concern over the loss of a venue for live entertainment at the Half Moon and I feel it may be helpful if members of your Society were apprised of the background to the re-letting of the pub. The Estate appointed specialist agents to market the premises and these contacted some 64 pub operators. Seven expressions of interest were received but none wished to provide live entertainment. Fullers was selected on the basis of its commitment to get the premises refurbished and developed. The attached note seeks to explain why the Estate has questioned the designation of the property as an Asset of Community Value.

I note that you would like to meet ahead of your AGM on 9 March. If you let me have some dates and times convenient to you, I should be pleased arrange a meeting. In the interim, please also let me have any questions/comments on the above.

Yours sincerely



John E Major
CHIEF EXECUTIVE

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Enc

The Half Moon Public House – Asset of Community Value Designation

The Dulwich Estate, via its retained property advisers, has asked Southwark Council to explain how the nomination to designate the Charity's property as an Asset of Community meets the criteria as specified in the Assets of Community Value (England) Regulations 2012. The Charity has raised this by way of a challenge in accordance with Section 10 of these Regulations in order to protect its position under planning legislation.

Notification from the Council that the nomination had been successful was received via email at 12.34 p.m. on Monday 21st December. The Charity's representations (as set out in a 7 page letter) in response to the nomination had been submitted by its property advisers to the Council by email at 12.27 p.m. on Friday the 18th December. Given this very short time frame, the Charity questions whether the Council had given due consideration to the representations and how the nomination fully meets the requirements under the Regulations.

ACV Designation of the Half Moon Public House protects the use of the property as a public house only – **it does not secure any part of the premises as a venue for live entertainment** since this is ancillary to the primary use of property as a public house. The planning application by Fullers does not propose any change of use to the ground floor which will remain as a public house.

The Charity's objective remains to get the building refurbished in order for it to re-open as soon as possible. To this end, it is pleased to have reached the agreement with Fullers under which both parties will invest significant sums to restore and refurbish the building, providing hotel accommodation in addition to the public house and dining facilities, in order to ensure the viability of the Half Moon in the long-term. It is hoped that Fullers will be successful in achieving a planning approval with the support of the local community; should Fullers fail in this, it is at liberty to withdraw from the agreement with the Estate. The Charity would then be tasked with finding an alternative tenant willing to undertake refurbishment of the property.

John Major
Chief Executive

23 February 2016