CRAVEN COTTAGE, WHITE CITY, OR WHERE?

A CONSULTATION ON THE ISSUES SURROUNDING THE FUTURE HOME OF FULHAM FOOTBALL CLUB

MARCH 2004

INTRODUCTION

The news of permission to return to Craven Cottage this August has been greeted with approval by all connected with Fulham FC, following an uncomfortable two seasons at Loftus Road. However the Club's stated policy continues to be one of seeking a long term move elsewhere. On 8 March 2004, for the first time, the London Borough of Hammersmith & Fulham officially indicated there were circumstances in which it would be prepared to assist such a move.

Given this background, the Fulham Supporters' Trust believes it essential to inform its members and other interested parties of the issues and calculations relevant to any proposed move. To date, discussion has largely been based on hearsay and guesswork. Instead we all need a proper grasp of the facts -- including the financial realities of life in the Premiership and other clubs' experiences, costs and revenues arising from relocation.

It is the desire of everyone within Fulham Supporters' Trust that the benefits of the investment that Mohamed Al Fayed has made should be permanent. No issue could be more relevant to this than ensuring the Club has a financially stable future and we all recognise that location is a key factor.

The campaign name under which our Trust was formed in May 2003, "Back to the Cottage," reflects the then urgent imperative for Fulham to go home. That having been assured, and now we know that our return will be for at least three seasons, it is time to take stock in a more dispassionate manner. That is what the following pages, based on extensive research of the facts, attempt to do, with due regard both to the plusses and minuses of Craven Cottage and White City.

A prerequisite of every successful move by a football club has been effective consultation with the fans, but to date our own Club has undertaken no such large-scale consultation. A prime aim of this document is to stimulate and inform such an exercise.

As a voluntary organisation of Fulham supporters, we are able to call upon a wide range of professional skills from within our ranks. I would therefore like to thank those members with planning, legal, finance, government and other expertise that have contributed to this document.

The Trust committee strongly encourage comments about the issues raised here. We encourage you to write to us at, BACK TO THE COTTAGE, PO BOX 44170, LONDON, SW6 6XH or e-mail us your thoughts to consultation@backtothecottage.co.uk before April 9 2004. Our future campaigning position and ongoing discussions with the Club and other key decision-makers will take full account of the feedback received.

Best Wishes,

Kevin Shea
Chairman, Fulham Supporters' Trust

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Annexures

1. EXECUTIVE SUMMARY

This document has been written to promote discussion based on facts, and not just guesswork, concerning the future location of Fulham Football Club.

SECTION 1.

Fulham are permitted to stay at Craven Cottage indefinitely, and can make an operating profit there. The need for a 38,000-seater stadium at White City is not driven by any urgent commercial imperative. However for the first time (on 8 March 2004), Hammersmith & Fulham Council indicated it might permit a move away from, and the redevelopment of, Craven Cottage.

SECTION 2.

Funding stadia is particularly difficult in London, given the costs of land acquisition and the absence of the type of public sector assistance found in other regions. Some clubs have attempted to partly-fund stadia, as well as boost ongoing income, via ancillary hotels and visitor attractions. At Bolton, the associated debt repayments currently dwarf the extra income, which amounts to a small proportion of club revenue. Meanwhile, over recent years at Chelsea, the team's success has supported off-field activities rather than the other way round as envisaged.

SECTION 3.

With land acquisition and construction costs, plus those arising from planning issues at White City, total expenses would be at least £122 million, and any "Chelsea Village" type features would cost substantial extra sums. In return, revenues additional to those obtainable at Craven Cottage might be £2.0-3.5m, plus £8m per season at such time as the stadium was regularly filled. Filling a 38,000-seater would mean a virtually doubling in attendances compared to Fulham's first season in the Premiership and exceed by 15,000 the average during the club's last period at the top (1959-68) when tickets were much more affordable.

SECTION 4.

Inclusive of a wage bill higher than plenty of other clubs, Fulham should at least break even at Craven Cottage with a budgetable income of £35 million, even in a mediocre season. That leaves no chance of competing financially with Manchester United, who earn five times as much, or with the three clubs with £100 million incomes. But it is in line with most of the rest who earn an average of under £40 million. (e.g. last season: Charlton £35.1m and Bolton £37.9m). Each season there will be several Premiership clubs who, allowing for the higher prices charged in London, enjoy matchday revenues similar to, or even less, than Fulham's, while several more will not be much better off. Therefore at Craven Cottage, Fulham will have broad financial comparability with nearly half of the Premiership, including clubs such as Birmingham, Blackburn, Bolton, Charlton and Leicester.

Analysts predict that the wages and transfer money challenge for clubs like Fulham will continue to recede from its peak of two years ago, increasing the chance of a stable financial future. The Club's location also gives it a slight cost advantage over most rivals, as well as additional income possibilities. More and more income for clubs in general, moreover, is set to be unconnected with ground capacity, from sources promoted via the Internet, satellite TV, etc.

Moving to a 38,000-seater would still not permit Fulham to compete with the likes of Arsenal, Newcastle or Liverpool. It would, were the ground filled, enable a level playing field with clubs like Aston Villa.

Please read on for a more detailed consideration of these issues.

2. FULHAM'S CURRENT SITUATION IN BRIEF

2.1. No rush to vacate Craven Cottage

Misleading press reports to the contrary, there is no time limit to the planning permission granted by Hammersmith & Fulham Council for a Craven Cottage seating 22,500. The Club can return forever so far as the Council is concerned, not just three years. The report accepted by the Planning Committee stated that "*there is no compelling planning justification for restricting this development to a temporary period of 3 years, and* [officers] *do not recommend a condition that the permission be for a temporary period*."

Meanwhile, the deal that Fulham concluded with Fulham River Projects in the summer of 2002 is in turmoil. Those involved in Fulham River Projects have spectacularly fallen out, taking their disagreements to the High Court in December 2003. The parties behind FRP also have to contend with the evidence provided at the recent court case that the agreement to pay Fulham £50 million was done on the basis of a valuation of the Craven Cottage site of £62 million once suitable planning permission had been obtained. However, a recent valuation on the same basis, presented in Court by an expert called on behalf of the Defendant, was only £26.4 million. This figure reduces to an amount as little as £14.58 million should the social housing requirements for the site be anything above the 30% minimum currently required under current Council policy.

There is no immediate financial pressure to move either. According to Finance Director, Andy Ambler, the Club's trading position is now at least breakeven on a seasonal basis. This being the case at Loftus Road, it should be no less so at Craven Cottage with a higher capacity, likely increase in season ticket numbers and no rent to pay. Inclusive of a wage bill competitive with many other Premiership clubs, operational costs next season should be £34 million and budgetable income at least £35 million. Section 5.1, later in this report, explains why.

2.2 The Club Is Impatient To Move

In spite of the facts outlined above, the Club has stated that it only wishes to stay at Craven Cottage for three years and that the move back there should be viewed as temporary. It suggests that this is because Craven Cottage is inadequate to fulfill ambitions and that it is making every effort to secure an alternative site in the Borough on which to build a 38,000-capacity stadium.

The only logical reason that the club feels under time pressure is not because of Craven Cottage as such, but because there is only one other possible site for a stadium within the Borough. Unless it can raise enough money to buy and develop this site at White City, the Club realistically expects it soon to become redeveloped by others. This point was amplified in an article appearing in The Times on 8 March 2004, which suggested the land owners at White City had ambitious plans for the area.

2.3 Policy Background

Three planning documents are critical to Fulham's future, key sections of which are set out at Annex V. Firstly, the Council's Unitary Development Plan, which sets out the Borough's general approach to planning issues. This document was revised in 2003 and states that any application for a redevelopment of a stadium in the Borough will only be permitted if it "*makes provision for continuation of professional football or other field-based spectator sports at that ground. If it can be demonstrated that professional football or other field based spectator sports are no longer viable there, the redevelopment should include provision for other community service uses*." This statement is the latest reaffirmation of long established Council policies that have played a critical part in guaranteeing the survival of three professional clubs in the Borough.

Secondly, there is the London Plan issued by Mayor Ken Livingstone in February 2004. This document sets out the broad thrust of planning policy for London over the next 10-20 years. It is strategic in scope and does not mention Fulham directly. However it does reference White City as one of London's "Opportunity Areas"- meaning a place where growth should be concentrated given it is a location with vacant land and in need of regeneration. It states that 11,000 new jobs and 1200 new housing units should be planned for this area. These policy objectives will be difficult to reconcile with the construction of a new stadium, a point which is expanded later on.

Thirdly, there is the Outline Planning Brief for White City. This document, published on 8 March 2004, and prepared by the Council and the Greater London Authority, sets out in more detail the future uses of the land at White City. The introduction to this document is the first official acknowledgement by the Council that there are circumstances in which it will permit Fulham to move from Craven Cottage to this site. It makes no reference to exactly what criteria will be applied to decide if these circumstances apply.

It therefore seems clear that significant developments are going on behind the scenes. Interested parties however must beware of rushing into a decision they will regret. Potential advantages of a higher-capacity stadium are known. What is much more mysterious is how the overall finances can be made to work. The following section will discuss other clubs' experiences in attempting to make new grounds pay. Then Section 4 will try to apply these to the Fulham/White City case.

3. LESSON AND EXAMPLES FROM OTHER CLUBS

3.1. What It Costs To Relocate

In the last ten years clubs as diverse as Southampton, Bolton, Wigan and Darlington have all moved to new all-seater venues, while projects currently underway include Wembley, Arsenal's planned new ground at Ashburton Grove and a new stadium for Coventry City. In addition Brighton, Liverpool and Cardiff all have ambitious plans to move to new venues at different stages of development.

Discussing the finances of these moves is complicated by differing definitions of what to include in the figure for "stadium cost." The amount announced in connection with the new stadium plans for Cardiff City in late 2003, for example, included not only a football stadium but also athletics facilities and plans for adjacent restaurant and shopping amenities.

Perhaps the best example of these differences is currently seen with the Wembley Stadium project. The figures quoted for the stadium itself by the FA and Sport England amount to £352m whereas the costs for the entire project, as quoted by the House of Commons Public Accounts Committee in January 2004, amount to £715m. This much higher figure includes aspects that many would expect to be included under the direct costs of building a stadium, such as: "*land purchase and associated costs, design development, finance costs (including rolled up interest), Section 106 payments, legal fees, all company running costs 1998 to 2005 (including the closure of the original stadium), contingent cost, pre-opening costs, demolition*"

A full list of the principal costs of stadium construction can be found in Annex I, but the main headings are: financing costs & professional fees; stadium construction; local infrastructure costs; internal accommodation and pitch.

Based on the widely-used measure of cost-per-seat, the table at Annex II shows that, amongst new stadia completed, planned or started in the last 10 years, construction costs vary widely from £400 (Middlesbrough in 1995/1996) to in excess of £3900 (Wembley currently under construction). Whilst it may be unfair to reference Wembley, given the complex political and other issues which have plagued this project, it seems clear from both the Ashburton Grove and City of Manchester projects that costs in excess of £2000 per seat are currently the norm for large-scale stadia, both in London and elsewhere. The table at Annex III highlights the disparities in figures in this area.

That is not, of course, the full picture. Any realistic discussion must include the full range of expenditure inherent in such a project, in addition to stadium construction, and this applies particularly in the case of London. Apart from land here being relatively scarce and expensive, other significant cost factors can be expected because of prevailing policies designed to encourage use of public transport and force developers to pay for wider improvements to the areas in which they are building. These "Section 106" Agreements meant that, for example, Arsenal were required to pay for 2,300 low cost residential units at Highbury and Ashburton

Grove, four community health centres and almost £8m worth of improvements to fund the upgrade of local Underground stations. Similarly, the new Wembley Stadium has been required to fund in excess of £17m worth of improvements to local transport links.

3.2. Obtaining Public Funding

There are two scenarios here, one applying to a new-build stadium and the other to enhancements to an existing stadium. In the first case, where new stadium construction is regarded as a key aspect to wider regeneration strategies, extensive financial help from the public sector has been obtained by some clubs outside London.

For Middlesbrough, the Teesside Development Corporation provided a plot of land for the stadium for free and also paid for reclamation costs. More recently, various public bodies have funded the KC Stadium in Hull and the City of Manchester Stadium. Indeed the local authority's largesse was such in the case of Manchester, when the stadium's costs overran from a predicted £90 million to £110 million, it stepped in and paid the difference. Perhaps the most ambitious scheme of this sort is under way outside Coventry with a 32,000-seat stadium for the local football club, 6000 square metre conference/events hall, major banqueting facilities, health and fitness complex, hotels and the largest resort casino in the UK. Construction costs are estimated at over £113 million, £103 million of which will be provided by Coventry City Council and the remainder coming from EU and regional development agency funds on the grounds that it is a crucial part of the regeneration of the area.

In London there has been no case of a football stadium receiving large-scale public underwriting in this way. Even Wembley, a supposedly national stadium with consequent implications for prestige, has had to be largely privately financed

There is also a big drawback to pubic funding on this scale, since the clubs do not generally own the new venues in which they play. This will have significant implications for how much of the revenue generated in the stadium will accrue to the club - at the very minimum not everything will come back. Profits from non-matchday events may also not accrue to the benefit of the club. And in a crisis, the club will not be able to use its stadium as security for finance. In cases such as Stoke or Huddersfield, for example, significant financial problems have been exacerbated by the restriction of having the stadium owned by somebody else.

While public finance for new stadia has these drawbacks and would anyway be remarkable in London, what of the second scenario: enhancements to an existing stadium? Here there are London precedents. Groups as diverse as Sport England, the Football Foundation, English Partnerships, the London Development Agency and the Neighbourhood Renewal Fund financed recent renovations to Leyton Orient's ground. In return the new facilities include a community centre, a nursery and offices for the local Primary Care Trust. Charlton also receive funding for making their facilities available for local higher education colleges. Should Fulham FC consider a rebuild of one of the ends at Craven Cottage -- thereby creating not just more seats, but spaces within the stand -- this may be a funding route to explore.

3.3. Raising Money Privately

Even where local authorities are willing to play a substantial role, for the most part football clubs will have to make significant cash contribution for new facilities. In many other cases, clubs have to finance entire stadium projects themselves. A common approach is to leverage anticipated extra income arising from the planned increase in capacity in order to secure a bond scheme or straightforward loan.

Exponents of this approach include Southampton for St Mary's, where funds for the new stadium were raised from a variety of sources on the basis that once built the new stadium would mean much higher revenues from matchday income. The club raised a £12m loan from Deutsche Genossenschaftsbank, £5m from Sovereign Finance PLC, £5m from the sale of the Dell to Barratt Homes, £3.6m from Football Trust and other grants, £1.2m in a ground naming deal and £3.1m from a share issue underwritten by directors. Following the first successful season at St Mary's the entire package was subsequently refinanced with a household name life insurer that gave Southampton a 25-year loan at a fixed rate of interest. Similarly, Bolton financed the Reebok by using conventional debt.

Clearly the Southampton route is the one to follow in this area. However the example of the Saints has not been widely emulated. Obtaining finance at commercially acceptable rates is increasingly difficult for football clubs given increasing negative investor sentiment towards the sector. Typically no one lender will underwrite an entire project, so clubs need to secure funding from a variety of sources, adding to complication and expense.

An illustration of these difficulties has been seen with Arsenal's experience in securing the monies required for Ashburton Grove. Finding banks willing to lend the amounts needed has not been straightforward. In April 2003 the bank Societe Generale, which was expected to take a lead role in the financing, pulled out leaving only the Royal Bank of Scotland as publicly associated with the project. It took almost a year to secure alternative arrangements with it being announced only in late February 2004 that the necessary funds had been obtained via a consortium including the Royal Bank of Scotland PLC, Espirito Santo Investment, The Bank of Ireland, Allied Irish Banks PLC, CIT Group Structured Finance (UK) Limited and HSH Nordbank AG.

The precise details of this deal were confidential. Arsenal stated that these institutions would underwrite the senior debt at a "commercial rate" but didn't say what this exactly was. In the meantime the club had raised preliminary funds for the project by mortgaging Highbury, the training ground at London Colney and various sections of the Ashburton Grove site.

3.4. The "Chelsea Village" Approach To Fund Raising

The other principal approach to fundraising for new stadia has been increased emphasis on broadening the use of such facilities. Whilst all new/redeveloped stadia seek more intensive use of their capabilities, only some have made this the cornerstone of their commercial approach.

Perhaps the best two examples of this trend have been Chelsea Village and Bolton Wanderers' Reebok Stadium.

The success of this approach is, on the evidence of Bolton and Chelsea, extremely difficult to establish. The Reebok includes extensive hotel, conferencing and similar facilities. However such features and three consecutive seasons in the Premiership have not provided the club with significant financial stability. For the year ending 30 June 2003, the Club's parent, Burnden Leisure, reported losses of £5.7m on revenues of £38m. In addition the Club's debts stood at £35 million at the end of 2003, despite receiving £17m in TV income in the previous season and spending only £3.15m on transfers in the previous three seasons.

Interestingly, Leicester City embarked on the Walkers Stadium project on the assumption that extensive non-matchday facilities would help to defray financing costs. It expected that offices and a casino would provide crucial additional funding in this area. However the club was unable to interest other parties in setting up such facilities at the stadium and meeting the costs of the new arena proved a critical part of the club's entry into Administration.

Perhaps the best known example of this approach is Chelsea Village. It was the hope of Ken Bates that a series of enterprises located adjacent to the football stadium would provide a steady stream of income which would guarantee the long term future of Chelsea, regardless of how the team was doing on the pitch. When the construction phase of Chelsea Village was complete, the site comprised a 42,500 capacity stadium, two hotels, eight restaurants, a sports bar, piano bar, a pub/club, a night club, health club, visitor attraction, fourteen function rooms, 20,000 square feet of retail, 24,000 square feet of offices, a business centre and an underground car park.

The cost of constructing these facilities was extremely high. Chelsea took out a £75million Eurobond in 1997 to finance the work, which required repayments of £7m a year (or £18,000 a day) in interest alone until 2007 when the principal sum required repayment. The club refused to be drawn on how successful the new hotels and other facilities were and Ken Bates consistently insisted the site was working well. However anecdotal evidence, including reports by Radio 5 and Channel 4, suggested that these facilities were not a commercial success. In addition the visitor attraction, the Chelsea World of Sport, closed down a little over a year after first opening due to lack of interest.

Whilst it may be difficult to establish the precise success of Chelsea Village's off-field activities, it is undeniable that its financial position was exceptionally poor. The Group only made a profit in one year of its existence, 1998, when figures were helped by the receipts from flat sales. In 1999 every penny earned by the football team in qualifying for the second phase of the Champions League simply covered the interest payments on the stadium. For the year ending 30 June 2001 Chelsea Village reported a pre-tax loss of £6.83m and long-term debts of £97.7 million. For the year ending 30 June 2002 Chelsea Village stated that its debts stood at £99.3m with Group losses of £16.6m. In the year to the end of June 2003, the Group made a loss of more than £26.5million with turnover down 6 per cent to £53.6m. The day after these latest figures were announced, Roman Abramovich announced his takeover.

These figures were reported when on the field Chelsea had won 6 cups, were finalists twice, quarter finalists in the Champions League and competed in Europe for six of the previous eight seasons. It seems clear that the financial model underpinning Chelsea Village did not work in the manner intended and that the team's success was supporting the off-field activities rather than the other way round as planned.

Further evidence of some of the inherent problems with this approach can also be seen with the reaction to Ken Bates's vision of Wembley. Initially appointed by the FA to lead the efforts to rebuild the stadium, the Chelsea Chairman set out plans for a wider redevelopment of the site with not only a new stadium but also hotels, conference facilities and retailing. Despite the profile of the project and the amount of financing in place from the FA and other sources, this ambitious scheme failed to attract finance from any private lending institution and, as a result, the FA were required to approach the Government for funds. These requests were rebuffed and as a result in early 2001 Ken Bates was forced to step down and it was announced that the broader plans for the stadium would be jettisoned. The inquiry ordered by the Government into these events was led by Patrick Carter, who said in December 2001 "*The original project failed because in short the stadium was too expensive, the income stream too insecure and the management unconvincing.*"

3.5. Non-Matchday Revenue -- How Significant?

Chelsea may be unique for its extreme approach, but every new development seems to emphasise more intensive use of stadium facilities. However, there is surprisingly little clear information on how much such activities can contribute to the finances of football clubs. It is clear that Chelsea Village only made a profit in one year of trading. The precarious position of Bolton, despite the facilities on offer at the Reebok, also illustrates that such facilities do not guarantee financial stability.

Revenues from hotels and similar seem unlikely to provide the finance required for a successful football club. For example, the presence of a Quality Inn at Upton Park played little or no role in averting the mass exodus of players from West Ham. Similarly, the hotel at the Reebok, run in conjunction with the Copthorne chain, boasts 125 rooms. Assuming 65% occupancy with an average room rate of £70 per night this indicates turnover of approximately £2.1m a year. Assuming profits of 20% split 50/50 (optimistic assumptions) this suggests profits of only £200-£300,000 a year.

The example of Southampton also illustrates the extent of income that can reasonably be expected in this area. In the first year at St Mary's non-matchday events raised £500,000, a figure which doubled in the second year at the ground to a little under £1m. Whilst such rate of improvement is impressive, the sums involved (let alone net of costs) are relatively marginal to the club's overall position.

Ground-naming rights are also unlikely to provide amounts sufficient to materially improve the finances of a Premiership club. While some newspaper reports have suggested that Arsenal may receive £2m a year, a British record, in return for naming Ashburton Grove, it will be interesting to see what figures are eventually realised. Meanwhile, one of Fulham's peers, Southampton are receiving £0.24m per year for a five-season naming deal with Friends Provident.

3.6. Trying To Make The Sums Add Up

Without the backing of a financial heavyweight, football clubs need to ensure that their stadium plans match their financial resources. Deciding whether such figures add up requires review of a number of factors. Firstly, whether it can be said with reasonable certainty that a new stadium's higher capacity will be filled, with consequent higher gate receipts. Secondly, whether financing to bridge the gap between moving out of the old stadium and receiving enhanced revenue from the new arena can be obtained at commercially sustainable rates. Thirdly, once the new facility is open, whether the club can be successful enough to generate sufficient funds to meet repayment obligations.

Judging whether a stadium with increased capacity would be filled is essentially a judgement of how much potential support can be attracted to the new venue. In some cases this is a relatively straightforward calculation. Both Southampton and Arsenal regularly filled/fill out their traditional homes and have established waiting lists for season tickets -- in the case of Arsenal estimated to be in excess of 30,000. Arsenal can also point to their ability to sell out Wembley for Champions League games as an indication of their potential crowds at a new stadium.

Even with it being clear that a new stadium will mean enhanced matchday revenue, these figures need to be sufficiently attractive to ensure that a commercial lender will provide funds. A positive example outlined above is Southampton, while evidence of the risks in this area is apparent from the experience of Derby or Leicester. In the case of the latter, a £28m bond issue substantially funded a £37 million stadium. The payments on this loan played a considerable part in the club coming close to folding following relegation. Whilst the immediate threat to Leicester's survival has now passed, the Walkers Stadium is now owned by the bondholders, with the club paying to use the facility as tenants. This example also outlines the risks of clubs that are not established in the Premiership banking on the enhanced revenues from that league, and then facing the reduced income of Division 1.

Having seen the difficulties others have got into, clubs contemplating a move are increasingly keen to limit initial costs and not be over-ambitious. Perhaps the best example of this trend has been on Merseyside. In the case of Everton, the club was invited to join in with the planned redevelopment of the Kings Dock, a project with a total value of £365 million. Approximately £150m of this figure would be taken up by a stadium/arena that would be used by the football club. Everton were required to contribute £30m, with the remainder coming from a mixture of public and private sources. However, even with the expected proceeds from the sale of Goodison, the club could not commit to providing this amount and had to pull out of the project.

More recently, Liverpool have provided further details of their proposed new stadium in Stanley Park. The plans envisage a 60,000 capacity stadium, with approximate costs of £80m. The club, in the financial year in which turnover exceeded £100m for the first time, insisted that should these costs increase any higher than £80m it would not be prudent to pursue the scheme.

4. NEW STADIA ISSUES AND FULHAM

Should Fulham FC proceed with its plans to push ahead with moving from Craven Cottage on a permanent basis, the issues outlined above will assume central significance. This section sets out the likely impact on the Club.

4.1. Site Selection & Acquisition Costs

Fulham FC have made clear that the criterion for a new site for a stadium is that it must be in the London Borough of Hammersmith & Fulham. Notwithstanding this policy, the acquisition of a site elsewhere in the wider West London area would be exceptionally difficult. The Harrods depot at Osterley has been mentioned as a potential site, but this is hampered by its relatively small size and likely significant planning difficulties.

A review of potential sites in the LBH&F indicates that the only candidate for the construction of a stadium with a substantially higher capacity is the vacant land adjacent to White City Underground Station. In the recent Outline Planning Brief for White City, the leader of the Council confirmed his view that this was the only suitable site in the Borough. This area is currently owned by a mixture of owners, including the BBC, Mark & Spencer, the utility conglomerate Lattice Group and the property developers Helical Bar.

Ignoring the planning issues involved (which are expanded on below), this location does offer a large vacant area adjacent to major public transport links. As such, it could be used for the construction of a large new stadium. However it is important to note that in late 2002 Fulham were beaten in a four-way auction for the site now owned by Helical Bar. Reports from Companies House and the Land Registry indicate this land was acquired for a figure in excess of £27m. Almost two years later it is reasonable to expect that Fulham will have to pay a significant premium in excess of this figure to secure the site. Being conservative, £35m seems the minimum that would be required to persuade a sale. These amounts will likely increase as the landowners' plans become more advanced.

A review of the site indicates that securing the Helical Bar site is unlikely to provide sufficient land for the new stadium, particularly given the Club's stated ambitions for a wider leisure complex. At the very least the land owned by the BBC will also be required for access, and here a figure of £3m seems minimal. It is unclear whether the BBC would consent to the sale of such land -- without it, the Club would have to rely on the local authority to use its compulsory purchase powers in this regard.

A very conservative estimate would therefore suggest that the cost merely of securing the land required for a new stadium at White City would be, at a minimum, £38m. This is slightly more than the entire annual turnover of Fulham FC. By contrast, for a club the size of Liverpool, the entire stadium project amounts to approximately 80% of annual turnover.

It is worth noting that the balance Fulham is guaranteed from the Fulham River Projects arrangements is £35m. This means that acquiring the land alone would likely use up all funds guaranteed from the Club's most valuable asset.

4.2. Planning Issues

The planning issues involved in constructing a new site at White City would be extremely complex. As mentioned earlier, the land here is singled out in the "London Plan", the document recently published by the Mayor of London, which sets out planning strategy for the entire capital. In particular, the London Plan references the growth of media related jobs given the site's location adjacent to the BBC. More details on the current status of planning policy are set out at Annex V.

A stadium in White City would therefore contradict the direction suggested by the London Plan. Whilst this does not mean planning permission is impossible, it certainly makes it far harder to obtain. The Borough would have to consent to a scheme that meant the most deprived part of the Borough was denied thousands of new jobs and social housing units currently planned for the area.

The Outline Planning Brief for White City, a document published in March 2004, which sets out the broad scope of development for this area, makes no reference to a football stadium. The Borough would therefore have to rewrite policy for this site should Fulham succeed in buying any land in the area. Quite apart from the difficulties with the GLA such a course of action may pose, it would likely provide a source of significant further delay before any plans for a stadium could be introduced.

Press reports have indicated that the club are willing to provide other social assets such as a swimming pool, to assuage Council concerns in this area. Leaving open the question of whether such facilities would adequately make up for the absence of jobs and housing, this suggests that an additional significant sum would have to be promised by the club if permission were to be obtained. Using the examples of recent cases, the cost of constructing a large new public pool ranges from £3m to £10m plus.

Since the club have indicated that they envisage a far larger complex than simply a stadium, a further area of expense would stem from the likely Section 106 Agreement that would govern the planning permission for the site. As referred to above, these would be the improvements to the local area that Fulham would be required to make in return for receiving permission for a new stadium at White City. Arsenal spent £8m merely to improve the transport links for their new stadium. There is no reason to believe that Fulham at White City would spend anything less on transport and other enhancements. Whilst the capacity of the Fulham project may be less, it would be sited in a far more strategically valuable area. Therefore £8m for this aspect seems the least that can be sensibly budgeted.

4.3. Stadium Construction Costs

The costs of construction would likely be less at White City than the abandoned plans for a new Craven Cottage, since issues such as site access, restrictions on the times when work was permitted and other drawbacks would probably not apply.

Beyond that, costs would be substantially determined by the design and level of luxury envisaged. Opting for a fairly simple bowl shape, such as at Darlington, would undoubtedly limit expense. However an overly Spartan approach would mean the venue would not offer the additional facilities that are supposedly at the heart of the Club's plans. It therefore seems fair to extrapolate the building costs of two of the large stadia most recently constructed or under construction -- City of Manchester and Ashburton Grove. Using, again as a conservative estimate a figure of £2000 per seat, pure construction costs of a 38,000-capacity stadium at White City would be in the region of £76 million. It should also be recalled that building cost inflation, which measures the increase in the costs of construction, increases at approximately double retail price inflation, so arriving at a figure for stadium construction in 2004 needs to take account of this reality.

Factoring in all these aspects, it would therefore seem fair to budget £38m for site acquisition costs, a further £8m for associated upgrades to community and transport facilities and a stadium construction cost of approximately £76m. This would make a grand total of £122m, a figure which could substantially increase depending on the size of stadium to be built and the facilities to go round it.

4.4. The "Chelsea Village" Element

The greatest unknown about White City is the proposed off-the-field elements that are said to be part of the attraction. It is therefore currently impossible to estimate either the costs (additional to £122m) required to create these extra facilities, or the income that might be raised from them.

On the income side the Bolton and Southampton examples suggest modest additional revenue while the Chelsea Village example is one of damaging loss. The question is therefore: how can Fulham come up with something more significant than the former and more sensible than the latter?

It seems probable that White City would have a less restricted approach on stadium use for outdoor events such as concerts. However the market in this area is competitive (Wembley and Twickenham for example) and it is unclear how much could really be raised from this market. A spokesman for the Chairman, addressing supporters in November, mentioned the possibilities of a hotel and a casino. Assuming a major hotel chain could be persuaded to join in the scheme, then based on the Reebok example, this might (optimistically) bring in another £500,000 of revenue to the club.

The potential of casinos is much harder to extrapolate. The Government has been talking of deregulating the gaming industry, with legislation in 2005 likely to permit the creation of Las

Vegas-style resort casinos. In anticipation of this, a number of deals have accordingly been done between casino groups and football clubs. However the Club has not yet announced any link up with any significant US based casino operator. Plans for a casino in White City will be made more difficult by the decision of MGM to acquire a stake in Earls Court. The American gaming operator has publicly announced plans to construct a new large casino at the current site of Olympia. This site is not only closer to the centre of London than White City but also in the London Borough of Hammersmith & Fulham. It is likely to be more difficult to obtain consent for a second large-scale casino in the same local authority area.

Without a casino, additional revenues from a move to the White City would seem likely to be in the range of approximately £2-3.5m. The amount from a casino is too difficult at this stage to determine.

4.5. Prospects for Attendances at White City

It seems clear that crowd size will be the most important determinant of the financial success of any relocation. In broad terms, another million pounds of revenue is received for every 2,000 added to average attendance. With a capacity of 16,000 more than at Craven Cottage the ultimate potential would be for an extra £8 million a season. How likely that potential is to be satisfied is therefore of central significance.

The assertion that new grounds yield bigger attendances is often made by advocates of a football club moving from its traditional home. Examples such as Southampton since moving from The Dell or Middlesbrough since their move to the Riverside are used to support such a contention. In both cases, as well as those of Derby, Stoke, Sunderland and Arsenal, fans have broadly welcomed their club's moving or plans to move to a new stadium. However such an upturn is not automatic- clubs that have faced tough times on the pitch have seen their crowds go down, regardless of how modern their stadium may be.

In Fulham's case it seems clear that any announcement of a move would not be universally supported and this would be a relevant factor in hypothesising attendances. It is no secret that one factor with post-August 2002 crowds has been that a proportion of supporters who attend at Craven Cottage do not do so at Loftus Road. Indeed the Club have issued a number of public statements appealing to such fans to return. Whatever fans' justification, it seems that another stadium in London W12 would not be best placed to win such types back.

In terms of practicalities, while White City is nearer a tube station and so easier to reach for some than Craven Cottage, the majority of existing supporters will likely be disadvantaged. The Club is aware that Fulham's established fanbase outside London SW6 is concentrated along the A3 corridor, whereas the main catchment area for White City, as for QPR, is the A40 corridor. By London standards, road travel between these two corridors is slow and rail links are sparse, leading to experiences of extra journey times and hassles out of all proportion to the four miles involved between venues.

In factual terms, to fill a 38,000-seater stadium would require an average attendance more than double the current average attendance (16,500) and virtually double the average during Fulham's first season in the Premiership (19,000). The latter was constrained by sell-outs for a few games, but remember that it was also boosted by the availability of terracing and, maybe more to the point, by prices having been pegged at Division One levels.

Predicting unsatisfied pent-up demand in Fulham's case is tricky given that there has never been a waiting list for season tickets and that season 2001-2 saw by far the highest crowds for more than a generation. As recently as 1995/6, gates were averaging fewer than 5,000 -- for the 11th season running -- and one needs to go back over 30 years for the last time they topped 20,000.

For the Club to reach an average attendance anywhere approaching 38,000 would mean figures unprecedented in its history. Even getting back to Fulham's average attendance in their last period in the top division, from 1959-68, would only mean an average of 22,906 -- this at a time when the ground could hold more than twice that number. The modesty of that average is all the more notable given the then availability of terracing, generally larger crowd sizes and how relatively cheap it was to watch a game. Comparison of average incomes with entry-level prices shows that it is now around five times more costly in real terms to attend. This factor increases the challenge of matching former attendance levels, let alone increasing them by over 50%.

A final and general consideration is that at a larger ground - anywhere - with more room for away supporters, tickets could more often be sold on the day, boosting casual attendance on impulse. This would, however, be at the expense of tending to depress the perceived need for advance bookings and a season-ticket.

Both outcomes have their plusses and minuses, but it is notable that analysts Deloitte & Touche deem the best situation to be one in which demand for tickets narrowly outstrips supply and is understood to do so by fans. Starting from a stadium one third empty or even half empty, this would be a considerable challenge to achieve.

5. PROSPECTS AT CRAVEN COTTAGE

5.1. The Operational Finances

Reviewing Fulham's accounts combined with the public statements of various personnel connected with the Club provides significant amounts of financial information.

The operational costs next season should be £34 million with a budgetable income of at least £35 million. On the cost side, the Club expect this season to have reduced their annual wage bill to £25 million, which, as Finance Director Andy Ambler points out in the Club magazine, "*will still be in excess of plenty of other clubs in the Premiership.*" Other operating costs are predicted by Ambler as £9 million and there is no suggestion that these cost figures totalling £34 million per season will increase at Craven Cottage.

On the revenue side, Fulham's previous Premiership season at Craven Cottage earned a total of £33 million. The following conditions applied:

- The Club's league placing of 13th was right at the average of the 15 clubs outside the `Big Five' -- hence their share of the distribution of the Premiership broadcast revenues (which varies by half a million pounds per place in the Premiership) was what Fulham could expect again in an average season.
- The Club earned approaching a million pounds more than might be bargained for in a typical season by reaching an FA Cup Semi-final.
- Ticket prices were pegged at barely above the level charged in Division One. This raised income of £6.5 million, whereas the same attendance would bring in more than £9 million at current prices in an all-seater stadium.

Extrapolating from this, it seems reasonable to expect an operational income back at Craven Cottage of some £35 million, should the club finish 13th again, be knocked out the Cups early, and attract the same average attendance as in season 2001-2. That would leave an operational surplus of £1m.

A decent cup run and top 10 finish could boost this by a couple of million pounds while finishing 17th would have the opposite effect. Better or worse performances than that would have bigger effects. But the overall picture is one of sustainability in operational terms for so long as Fulham were in the Premiership and no reason, while there, not to be able to spend sufficient amounts to compete with other established sides in that league.

5.2. Competitive in the Premiership?

With a turnover of £35 million at a 22,000 capacity Craven Cottage, Fulham have no chance of competing financially with Manchester United, Arsenal, Chelsea, Liverpool or Newcastle -- hence of affording similar wages. This in turn implies little chance of sustaining similar success on the pitch. However, this would also apply at a 38,000 capacity stadium. Arsenal are about to vacate just such a ground in favour of a 60,000-seater, precisely for these competitive reasons.

Annex VII sets out in more detail which clubs can reasonably be considered to be Fulham's peers.

Actually most other Premiership clubs are also in a different financial league to the `big five'. During season 2001-2, the above averaged some £100 million in turnover, and the other 15 clubs just under £40 million. That average of £40 million was boosted and exceeded by a few clubs like Aston Villa, Leeds and Tottenham that possess grounds holding around 38,000 plus a support base to fill them.

The nine clubs currently closest in attendance terms are: Birmingham, Blackburn, Bolton, Charlton, Leicester, Middlesbrough, Portsmouth, Southampton, Wolves. Based on the current gates of these nine clubs, and respective pricing policies, at one extreme Fulham at Craven Cottage will be £1.5 million better off than Portsmouth; at the other, £3 million worse off than Southampton. Compared to the middle club out of nine, Wolves, there would be a £2 million shortfall in ticket revenue. Next season at least one of those nine clubs will surely be replaced- the leading candidates at the time of writing being Norwich, West Bromwich Albion and Wigan. However chances are that the Premiership will continue to feature 8-10 "peer" clubs with matchday revenues and overall income similar to, or not much higher than Fulham's.

Therefore a £35 million turnover- such as can be expected from a mediocre season in the Premiership at Craven Cottage- is not only stable in operational terms, but also in line with the Club's "peers."

5.3. Outlook For Reducing Costs

On the prospects for wages in general, Deloitte & Touche suggest that for most Premiership clubs costs peaked two summers ago and are now on the way down. They give the example of one of Fulham's peers, Bolton whose: "*use of short-term contracts, break clauses and salary reductions in the event of relegation provides valuable lessons for many other Premiership clubs. They have also demonstrated that such policies do not prevent the club competing on the field -- it just requires expertise in deal making*."

A slight cost advantage over most of Fulham's peers lies in geography. Foreign players such as Legwinski, Goma and Djetou have all testified in club publications that living in London was a major plus in their transfer decision. According to analysts Deloitte & Touche, the likes of Fulham will be populating a good proportion of their squads in future from foreign leagues which offer value, whether this be Premiership journeymen of 28+ (like McBride from the USA) or promising youngsters like Collins John from Holland. Such players, and not least their spouses, are most attracted to London and it is notorious that clubs like Middlesbrough must offer higher wages to attempt to counteract this. Any cost advantage here will, again, persist equally at Craven Cottage or White City.

Given that such a wage bill and other costs allow for a modest annual surplus, what of non-operational costs? There are two main aspects here: debt repayment and player transfers. On the former, everything depends on the Chairman. Fans are continually reminded that Mr Al Fayed has generously given money to the club and that its £100 million-plus of accumulated debt is `soft', just like Middlesborough's and Wolverhampton's is to their benefactors. Such a position calls for deep gratitude.

With the Saha transfer money explicitly paying for the 22,000 Craven Cottage, and with ongoing operations at least breaking even, there is no reason to increase that level of debt going forward. Equally there is little chance of the Chairman receiving much of his money back until he chooses to sell up- at which time an established, operationally stable Premiership club, plus ground to play on, would assuredly be far from worthless. It would also be likely to be more attractive than a Club responsible for £120m plus worth of additional stadium-related debt.

With regard to transfers, recent dealings by Fulham have pointed to a broadly breakeven future, including a mixture of loans, Bosmans (or near-Bosmans) plus foreign starlets, funded by periodic sales to one of the big five. Signs are that this is also the policy of Fulham's peers. As Deloitte & Touche see the Premiership: *"perhaps the top 50 players will continue to attract high fees...their pay packets will continue to increase. For the remainder it has become, and will continue to be, rare for any sizeable fee to be paid. There is a ready supply of such players who are substitutable for one another in the market*."

There may also be scope for cost reductions on the non-playing side of the Club. It is the perception of many supporters that some at the Club have taken advantage of Mr Al Fayed's generosity. Reports persist that the Club has a high number of off-field employees compared to its peers. This may be an area that would benefit from a fresh review.

5.4. Outlook for Increasing Revenue

Without further redevelopment, there is only scope at current prices to increase ticket revenue from ordinary seating by about £0.75 million per year from the budgeted figure above. This would require an average attendance raised from 19,545 (Fulham's first Premiership year, as budgeted ongoing) to 21,000. According to whether Craven Cottage turned out to hold 22,500 or more like 22,000, this would represent 93-95% of capacity. The Premiership average in season 2001/2, which was also Fulham's average, was 94% and to budget for a higher percentage is unrealistic, according to Deloitte & Touche, since even if home sections were always filled, some away seats would be unused.

Another way of increasing the budgeted £35 million turnover would be to have a decent cup run and/or finish better than 13th in the league, given that each place higher accrues half a million pounds-plus. If, for example, Fulham were indeed to finish in their highest ever position, 9th, as Mr Ambler sees reasonable to expect given the wage bill, this would add £2 million to turnover, equivalent to 4,000 more on the average gate. Whilst it would not be prudent to budget for such a scenario, it does seem increasingly clear that with a few years' experience of the Premiership, clubs may start to add a few points over rivals who spend equally but are less acclimatised. Southampton and Charlton, both well used to the top division, now punch above their wage bills, for example. So prospectively Fulham may finish higher in a fourth season and beyond, regardless of where it plays.

The turnover figure of £35m, based on crowds of 19.5k, a finish of 13th and no cup runs, is also conservative in supposing no rise in commercial income from our first season in the Premiership. It is known that the new CEO is particularly keen to take action in this area and believes there is considerable scope for improvement. There should at least be some advantage from the revamped Cottage to provide additional scope for more income to be raised on matchdays from corporate sources.

More tantalising are the prospects outside match days. Unlike with the abandoned 28,000 plus scheme, there is no planning restriction on the use of Craven Cottage for such purposes. In the past, the Club has never attempted seriously to push the Riverside Stand for corporate functions, wedding receptions and similar events. Having pointed to the limited income that our peers obtain from this source, even with new grounds, one should not exaggerate the prospects for the Craven Cottage site. However, they are surely higher than zero, given the matchless setting.

5.5. Developing Income Streams Off-Site

The above factors could reasonably be hoped to nudge operational profits up over time, even at a 22,000 Craven Cottage. Beyond that, one should need to look to income sources unrelated to the ground. Indeed ground factors are only a minor part of the equation for Premiership clubs in general. For instance Goodison Park and Highbury have similar capacities and average attendances, and both are basically just stadia -- no hotels or casinos in evidence. And yet Arsenal's turnover is well over twice Everton's.

Here we enter the areas of merchandising and other commercial income obtained off-site, some aspects of which are very new to the industry. Most clubs are only beginning to wrestle with the revenue potential of the Internet and of international exposure by satellite television. Suggested areas to explore include the Asian and US markets.

In theory, these markets could be exploited by any of our Premiership peers for them to enjoy the income advantage. In practice, overseas players generally prefer to come to London, rather than (as was to be the case with McBride till Fulham stepped in) Blackburn. While individuals will come and go, this basic advantage the Club enjoys over most of its peers will surely endure.

These examples point to how a growing income source for clubs in general is going to be independent of where it actually plays. However, what is critical, and in particular for such foreign fans, is that Fulham has a distinctive "brand" This means an easily identifiable, unique and simple set of ideals which represent a club. For Manchester United, it is concepts such as George Best, Sir Matt Busby, bringing youngsters to the fore and David Beckham. For Liverpool, it is an image of friendliness, success and Bill Shankly. Should Fulham therefore wish to build its support it will have to come up with a brand that is attractive and easily understood. A more detailed analysis of these considerations will be published by the Trust in due course. However it is likely that a ground by the famous River Thames with a quaint old Cottage in the corner will have more brand potential than a stadium on reclaimed industrial land adjacent to the A40.

5.6. Redeveloping Craven Cottage Further

The points made above are based on the financial position obtainable at the Craven Cottage to which Fulham returns next season. This is expected to seat 22,500, although if it turns out to be slightly less, it is unlikely to have a material effect on any of the points made above.

Craven Cottage can never approach 38,000 capacity, but of course every extra thousand on the average attendance would add a half million pounds per season of additional revenues. The challenge is to spend sufficiently little on the extra capacity as to make it worthwhile. The Orient and Charlton examples suggest that there could be some publicly funded assistance to improve the cost-benefit prospects of any such schemes.

A further consideration is that any significant new development on the site would be liable to arouse controversy again, with pressure on the Council to impose restrictions (as with the abandoned scheme) on non-matchday use of the very new facilities that were planned to be built. The riverside site, such a great asset, also imposes development difficulties, and attempting to meddle with the listed structures on Stevenage Road would also pose great problems. All that having been admitted, no-one seriously disputes that a ground capacity at least in the mid-20,000s could be achieved on this site over time.

It is now history that the 28,000-30,000-scheme for Craven Cottage for which permission was granted was subsequently deemed too expensive at £100 million. The precise reasons for such a cost were never fully explained. It is believed that there were significant additional costs arising from the development of a particularly challenging site but also others that relate to the luxurious specification that the Club requested. It seems that the Club's approach at the time was one of saying: "this is what we want -- what will it cost?"- a tactic unlikely to encourage contractors to come up with their best prices. The alternative "value engineering" approach, requiring a budget to be set first and then calculating what could be achieved with it, was never attempted with Craven Cottage.

6. POINTS FOR DISCUSSION

Craven Cottage has limitations, but a move elsewhere calls for a calibre of justification which supporters have yet to hear made. This document aims to stimulate discussion of that calibre.

In particular everyone connected with Fulham needs to consider:

- What will the total costs be of moving to a new stadium?
- How likely is it that the Club will fill a stadium in White City?
- How will any move be paid for given the likely total of the proceeds of sale of Craven Cottage will pay for little more than acquiring the land required for a new stadium?
- Is there any reason to think that the Reebok or Chelsea Village project will be bettered by Fulham?
- How will the Club finance itself in the period between building work commencing at a new stadium and the appearance of new revenue streams from such a facility?
- At what price does a new stadium become too great for Fulham given Liverpool's refusal to invest more than its annual turnover in such a project?

This document has been written to promote discussion based on facts, and not just guesswork, concerning the future location of Fulham Football Club. We would therefore welcome your comments on whether you disagree with any of the following propositions:

1. On the publicly available evidence, Fulham can be a viable and sustainable Premiership club whilst staying at Craven Cottage. At this stadium, the Club can generate income to compare with established Premiership sides such as Southampton, Charlton and several others.

2. A stadium could be built with greater capacity and be less burdened by planning restrictions at White City. This in turn would mean the potential for greater income.

3. The minimum cost of such a move would be £120m and it would likely be substantially higher, meaning an approximate doubling of the Club's debts.

4. No other club's experience suggests that non-matchday income would raise sufficient funds to finance such an undertaking, let alone pay down the Club's current debts as well as simultaneously financing a successful team

5. The transfer to a 38,000 stadium, even with a crowd eventually to fill it, would serve only to make Fulham compete on a level playing field with Aston Villa and Tottenham instead of Blackburn, Bolton and about eight others. The richest clubs, in their much larger stadia, would still be in a metaphorically different league.

7. The Club should consider calculating what some of the funds it is considering putting into the White City project could achieve at Craven Cottage using the latest "value engineering" methodology.

8. Staying at Craven Cottage can yield sufficient income to keep Fulham in the Premiership without the need for yet more subsidy from the Chairman. Prospects will never get much better than that without a move from Craven Cottage, but there is no reason either why they should significantly worsen.

In mid-April 2004, the Trust will report on feedback received on these issues, both from Fulham supporters and others to whom this report is being sent.

Annex I - Stadium Construction-Principal Costs

Principal costs incurred in respect of the construction of a stadium include:

- **Financing Costs & Professional Fees**

Arranging and paying for project finance, architects, planners, surveying and legal.

- **Site Preparation**

Demolitions as required excavate and fill site; ground stabilisation; retaining walls; divert existing services.

- **Stadium Construction**

Substructure (Piled foundations; underground drains; lift pits; water disposal; service basement & tunnels); Frame and Upper Levels (Main structure; fire protection; precast floors; roof masts; terracing; players tunnel; TV gantries) Lift Shafts and Escalator (Lifts; lift shafts; escalators; staircasing and balustrading) Roof (Structural steel; roof covering incl. rainwater disposal; roof access) , External Envelope (Stadium envelope; glazing allowance; escape doors; turnstiles; shutters; private box glazing). M & E Services Mechanical & electrical installations; communication & protective services

- **Local Infrastructure Costs**

Site roads & services - access, perimeter & egress roads; hard & soft landscaping, site parking for cars & coaches.

- **Internal Accommodation**

Internal blockwork & doors; signage; internal wall, floor and ceiling finishes; public toilets

- **Pitch**

Including dugouts; pitch perimeter; tunnel Bowl Fittings Public, press, club etc. seating; balustrading to bowl

- **Cost Variations**

The primary design criteria which impact on the per seat cost are as follows:
• Stadium envelope
• Seat space, width, specification & variety
• Row depth
• Circulation aisle width & circulation space at "back of house"
• Sight lines
• Pitch size – range of sports played
• Turf selection
• Specification and range of corporate and hospitality facilities
• Specification and type of appended infrastructure, i.e., hotel, offices, etc