

Sent: 14 June 2013 13:58

To: Pubs Consultation Responses

Subject: Pub consultation representation

Dear Sirs

With reference to the on-going consultation into the tied tenancy structure currently prevalent in the UK pub industry I would like to put forward my own views.

As a tide tenant with multiple sites though different landlords, I have had varying experiences with the tied tenancy arrangements. Generally my experience has been good. The tie does increase the cost of some wet product and rents are perhaps a little higher than they might be given the revenue generated by the tie arrangement. However, the support received from pubco landlords is very good and if one runs an attractive and efficient operation then there is reasonable money to be made given the right location.

It should be remembered that, compared to other options available, the capital required to acquire a lease to a fully fitted pub, ready to trade, is relatively competitive. If managed properly from a financial perspective the pub should be cash generative immediately and added to this a good operator can build a significant capital value in the lease and there is a fairly liquid market for this type of asset should the lessee wish to crystallize such a gain.

Increases in duty has lead to a fairly significant erosion in wet margins over the past 10 years and this is something that does need to be addressed but it is not, I think, fair to put all of the blame on the pubco's for the increase in the purchase costs of beer over recent years.

With kind regards

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