

Tied-Lease Model, a Reasonable View

Dear Sirs,

There appears to be a lot of hardline for and against argument as regards the Tied Lease Model operated by current PubCo's so please allow me, as an Enterprise Tied Lease Tenant, to share my views.

Life as an Enterprise tenant is not all a bed of roses as many a tenant will tell you, however, and this is a big however, there are certain advantages yet to be publicly mentioned to which I wish to draw your attention.

While I agree with the feeling that the "wet rent" portion is too high as compared to an open market beer price and could do with some reduction or regulation, to scrap it entirely would be foolhardy without understanding what it funds. Without this "wet rent" would Enterprise have invested a substantial sum into our premises helping modernise and ? Could we, as first time landlords and small business owners, have got that first foot on the ladder for a relatively small investment, at a time when EVERY high street bank refused us and the Government's owns Enterprise Loans Finance Guarantee Scheme rejected us (despite a collective 30+ successful years in the on-trade and significant but not huge capital on our side)?

Before opting into the Enterprise model we wanted to buy our first flat in London, but despite a six figure household income and corporate global job, we couldn't get a mortgage for love nor money (again, banks are closed doors for most people, we've found); enter the Nil Premium Pub with accommodation & Tied Lease Agreement starting with a Tenancy At Will to build trust between PubCo and Tenant, moving to the Retail Partnership Tenancy. Three years in and we can now finally look for the all important long term tenure we first desired having built a successful and growing business.

Given the percentage of every pound turned over by an SME that ends up in taxes, the local people they can employ and local service they can provide, it is clear that part of the economic recovery so badly needed can and will come from this sector. What the Tied Lease scheme does for us is allow new entrepreneurs onto a business ladder in a high risk sector where long leases and freeholds are expensive, where other forms of support are scarce if not non-existent. But it does need regulation and a certain amount of change in order for both sides to benefit... To expect either side to self regulate when large companies are responsible to shareholders and dividends, and smaller businesses are beholden to cost vs livable profit is unlikely.

We still do not earn anything more than a token wage for our efforts despite having worked hard to build a good relationship with our landlords and guests.

Given the pressures surrounding the average publican these days it seems unfair they shoulder all the risk and responsibility while others on ALL sides post healthy profits. What would ease the pain? A reduction and regulation of the "wet rent" would help, but there are also several other areas equally important to relieve pressure; VAT reduction / exemption and an overhaul of the antiquated Business Rates system, less compliance / red tape that eats up cash, lower energy costs, et cetera.

It would be nice to be able to charge a competitive price on a pint to our guests which

would leave more money in their pocket, most likely giving a higher turnover so some profit for the Publican, and increased sales of pints meaning more beer moved for the PubCo. But the complete loss of the Tied Lease model may mean the end of a way into the business for many wanting their first pub, bar or restaurant.

Yours Sincerely,

Landlord