

5th June 2013

Re: Government Consultation Pub Companies and Tenants April 2013

Rt Hon Dr Vince Cable, Secretary of State for Business, Innovation and Skills, Dept for Business, Innovation and Skills

We are a small family run Pub Company of 23 pubs based predominately in the South East and East Anglia. We have been operating as [redacted] for over 23 years. During that time we have operated many different tied agreements and free of tie leases. Currently our company has 13 freehold pubs, 7 Enterprise Inns' leases/tenancies, 1 Charles Wells tenancy, 1 free of tie lease and 1 Punch Tavern.

The latest agreement we have entered into is the Punch Taverns site on a 10 Year Lease (we have not signed a tied lease for over 5 years) at the [redacted] as the agreement, recruitment process, investment, rent, beer prices and tie was the fairest we have seen for over 15 years!

Punch Taverns have not only invested over £350,000 in this site but they have allowed us to create and develop our brewpub concept so we actually make our own beer on the premises under the banner of [redacted]. This would of been unthinkable 5-10 years ago that a retailer would be allowed to produce his own beer on a tied site. This level of investment in such a great location would have been impossible for us on a freehold or free of tie lease basis as the money would have needed to have been borrowed from a bank. This source of funding for Pub Companies like ourselves has all but dried up over the last 4-5 years as the banks described us as being in the "wrong sector" for lending. Even though as a sector employ the largest number of young people in the entire workforce.

The rent at the [redacted] is at a fair level following the investment and although it is index linked the rent increases with CPI and not RPI (unlike Enterprise Inns). The tie at this site and on all new Punch Taverns Leases is also the most generous one I have seen in the 23 years of operating in this sector. The beer discount is approximately half what you would enjoy as a free trade outlet e.g. a pint of Fosters is approximately 35p ex VAT more expensive. Punch did give me the choice of paying more rent for more beer discount. We are completely free of tie on wines, spirits, soft drinks and half of the cask beers we stock (in our case 4 out of the 8 beer pumps). This allows us to make our own and buy from other small local breweries an ideal situation for the UK economy as all these small breweries tend to be SME's. The overall deal is a fair one we are making around a 60% wet margin compared to a 65% free of tie margin.

The rent we pay is difficult to compare to a free of tie agreement as I have never come across any other landlord other than a pub company who would be prepared to invest £350,000 in the fantastic institution that is the Great British Pub. Punch Taverns have set up the new lease agreement in a fair and equitable way. They have shared more of the overall income from the site with the retailer; add in the support from the Business Development Managers, Divisional Directors, Launch Managers,

Licensing Specialists, Food Development experts and group buying deals on capital equipment. It shows that the tied model does have a future in supporting and backing entrepreneurs in this sector which sometimes feels other institutions and various parts of government have forgotten.

The tied Pub Co model is not perfect and over the years I have a great deal of issues with the way other Pub companies have dealt with us. In my experience the Punch Taverns agreement is the ideal template going forward for the tied agreement and I for one are looking to forward to working with Punch going forward.

Yours Sincerely