

Dear Sirs,

I am writing to you because of the persistent attacks on the tenanted and leased model by people and groups who do not appear to understand the benefits of the model and the requirement by Enterprise and other pub groups for our tenants to be successful.

I have witnessed the break-up of breweries caused by the "Beer Orders" which ultimately failed in their goals as large non-brewing pub groups coalesced from the initial "big six" conglomerates and the big national beer brands soon dominated the market.

Despite interference there have remained some constants. The Tenanted model allows applicants with low in going finances to start up their own business. Leases allow them to assign their businesses and make lump sums on departure.

There are, probably like MPs good tenants and poor ones. Fortunately we have more of the former and we work well together trying to develop pubs in this ever changing market. A tenant who has a great business plan, carries it out effectively and maintains high standards is cherished; it is a crime to lose them. Enterprise, like many Pubcos is offering more services and expertise to try to retain our retailers. We offer tenants training courses to develop their skills and visit them regularly to try and develop their businesses. Changing tenants is expensive in terms of alienation of customers; clearing up after a tenant leaves is expensive, especially if their own personal standards are poor, recruiting new tenants is time consuming and diverts us from concentrating on the rest of our estate. Pubs that close for a while deprive Enterprise income and it is upsetting customers; so we try not to lose them, believe me, we work hard to keep their business profitable. This is the hard-nosed reality but equally if a tenant fails then we can be confident that we will have, in most cases identified why that business was going wrong and tried to put measures in place to arrest decline and improve the situation. As a company Enterprise has become more adept at this, has taken on panel accountants to recognise issues early and help educate us all what a good business plan looks like, the company even keeps sending their Regional Managers on BII recognised courses.

There have been other changes too. Utility prices have risen, the economy has lurched backwards. The Government is currently back peddling away from rates reviews as businesses fail with high business rates which are adjusted infrequently and only by small amounts on appeal. We cannot expect all our publicans to all weather this storm and so we review business after business and our rents are often reduced to allow Utility companies and the Government to keep raising their prices and taking their business rates. Would it surprise you to know

The good operator is always punished when they increase turnover by the Government demanding more business rates, an organisation which never recognises goodwill or understands the material cost of attaining improved turnover, this is an attitude that would not be tolerated at Enterprise Inns.

Certain people dominate the trade press, licencees; some of whom I know personally and they are not presenting the true picture and have self-interest at heart, I do not want to comment on these but it saddens me when the majority of our tenants are misrepresented by them.

Our model fits these times better than any I know, we adjust our rents and improve our drinks discounts, educate our tenants and review their businesses to enable reasonable operators to survive economic hardship, red tape and bureaucracy, we do this with no help from anybody else, our tenants pay through the nose for everything else supplied to them or demanded of them unless we have negotiated preferential terms on their behalf. VAT increases restrict cash flow, The VOA remains intransigent. The Code of Practise we have is exhaustive and enables in-going tenants to see all the facts. The majority of our tenants appreciate what we do. I urge you to reconsider any changes to our model or the code of practise; I am not the only person in this business that knows changes could be catastrophic for publicans and the pub-going public. The Industry has remained successful for many years and given a huge number of entrepreneurs their start in business. I think the Government should learn from previous interference in this arena and think very hard before they try and act to force changes to a very good mutually beneficial business model.

Please let me know your views on the matters I have raised

I look forward to a response

Yours Sincerely