



Property supplement

The Morning Advertiser's comprehensive guide to building on the success of your first pub by growing your business to two, three, four or many more sites, with expert advice on how to expand to suit your wallet and even become one of the sector's big beasts – a pubco



Growing your business by going multiple

Where do you see yourself in 10 years time?

Are you looking for the perfect pub business opportunity?



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WELCOME

Welcome to the *The Morning Advertiser's* specialist guide to *Growing Your Business By Going Multiple*. As the name suggests this is about expanding your operations from your first successful pub or bar to taking on a second, third, fourth or more sites to build a flourishing and sustainable empire.

Experts and operators, who have been through the process themselves, outline the basics, from the different ownership models on offer, to which finance plans will suit your pocket, and explain the strategic options to consider. When it comes to property, whether you're starting out, stepping up, or thinking about taking the big leap to becoming a pubco, our guide has advice to help you navigate the process successfully.

The guide is intended to be a reference point and something you'll want to keep and refer back to as your pub business grows.

Property expansion may be an exciting goal but careful planning and implementation are key to breaking new ground.

We look forward to hearing about your future growth.



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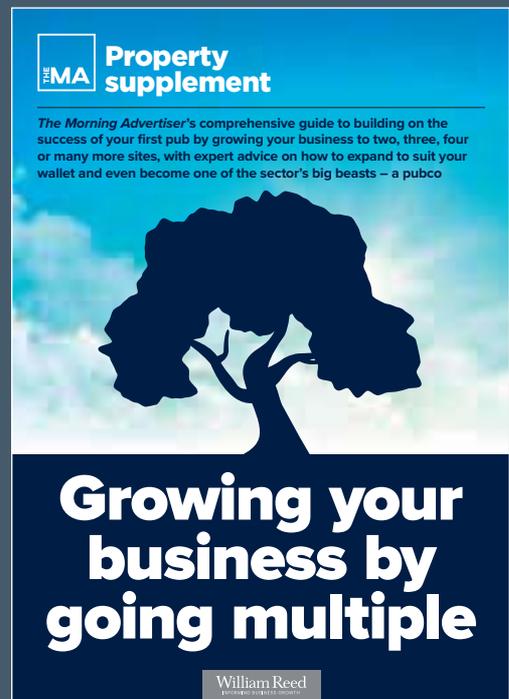
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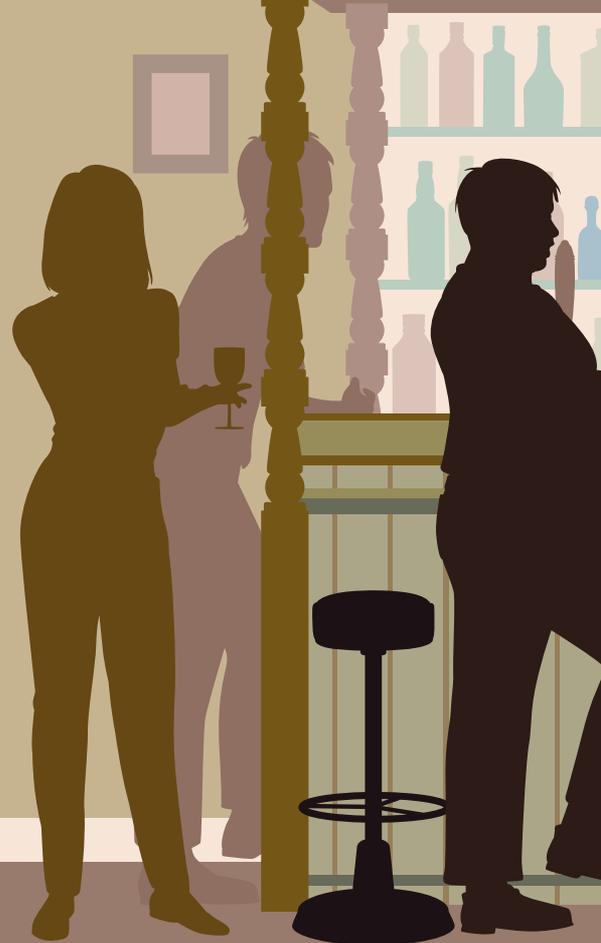


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PUBS WHERE IT ALL STARTED

How the pub has evolved from roadside inns to the pubcos we know today



The pub sector has had a chequered history and, at times, a bad press over the years. But pubs are now seen as hubs of the community boasting sought-after garden areas, boutique accommodation, and fine-dining restaurants, while retaining their defining feature, the traditional bar.

History suggests the Romans originally brought the idea of the pub to the UK. In 43AD, Roman invaders imported the concept of wine shops, called Tabernae, which they built alongside roads to quench the thirst of the soldiers. When the Romans left in the 5th century, alehouses became a common sight, with many being opened in, and trading from, people's homes.

It was during the Middle Ages when the first pub signs came into existence with the earliest version using green bushes on poles to indicate the sale of beer.

Catering for travellers

This was a time of change as increasing numbers of people travelled around the country and accommodation became more important. According to an article by Ben Johnson entitled *The Great British Pub* on website Historic UK: "These could include merchants, court officials or pilgrims travelling to and from religious shrines, as immortalised by Geoffrey Chaucer in his *Canterbury Tales*."

The number of inns grew dramatically to cope with demand and as horses were the

main mode of transport, stables and high arched road entrances became a feature of many inns. These premises continued to evolve to accommodate different classes of customers. Those with money were invited into a saloon area while those with less financial clout were served in a less salubrious bar area.

By the 15th century, the 'hostellers of London' were granted guild status (in 1446) "showing that these medieval inns and hostelries were important in continuing the practice of offering rest and refreshment to travellers," according to the British Beer & Pub Association (BBPA).

At this time the sector was divided into three types – alehouses, inns and taverns.

**“
Six national
brewers accounted
for 75% of UK beer
production and
controlled just
under half of all
public houses
”**

In his book *The Local: A history of the English Pub*, author Paul Jennings wrote: "By 1577, an estimate based on a survey of that year suggests that there were around 3,600 inns. This total in turn may more or less have doubled to between 6,000 to 7,000 inns by the 17th century."

The impact of gin

But it was in the first half of the 18th century, when the 'gin craze' hit the UK, that the industry changed dramatically. The arrival of gin from the Netherlands saw the growth of gin shops, while the resulting drunkenness was viewed as the ruin of the working classes, immortalised in Hogarth's famous *Gin Lane* print.

The reaction of the Government to public drinking was the 1751 Gin Act that forced gin makers to sell only to licensed premises and put drinking establishments under the control of local magistrates. However, public drunkenness remained a problem and the Beer Act of 1830 introduced the beer house.

These were premises aimed at encouraging people to drink beer, which was considered a healthier option. But there was still need for legislation and the Licensing Act 1872 was introduced, restricting opening hours and regulating 'public houses' with magistrates' licences.

During this period pubs began to take on the guise familiar to us today. Serving bars became popular in pubs, while beer engines were invented to pump alcohol to the bar from barrels kept below ground.



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War time restrictions

The impending outbreak of the First World War prompted fears that alcohol could undermine public morale. In response, the Government introduced the Defence of the Realm Act 1914, which set an 11pm limit on the sale of alcohol.

But by the Second World War the Government had changed its approach, as pubs were recognised as vital social hubs. The Imperial War Museum said pubs faced difficult circumstances in the war.

“Erratic supplies of beer meant that many drinkers changed their habits, visiting the pub on a weeknight or in the early evening. Some pubs even experienced shortages of glasses and drinkers had to bring their own

glassware in order to get served,” it said.

During the post-war years, there was increasing concern about the growth of the big brewers and their control over the pub sector.

In 1989, the Government published one of the most influential pieces of legislation for the sector. The Supply of Beer (Tied Estate) Order, which became known as the Beer Orders, aimed at breaking what it considered the monopoly of the brewing companies. The big six brewers – Bass, Whitbread, Allied, Grand Met, Courage and Scottish & Newcastle – owned 33,000 pubs in total.

The first big six

A report from the House of Commons library, called *Pub companies, pub tenants & pub closures: background history*, said: “At this time, the market for beer in the UK was dominated by six national brewers. They accounted for 75% of UK beer production, controlled just over half of all public houses, and a substantial proportion of off-licence sales.”

The Beer Orders reduced significantly the number of pubs that each company was allowed to own.

As a result, 11,000 pubs flooded onto the market and the inevitable “law of unintended consequences” resulted in the rise of the pubcos such as Punch and Enterprise (known as Ei today).

Despite this experience, the Government continued to intervene.

In 1995, the then Prime Minister John

Major said the “absurd” Sunday licensing laws in England and Wales were to be scrapped to cheers from many in the pub sector.

This was followed closely by the Licensing Act 2003, which also had a major impact as flexible licensing hours were now permitted.

Impact of the smoking ban

The controversial smoking ban was the next challenge for pubs. It came into force in Scotland in 2006 and England and Wales in 2007. This fundamentally changed pubs and prompted the development of outside areas and a focus on food sales within the sector. Many small back-street boozers that had relied on pint drinkers that liked a smoke at the bar struggled and closed.

And it didn’t take long before concerns about tenants being taken advantage of by major pubcos began to surface, bringing about the introduction of the pubs code and a pubs code adjudicator.

Pubs continue to face major challenges in the current market.

Brigid Simmonds, chief executive of the BBPA, admits that the landscape of British pubs and beer is constantly evolving. She says the challenges of cheaper supermarket beer means that pubs are having to offer an even better experience for consumers that is not just about drinking alcohol.

“The growth of great pub food matched with more beer choice, as well as other offers such as low-alcohol beer, free Wi-Fi and coffee, are just some ways in which pubs are appealing to customers,” she said. ■

The
ACORN INN



Est. 2004





Part One: Starting out

FROM OAK FLOWER TO ACORN...

SOWING THE SEEDS

Running one pub successfully is no mean feat but expanding your empire to two or more requires a different kind of thinking. *The Morning Advertiser* asks the experts about the key considerations



So, you've made a success of your first pub. What now? You might, of course, be happy with what you've got and continue to develop your single business. But you might be tempted to take a second site, and, now you've proved you can do it once, what's to stop you building a whole chain of pubs?

Hubris, for one thing. There's more to becoming a multiple operator than simple repetition, or trusting that now you've done it once, you can do it over and over again.

If you want to go multiple, it starts with that first pub. Ideally, your whole business strategy should have been set out before you pulled a pint.

As licensed trade consultant Peter Austen at Inntentive puts it: "Begin with the end in mind".

So, even if your own success has surprised you, and you never thought you might be in a position to expand like this, now you are, it's worth considering the basics before you go any further. If you had set out to be a multiple operator, how would you have done it?

And before even that, ask yourself whether you'd have done it at all.

"Your first question is, is it going to suit you?" says Simon Hall, director at licensed property agent Fleurets, who has dealt with countless aspiring pub operators in his time.

"As a single-site operator you need to be everything from counsellor to an HR department. Running a group of pubs is a very different proposition.

It's all about the money

"Then it's money – 95% of your decision will be dictated by what you can afford," he goes on. "If you go for a leasehold rather than a freehold, you can get a bigger business, but the returns are lower.

"A freehold taking £6,000 a week tends to generate the same profit as a leasehold taking £15,000 a week. You're looking at paying £1m-plus for a large freehouse, so it's difficult, while in a lease your margins are thinner, but there are opportunities.

"Then it's knowledge, knowing a good deal from a bad deal, so do your research."

According to Paul Clarke, director 



HELPING TO ENSURE THAT BIGGER MEANS BETTER

Most pub companies just concentrate on attracting new recruits, but at Greene King, we have an award-winning programme of support that helps multiple operators learn the new skills to manage their growing businesses.

Greene King Pub Partners is one of the largest leased and tenanted pub companies in the UK. We've been brewing world-famous beers and helping people to run pubs for over 200 years and we're passionate about working with you to help your business as it grows.

DEVELOPING YOUR SKILLS

Pub Partners runs a **Multi-Site Operators' Course** – a two-day interactive workshop for people considering taking a second site and current multi-site operators. The programme addresses the challenges and different skills required to run a multiple site business. These include looking at your brand, culture and values, setting the right systems and controls, managing risk and learning lessons from other multi-site businesses. This course is also available to people who do not currently run a pub with us, you can book direct by calling our Training Team on **01284 714375**.

In addition to that, we're dedicated to helping our Partners' personal development with **advanced level courses** and modular development programmes.

NETWORKING WITH OTHER PARTNERS

Our best operators are invited to become Premier Partners where you can network with other Licensees, Greene King experts and industry-wide leaders at our regular **Premier Partners** events throughout the country.

BOLT-ON SERVICES

When you take on an extra pub, you want to keep your operation as easy-to-manage as possible so we have developed additional services to ensure standards are met and that your pub runs smoothly.

Our **Food & Supplies Service** uses the buying power of Greene King to deliver everything you need to serve our Value, Mainstream or Premium menus. The full service includes all crockery, training and marketing support and you can purchase all ingredients online. A recent case study for a pub that transferred to the service showed they increased their gross margins by 10% – and what's more, their kitchen team did not need to be so highly-qualified, which meant their wage bill was lower too.

You can also use our **Sports Club** that delivers point of sale and digital support for all major UK football matches and sporting events as well as Matchpint membership – leaving your team to concentrate on serving customers rather than planning for every event.

TRAINING YOUR TEAM

As you distance yourself from day-to-day operations, you need to keep everybody is fully-trained and working to the highest standards. We have a large selection of low-cost or free training services to help. These include **in-pub trainers** who can visit your business and work with the team as a whole, as well as individual online training modules covering specific items. Our **free online courses** also cover beer quality as well as pub and kitchen skills. For some of our multiple operators, we develop a whole company approach to training which means everybody in your team knows what their career path will be and that you are committed to developing their careers.

ENSURING YOUR SUCCESS

Whether you are just about to take on a second business, or looking to expand your portfolio, talk to Greene King as we have a support programme that's readymade to ensure you succeed.



'I now have the tools I need to cope with being a multi-site operator.'

Vernon, Blackmore, Anchor, Woodbridge



'We've learned a lot and it helped to interact with other people in the same situation.'

Rodney & Corri Burke, The Greyhound, Haynes



CREATE A UNIQUE BUSINESS

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Part One: Starting out



**“
If you want
to get to five
sites, sell
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go off to the
Maldives,
assignable
leases allow
you to do that
”**

at Find My Pub: “the tenure you choose depends on the money you’ve got and your exit plan.

“If you want to get to five sites, sell them and go off to the Maldives, assignable leases allow you to do that, and there’s an appetite in the market for that sort of business.”

Red Mist Leisure, which is about to open its 10th pub, made a false start by taking on tied leases from Punch, as, a decade later, founder Mark Robson admits.

“We were young and naïve. None of our four pubs were busy enough and all needed money spent on them. But the recession hit, and we couldn’t raise the finance.

“So we offloaded the first pub and bought the freeholds of the other three in 2009, and that gave us the springboard we needed. We became more strategic and developed proper business plans.

“Now we have seven freeholds and two free-of-tie leases. We’d never have another tied lease. Our 10th pub will be on board

soon. It’s a small community pub, but it’s a freehold in the right area.”

Tim Bird, founder of the seven-strong Cheshire Cat Pubs & Bars, says: “I’d always have a balance of freeholds and leaseholds. If I was starting again today, I’d probably save up and start with a freehold and build it up into a business of value you can take to the bank to ask for more money.”

Thinking through the style of operation you want is also important at an early stage. If you want your pubs to be food-led, you’re looking at a significantly higher investment from the off.

“A kitchen is a major piece of expenditure,” says Hall. “It may cost £50,000 or £60,000 to fit. It broadens your customer base but it also broadens your costs.

“There’s an increasing trend towards wet-only pubs, especially among multiples, partly because food is difficult to do. It can work out better if you’re taking £5,000 to £6,000 a week and you’re all wet.”

A LESSON IN GEOGRAPHY

As the saying goes ‘location, location, location’. Where your first pub is might well determine where your whole business is at five or 10 years down the line.

That idyllic rural retreat, for instance, may not be the ideal start for an aspiring multiple.

“A pub in the country may be too remote,” suggests Fleurets’ Simon Hall. “Think of the type of clientele, the level of trade. It may be a lifestyle opportunity but not the kind of place on which you can build a multiple business.

“The geography of your estate depends to some extent on the style of your operation,” he explains.

“If you’re running boutique hotels in the country, you can have a wider spread. If you’ve got community boozers, you want them to be as close



together as possible. It comes down to time management. You have to be able to respond to the daily emergencies you can expect.

“Geography is important,” agrees Mick Howard at Star Pubs & Bars. “If your second pub is three hours from your first, how’s that going to work?”

If you’re a hands-on operator you need to get to the site. It’s not necessarily the mileage, it’s the road network.

“I know one multiple based in Watford who thinks nothing of driving 50 miles north up the M1, but if he goes any distance south, he hits the London traffic.”



Thinking of going **Multi**?

Growing into a **multiple site business** creates opportunities, but it also brings about new challenges.

As a trusted training partner to the sector, we have a wealth of experience helping operators to navigate these obstacles, by providing them with the skills and knowledge to **succeed**.

In fact, we have developed a dedicated workshop covering key topics, such as:

- What is involved in running more than one pub business
- How to develop additional skills required for running more than one business
- Reviewing and developing your own business strategy
- The attributes required for successful business leadership
- The importance of team work and delegation
- How financial controls and formulas can help run more than one business successfully
- Creating an achievable and realistic action plan to take back to your business

If you'd like to know more or discuss how we can help you grow, develop and achieve, get in touch with us today...

0151 650 6910

or email contact@cpltg.com

Part One: Starting out

**“
If you’ve got
a strong
theme you
can roll it out
quicker than
you can a
run-of-the-
mill pub
”**

| 10 Peter Austen's elements you need in place for going multiple | | |
|---|--|---|
| 1 | A location from where you can expand | ✓ |
| 2 | Suitable site and building for chosen style of operation | ✓ |
| 3 | Business plan including research and financial controls | ✓ |
| 4 | Adequate funding and financial projections | ✓ |
| 5 | Support of investors/partners | ✓ |
| 6 | A management team with roles and responsibilities | ✓ |
| 7 | Systems and procedures from day one for sales, profit, people and promotion | ✓ |
| 8 | If you're leasing, a good relationship with your landlord, including sensible terms and rent | ✓ |
| 9 | Marketing plan and competitor analysis | ✓ |
| 10 | Support of family/spouse | ✓ |

Wet-led or food-led, it helps if the pubs you're opening have similar offers, and you might want to take it all the way to creating a brand.

That's the plan of Elliott Howden-Roberts, ex-manager of the Golden Fleece in York, who is currently raising funding for a chain of fantasy-themed cocktail bars.

“Going from one site to a multiple is more difficult with pubs than bars. If you've got a strong theme you can roll it out quicker than you can a run-of-the-mill pub,” he says.

“I've always felt the traditional pub offer is too diluted to develop as a strong brand. Narrowly focused, strong brands have taken off in the US, though not here yet.”

“There's an advantage to similar offers,” agrees Mick Howard, operations director at Star Pubs & Bars, which encourages its lessees to go multiple – if they can.

“You're doing something you know you're good at. If you're doing great food then decide you want to run a cocktail bar, I'd question that. You have to do something that's relevant to your skills.

“But all sites are unique and you have to take that into account. For example, the size

of the kitchen. You have to work out how much space you need, how the operation will flow, getting the food to the customer.”

Whatever the style of pub, your first operation has to give you a firm foundation for expansion, not only financially but in terms of systems. It's important to establish a culture, a way of doing things, that can be repeated by the people you'll be relying on to run each additional pub to the standards that made you successful in the first place

That extends to your hardware, your EPOS tills and back-office systems. A lot of multiple operators make the mistake of starting out with kit that isn't up to the job of giving you the functionality and business information a small chain needs.

“They come to us when they've reached three, four or five pubs, outgrown their system and realised they've made the wrong decision by investing in a very simple EPOS that's lacking a lot of features,” says Clive Consterdine, sales and marketing director at Zonal Retail Data Systems.

“My advice is that you should make a decision on EPOS very early, taking into account what you'll need as part of your five or 10-year plan.

“Once you reach five or six sites, the workload multiplies so you need a system that will do the work for you, a system that's easy to administer when it comes to setting up promotions and changing products and prices, that allows you to manage multiple outlets without you having to go from site to site making changes.

“If you have what we call an 'enterprise' system it takes two minutes to make a change across your group, immediately or on a date you choose. It doesn't need an army of people.”

Understanding of pricing

A more sophisticated system will also enable you to see the impact of changes.

“When you scale up, you really need to know how a new item on the menu or a beer on the bar, affects your margins,” explains Consterdine. “It helps you make the right decisions, while making a wrong decision will multiply across multiple sites.”

Your EPOS system can also help you know whether you're meeting your business plan – essential for a growing multiple.

“Banks that lend you money want to know you've got your finger on the pulse and that you understand pricing, margins and costs, and have ways of controlling them,” said Consterdine.

You'll also be able to handle things like loyalty schemes and payment apps as your customers become more switched-on to the latest technologies. ■

The
**OAK HILL
TAVERN**



Est. 2008





Part Two: Stepping up FROM ACORN TO OAK TREE...

BRANCHING OUT

You've made the decision to expand but avoiding the pitfalls of going multiple is as much about preparation as ambition. Knowing your numbers and staff are crucial for a sustainable outcome



There's one thing that every pub operator who's gone multiple is agreed on – that difficult second pub is the biggest challenge.

Do the arithmetic. "This is probably the only time you'll be doubling the size of your business," as licensed trade consultant Peter Austen points out.

And for Mark Robson, who's already done it with his group, Red Mist Leisure: "the hardest thing is to go from one pub to

two or three. You must have the confidence to stand back and have faith in the people you've put in management positions, and I found that really hard to do."

And don't forget, there's only one of you.

"The old adage applies, you can't be in two places at the same time," says Paul Clarke, a director at Find My Pub.

"You have to make a decision about putting a manager into pub number one while you get pub number two under way. It's all about the people behind the bar. How will your customers react if you're not there?"

"I've seen successful publicans for whom a second pub is a step too far. It just doesn't work for some people."

"It's a big risk if you're splitting yourself," agrees Simon Hall at Fleurets.

"You need management in place at your first pub, then you can concentrate on your second one. Then move on to your third. But if you have to go back to sort your first one out, you could be in trouble. It's like spinning plates.

"If you're not front of house, will that have an impact on your customers? The plates might start to fall off the stick."

You shouldn't set a time on when to go for a second pub. "It could be six months or six years," explains Hall. "Availability of finance is one factor, but it's as much about having a management ►►

ARE YOU READY FOR YOUR SECOND PUB? CONSULTANT PETER AUSTEN'S TESTS:

- **Could you leave your business alone for three months and it runs well and more profitably without you? This is a crucial test. If not, you don't have a business and you're definitely not ready for another site.**
- **Are you sure having two sites is sanity, and not vanity?**
- **Does your accountant advise that you have sufficient reserves built up to invest in a second property?**
- **Could retained profits be better spent reinvesting into existing property?**
- **Retained profit from site one should be 'ringfenced' for site two and not be needed to support your first pub.**
- **Never be over-optimistic about budgets and opening costs for your second pub.**

Proven success in going multiple



**HALL & WOODHOUSE
PAVES THE WAY FOR
MULTI-SITE BUSINESS
PARTNERS THROUGH
THEIR INNOVATIVE
AGREEMENTS AND
SUPPORT PACKAGES**



During recent years, Dorset-based family brewer Hall & Woodhouse (H&W) has been actively seeking and developing multi-site operators for its Business Partnerships (tenanted) division and continues to be committed to supporting a new generation of licensees across a range of business disciplines.

Chris Chapman, Commercial Manager for Business Partnerships at H&W, comments: "There are many benefits to Business Partners taking on multiple pubs, not least the chance to make significantly greater profits. We are able to offer a pricing structure and rental options that allows for a fair, maintainable trade to be achieved."

H&W are partners to several multi-site operators who have seen real success in recent years.

Business Partners Gemma Howard and Eric Montgomery (Monty), have been slowly building their portfolio of H&W pubs since 2011, with the Old Farmhouse in Nailsea, the Crown Inn at Marnhull, and the Hankridge Arms in Taunton.

The pair have created concepts that offer a friendly, comfortable experience whatever the occasion; most pertinently, they have adopted an integrated approach across their sites. With the support of business development partner Nick Sellick, they have introduced some of the systems used in the H&W managed estate, which help make running multiple businesses more effective. This includes the use of a linked EPOS till system, which provides them with sales data to improve decision-making. Monty and Gemma



have also implemented consistent 'ways of working' across their businesses, including a kitchen management diary developed for use in the H&W managed estate.

H&W provided a loan for the fixtures and fittings at each site and financed decoration at the Old Farmhouse in 2015, worth in excess of £100k. In 2016, H&W supported them further by increasing the number of letting rooms at the Crown Inn, promoting this via a new website with integrated social media and an optimised booking system.

Major partnership

Proof that this multi-site model is important to H&W, the company also entered into a major partnership with chef Oscar Chacon in 2015 – their second largest Business Partnership refurbishment to date.

With existing sites the Cherry Tree in Copthorne and the Airfield Tavern in Horley, Oscar took on his biggest challenge yet with the Dragon in Colgate, repositioning it from a wet-let 'Broad Based Local' to a 'Great Pub, Great Food' house, majoring on delicious meat-based dishes cooked on the in-house robata grill.

H&W made an investment in excess of £420k, plus a £100k loan for fixtures and fittings. The site exceeded all expectations, so much so that it has now received a further investment by H&W at a cost in excess of £270k. H&W are working with Oscar to construct an orangery at the rear of the property, which will add an additional 38 internal covers.

Oscar Chacon says: "As a multiple licensee I have spoken to a few

pub companies over the years trying to extend my portfolio of pubs – by far the best agreement I have come across is the Hall & Woodhouse Business Partnerships Agreement."

A third H&W Business Partner, Mo Toal, has also been building up his portfolio of pubs. Mo took over his first H&W property, The Fountain in Chichester, in 2014, and went on to acquire the Six Bells in Billingshurst and the Strawberry Field Tavern in Southampton.

Mo required a business model that would see a fair, maintainable deal, and H&W is one of the market leaders in offering this. Hall & Woodhouse provided support with the loans and schemes that Mo required to make his ventures viable. As Mo says: "I have always admired H&W and, with a number of their managed pubs on my doorstep, I have been able to benefit from its high retailing standards, as well as tailoring certain decisions to suit the needs of our individual pubs."

As part of the package of support, Mo worked directly with his Business Development Partners at H&W to create a plan to grow his businesses further. After less than a year of trading, all three sites achieved turnover that allowed Mo to employ managers in each site, permitting him to focus on branding, food development and marketing the businesses further.

Chapman concludes: "H&W sees so much value in Business Partners who are committed to growing their businesses. We will continue to ensure our agreements and support packages exceed expectations in this indefinite climate."

For more information about Hall & Woodhouse Business Partnerships, please visit www.hall-woodhousepartnerships.co.uk

Part Two: Stepping up

**“
I’ve seen
successful
publicans
for whom a
second pub is
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It just doesn’t
work for
some people
”**



system in place you can run profitably.

“And in order to fund the management structure, remember you’ll have to accept a lower level of profit.”

However, judging whether the financials add up before making the leap requires a lot of care.

“A business plan including shadow profit and loss, and cash flows is essential to move forward,” says Clarke. “I would put cash flow ahead of profit. It’s about managing your finances, especially at a time of rising costs. Running out of money is the biggest pitfall in going multiple.

“Costs per pub can be lower when you have more than one. There are some synergies – you can negotiate better prices for food, for instance. But you’ve still got the same business rates and staff costs to pay – they’re not going to go down.”

Tenure is another consideration.

“Tenancies are attractive because of their low cost. Pubcos will listen when you want another, once you’ve proven yourself,” says Chris Holden of Ashdale Consulting. “But it’s not really a business with value for you.

“If you have an assignable lease, you

can make between two and four times your annual profit by selling it on and, for a freehold, it will be eight to 10 times. So get the balance right and if you’ve got leases make sure you’ve a few freeholds in the estate, too.”

One advantage in taking a pubco or brewery leasehold is that the company will take an interest in you as a partner and help you realise your plans.

“Not everyone can translate their operation into a second pub, and we say no sometimes,” says Mick Howard, operations director at Star Pubs & Bars.

“Others will have an offer that can translate, and as well as wanting to make more money they should also want to stretch themselves.

“The most important thing is the business plan. The litmus test is – does your existing business work without you? Can you go on holiday and know there are people running it who understand the business and can make decisions?

“Starting a second pub is going to take a lot of your time and you have to build up a strong staff who’ll organise stuff without you, which means good training and a

FINANCING

So where’s the money going to come from? According to Nick Baker, managing director of Christie Finance, you’ve got more options than ever.

“The market is very diverse. There have never been so many people who, because of low interest rates, are trying to lend you money.

“We’ve dealt with more than 50 over the past 12 months and done some 300 different deals of all sizes.

“As well as the high-street banks, which are still very active, you have new ‘challenger’ banks and peer-to-peer lending, either for debt or equity.

“That’s really good news, but it also makes it tricky to decide what’s right for your business and what you want to achieve.

“You could grab the money and run, and that will help you for the next six months, but you need to consider what you want to do in two or three years’ time.”

Asking the right questions about the money on offer is essential.

“For instance, you might take out a mortgage for £1m and if



you sell up in a few years, you’ll face redemption penalties. Or, if you offer equity in return for a loan, it may not make it so easy for you to grow.

“There are also people who try to expand by extending their overdraft, but that’s expensive and repayable on demand. There are business loans that exist to fund such things.”

One question you have to

ask is how quickly you need the money.

“A traditional lender is slower, modern lenders will give you the money quicker and charge a premium,” explains Baker. “What SMEs haven’t got is time. If the money comes too late, an opportunity is gone.

“If you’re a larger business, your size will make a difference,” he continues. “A lender will want to know how they’ll get their money back and you’ll have assets against which you can secure debt. But you can now get unsecured loans of up to £500,000 at a slightly higher rate of interest. “As you grow, different sources of finance will open up to you.

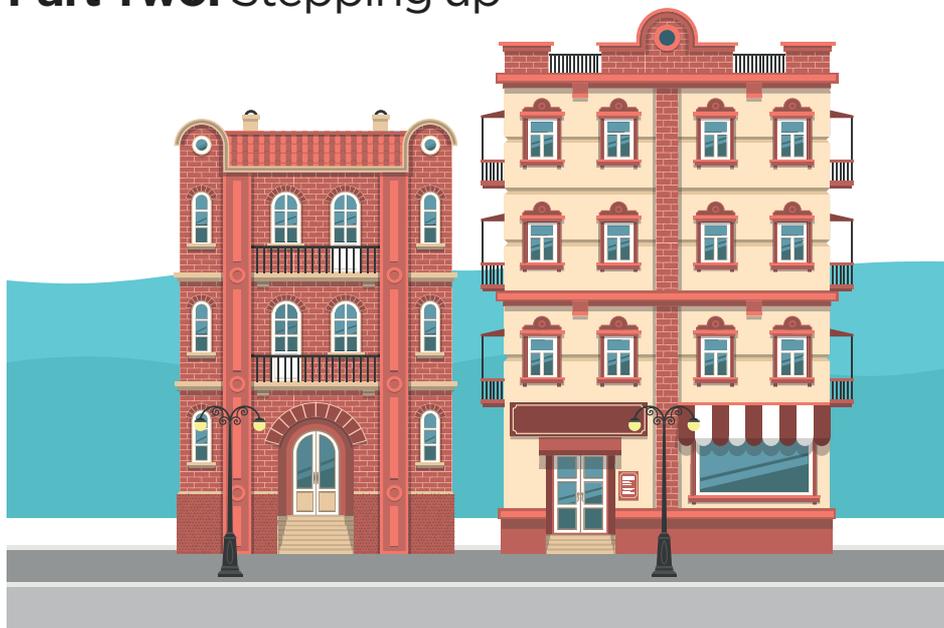
“One or two pubs can be funded by bank lending and perhaps top-ups from brewery loans of £20,000 to £40,000,” says Fleurets’ Simon Hall. “But for three or four pubs you need a different approach.

“A venture capitalist may be interested if your business is scalable. If you can demonstrate you can go to 20 sites it can attract equity interest.”

“
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 ”



Part Two: Stepping up



strategy for the business, a clear offer staff understand.

“Finance is also hugely important and we’ll look for a strong cash flow, forecasting and an adequate management structure.”

Former Geronimo Inns managing director Ed Turner has opened his second pub with Star under the name Buff & Bear Saloons, which he runs with wife Buffy and former Geronimo operations man Shane O’Neill.

“I went with Star because we don’t have the money to buy freeholds,” he explains. “Star will support the investment, it has a good range of products and its buildings are in solid nick. That’s important. If anything goes wrong with the building, all your time and money is taken up with maintenance and repairs.”

As well as that, “having enough good people is key. If a manager walks out, unless you’ve got someone who can step in, you’re

in trouble. And you need to be sure you’ve got the cash flow to get through your first two or three sites. You have to keep tight controls on the cash.”

Turner also thinks he’s spotted a gap in the market for pubs with personality, but “with the benefits of a brand, much like Geronimo”.

“That’s really important. A lot of the background to the business can be the same, sharing suppliers and practices, but you’ve got to personalise it to the environment. You always need a quirkiness.

“So I’m looking at a collection of really good places, perhaps six, that aren’t identical. Something we can give our personal attention to, but with economies of scale. I want pubs I can get to within an hour so I can keep a check on them – it’s a family business, after all. And it’s got to be fun.”

INSURE SUCCESS

You can’t see it, you can’t hear it and you can’t taste it. To be honest it’s pretty boring. But the right insurance is more important than ever in a multi-site business.

“As, unlike the other parts of the pub trade, insurance lacks a physical presence, it tends to be overlooked,” says Walter Murray, managing director of Christie Insurance.

“Then something like a fire, flood or trip occurs and if you don’t have the right cover, and an insurer who will pay the claim, the premiums you’ve paid will be of little value.”

Should a calamity shut down any of your pubs, “a properly placed insurance policy will allow you to maintain its income until it’s back up and



running, restore the physical buildings to their state before any loss and pay any injury claims from staff and customers”.

A common mistake, explains Murray, is to buy a policy on price. “As with any other product, if it’s cheaper than the

norm something is wrong.

“We also regularly see underinsurance. Buildings should be insured for the full reinstatement cost, not the market value. That includes the cost of removing debris and rebuilding plus architect fees and any local authority costs. Your contents, too, should be covered at the replacement cost, not the book value.

“Cover for loss of income should be your full revenue plus an uplift to allow for growth, and the indemnity period should run until the business is restored to its pre-loss position.”

And don’t forget to not only review your cover each year, but at any time you add to your estate.



The
**ROYAL
OAKS**

Est. 2018



Part Three: Becoming a pubco **FROM OAK TREE TO FOREST...**

MAKE IT EVERGREEN

Landlords who want to move into the big leagues face a risky transition from five to 10 sites and beyond. Getting the right strategy and financials in place is part and parcel of making it happen



When do you start calling a multiple a pubco? At some point as you take a business from five to 10 sites you'll be making a significant qualitative leap. No longer will you be able, as Fleurets' Simon Hall puts it, to "run the pubs from your car". You're looking at having an office, administrative staff and probably an area manager to help you keep on top of things.

It's a risky transition, as Ramzi Quattan knows. He heads the pubs and restaurants consultancy team at Christie & Co, working with licensees on their strategy for going from two or three pubs to 20 or more sites.

"We've seen a lot of mistakes," he says. "Firstly, you have to ask yourself why you want to expand, what's your end goal? Not many operators do that. You could do it just to make more money, but most have an ambition to sell the business. Yet they don't really think about what it is they're going to be selling in five or 10 years. You should decide what your exit is before you buy into it, or you'll have to fix it later."

The biggest mistake, he says, is finding yourself with pubs at opposite ends of the country, "but you see people do it".

"With one site, it's easy for an owner-operator to be in control of the revenue, cash, staff rota, pay bill, stock control, but any more than two hours' travel between your pubs and you've got problems. So

keep it tight. Then, when you sell, it's an attractive, easy-to-run group that's not spread all over."

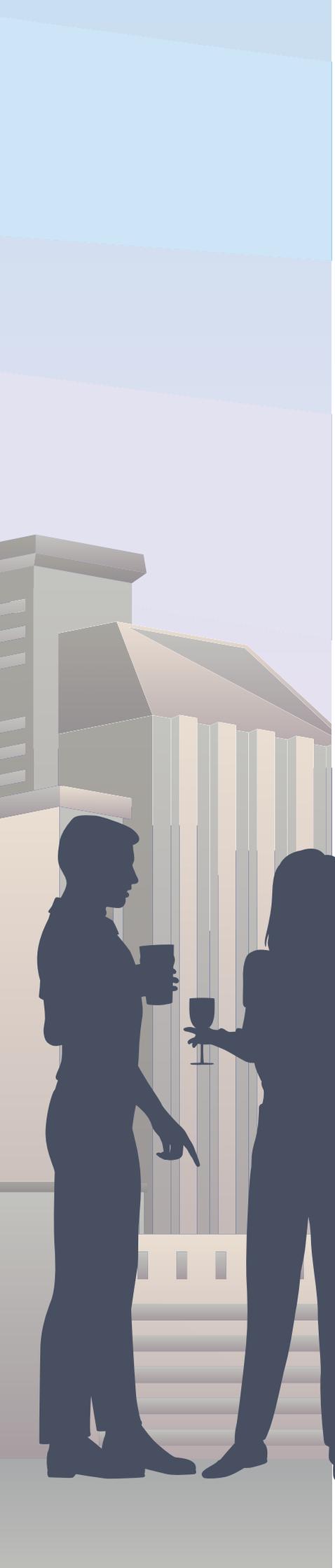
As you grow, with the help of an area manager, you may be able to cluster your pubs in more than one part of the country. At that point you'll also need a head office, and managing that transition is key.

"As you expand you, personally, need to be less focused on control and more on strategy, building your business, and leave the control to an area manager," explains Quattan. "At three or four sites, a lot of people try to keep head office costs low and outsource finance, HR and IT support."

Exactly when you go for full head office functions will be different for every business.

"It's usually not economical. Until you reach seven to 10 sites. You can expect to pay £50,000 or £60,000 a year for a good financial controller. You could just hire an accounts clerk, but even then you've got to be careful. One too many heads can kill off your cash flow and stunt your growth."

Another decision lies in choosing a style of operation and sticking to it for the whole group. Chris Holden of Ashdale Business Consulting warns that having a variety of pubs can be "like herding cats". "You need a brand or a template or you're doing everything new rather than replicating a model. They don't have to look exactly alike but there has to be a commonality." ►►



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”**

And it’s the people who work for you who will carry that from site to site.

“Pubs are an extension of your personality. The people you hire have to share your values and beliefs, have to understand what you’re trying to achieve and go about it in the same sort of way. For instance, how you treat your staff and your customers.

“You have to let go to an extent but you need a framework, you need to get quality to the same levels across the estate. If you don’t have an infrastructure they’re all doing their own thing and you find yourself going from crisis to crisis, which takes management time.”

What functions you choose to do at a group level “may depend on your relationship with your pub managers and whether they’re salaried or getting a percentage of turnover,” Holden says. You also need to consider whether you want a consistent message when it comes to marketing and social media.

“People don’t factor in the time it takes to manage other people,” he adds. “If your average pub employs 10 or 20 people, as a multiple you’re soon up to 100. Do you need HR in-house or do you outsource? Four or five pubs changes the landscape. I know one group of four that’s getting a gardener!”

Gains from economies of scale as you grow may come more slowly than you think. Holden suggests you “probably need to take it into two figures” before you can negotiate substantially better deals from your suppliers.

Red Mist Leisure comprises a group of nine food-led pubs in a tight geography around Farnham, Surrey, and has a clear strategy for growth, as co-founder Mark Robson explains.

“We have a five-year plan that includes the timing of new acquisitions and investments in our existing pubs. It’s an asset-based model, at least 80% freehold, that means we have slower growth, at about a pub a year, but we’re OK with that. It’s not too much stress.”

Red Mist set up a permanent HQ three years ago, relatively early in its development. As well as a base for a dozen staff, the modern office doubles as a training centre.

The company appointed its first head of people at the end of last year, and it’s also invested in systems innovation, most recently spending £30,000 on a new accountancy package to handle accounts and payroll in-house, plus purchasing.

“It’s all cutting-edge technology and it will streamline our procedures,” says Robson.

“We’ve done things our way,” he adds. “Having a head office like this means that



when we take on a new pub we can share the load and it makes it much easier – we can just worry about the refurb and the operation. We can also focus hard on quality. We measure customer feedback using a net promoter score, have mystery diners, a monthly independent audit and measure KPIs monthly. If anything’s wobbly, we can see it very clearly.”

Phil Strongman’s Pubs of Distinction, launched in 2010, is now a chain of five London pubs, all leased free of tie and focused on craft beer. It’s backed by a private investor.

“We’ve taken a suck-it-and-see approach and tended to take smaller pubs that other people find difficult to operate because the profit margins aren’t as great,” says Strongman.

“We probably want 10 pubs but it’s become more difficult to find them at the right price. We might end up paying a bigger premium for something that’s already successful we can run as is, rather than building a business from scratch.”

Retaining people in the pubs who can develop a relationship with customers has been vital. “In London, that’s a USP,” he says. “We keep people by paying them properly and looking after them. And working for a small multiple is seen as a benefit to the kind of people who steer away from major pubcos because they’re seen as less innovative.

“It helps too, if you’re a stable company when it comes to recruitment and retention. People can see a career pathway. We’re trying to grow our own. We want people who can take ownership of the business rather than us imposing things on them.”

An office has been installed at the Constitution in Camden, north London, which opened in 2016. It’s a base for Strongman and his operations and marketing managers, and it hosts interactive training sessions in beer, a

Part Three: Becoming a pubco



service that Strongman conducts himself.

"We try to give our pub managers support in the correct way. You need an auditor who can help you identify problems, know what's happening in the pubs – you've got to be prudent when you're running a cash business. We've never had a bad manager, but sometimes they can get lax."

Tim Bird and Mary McLaughlin had both had long experience working for pub and restaurant companies when they struck out on their own in 2009. Cheshire Cat Pubs & Bars is now seven-strong.

"You need investment and nerves of steel," says Bird. "Choose a bank that knows how good you are and likes what you do, understands your psyche and your strategy. They're going to be in it with you."

"And don't put your business under unnecessary financial strain. Be sure your first pub is making enough to subsidise your second pub while you get it established."

"Pubs are like children. The youngest need all the attention in the world, they have teething problems, they come under new pressures for the first time, while the older ones can be left to suffer for a bit."

The pubco's head office is a base for Bird and McLaughlin, plus three full-time and two part-time staff.

"It's lean," says Bird. "We outsource all payroll, petty cash, paying bills, P&Ls. It's very difficult to deal with all the paperwork we have because we have a lot of different suppliers. My advice is not to recruit central support until you've got to the level of five pubs performing at £1m turnover each."

"We've developed people from operations into head office roles and they all go back into the pubs to work for five weeks at Christmas. I still pull pints on a Sunday myself. It's true that you're only as good as your managers, but guests like to see the owners too."

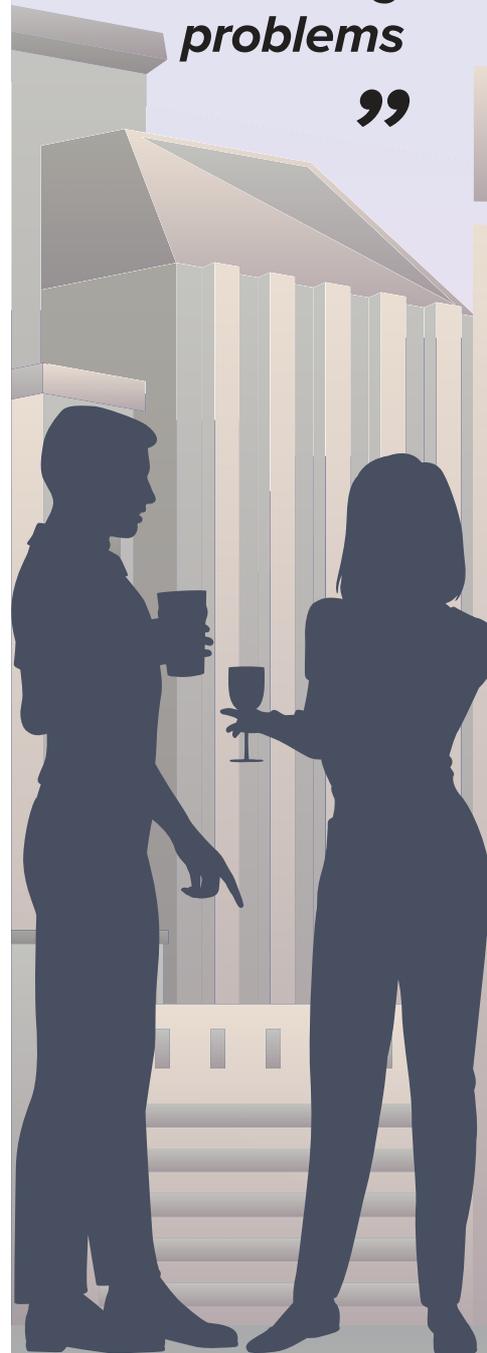
"You're never as experienced as you think you are and there's no organisation behind you when you make a slip," he warns. "You have to be ready for so many different things."

"It was never going to be a smooth journey but this is the most rewarding thing I've done! I've got seven businesses that probably wouldn't be here now if it wasn't for us. ■

**“
Pubs are like children. The youngest need all the attention in the world, they all have teething problems
”**

PETER AUSTEN'S RULES ON A ROLLOUT:

- ✓ Establish a company and brand with fully agreed culture and values, ensuring they are shared throughout the team before expanding.
- ✓ Stick to your plan, site criteria and 'concept', especially when looking at potential sites.
- ✓ Are your systems and procedures robust enough to cope?
- ✓ The business needs to be a 'turnkey' operation at every stage.
- ✓ Be realistic – don't overstretch yourself mentally or physically.
- ✓ Does your existing team have relevant skills, experience and desire to relocate and take on more responsibilities? If not, can you afford to recruit these skills from elsewhere, on time and to budget?
- ✓ Outsource as much as you possibly can.
- ✓ Are all sites performing profitably before another site is taken on?
- ✓ Go to potential investors and venture capitalists – if they don't want to invest, don't expand until they do.



KNOW YOUR AGREEMENTS

With many different property agreements to consider, *The Morning Advertiser* explains the pros and cons of the main five for budding multiple operators

One of the most important decisions you'll make as you go multiple is the tenure, or tenures, that best suit your operation and your ultimate business goals. Your options can be broadly broken down into five types, all with advantages and disadvantages for the multiple operator.

1 FREEHOLD



You buy the bricks and mortar and have total control over the business, including what you sell – although if you are part funding it through a brewery

loan you may be tied, or partially tied, to that company's products for a limited period.

The advantages obviously lie in the freedom you have in developing the kinds of pub you want and, if and when you come to sell up, the price you can demand for freeholds in the licensed property market.

With no rent to pay, wet or dry, a successful, well-run freehold business is considerably more profitable than an equally successful, well-run leasehold.

This is mirrored, however, by the downside. The sheer cost of buying freeholds and any development and remedial work they require means your growth as a multiple is much slower.

That's why some small pubcos choose to mix their estates, using a freehold or two as a profit base while they accelerate their expansion with leaseholds.

And if your offer requires a high street location, you might simply find there are no freeholds available.

Another consideration, certainly if you're new to the pub game, is that it can get lonely out there with no brewer or pubco to turn to for support and advice. So make sure you've got some professionals around you who can help.

2 FREE-OF-TIE LEASE



The next best thing to a freehold, especially in urban areas where freeholds can be scarce, is a commercial leasehold. You will be paying a

full market rent but, as with a freehold, have full control over the operational side of the business and be able to build it up and sell it on, or in property terms 'assign' it, hopefully at a nice profit.

There are basically two kinds. A lease with a private landlord and a free-of-tie lease with a pubco. The latter has its advantages because the company will be experienced in the challenges of running a pub business and might be able to offer some support.

If you have a private landlord it's still a good idea to develop a relationship as that can ease your growth as a multiple.

Some free-of-tie short-term tenancies, which will not be assignable, have lately come onto the market.

3 TIED LEASE



The word 'lease' in the world of pub and brewery letting is shorthand for an agreement of between 10 and 20 years (occasionally longer) that is full-repairing and, crucially, assignable.

If you're building up a pub estate you intend to sell before you get too old to enjoy the proceeds, leases are certainly worth considering because, while you'll normally pay a 'premium' to go in, they are much cheaper than a freehold and you can grow your estate much quicker.

You can also expect an often quite elaborate architecture of support from the company, from free training courses to advice on how to develop the business and deal with those unexpected calamities that will inevitably trip you up.

The question is, can you live with the tie? It could be that, if you have a food-led offer for instance, the choice of beer and other drinks, if it's a full tie, is of secondary importance. But remember it's not just that you're losing choice – it's the 'wet rent', the price you'll be paying above what you'll pay on the free market for those products.

The statutory market-rent-only (MRO) option that big pubcos now have to offer gives you the chance to lose the tie in exchange for an increased dry rent. But MRO can only be requested under certain circumstances outlined in the pubs code. Alternatively, you may be able to negotiate some flexibility on, for instance, craft beers. Pubcos are often willing to be flexible these days, and if you don't ask, you don't get.

But you may still find tied houses harder to sell when it comes to your exit.



HELENA RUDD
MARKETING DIRECTOR,
BOB RUDD



As upgr pr

Currently, the advantages of economies of scale are rarely achieved, companies are reluctant to offer discounts for volume instead they regard loyalty as a greater benefit.

So how can going multiple help your purchasing power? Instead of requesting freebies or heavily discounted prices, you should be focusing on extra service levels your supplier can offer you.

Within our own sector – gaming – multiple-site owners naturally gain advantages due to their size. Having numerous sites under one owner allows us to conduct regular reviews and cross-reference machine performance between their sites. We can easily demonstrate to the customer how correct machine management leads to increased cash in box and player satisfaction.

Training is an area to target

Ongoing product training for employees is also something you should be asking suppliers for. We target a lot of our product education on areas that can improve profitability for the customer such as ‘refill training’ to ensure the fruit machine never runs out of money to pay out to players.

You need to be thinking along the lines of how a product can benefit you if it is linked within each of your sites. For example, we often run inter-company pool knockout tournaments on our pool tables. Customers who may normally only visit one of your venues suddenly find themselves travelling between them all to keep up with the tournament.

Reporting is also important to think about when you are choosing a supplier. When machine games duty (MGD) was introduced a few years ago, we learnt the ins and outs of the Government report so we could help our customers with their MGD return.

As you may know, within the licensed trade, margins can be tight and although your suppliers may not be able to help you by offering discounts, they will certainly be able to give you added service. Your customers expect gin in a balloon glass with Mediterranean tonic and hibiscus petals so make sure that you expect the same level of service from your suppliers.



For further information visit
www.bobrudd.co.uk

Rental agreement



4 TRADITIONAL TENANCY



In the old days brewery tenancy agreements were for a standard three-year rolling term, were fully tied and not assignable. They are still

available, on five-year terms too, from pubcos as well as brewers, and are even thought to be making a comeback as a cheap entry into the pub trade.

Another advantage is that you can expect a high level of support in return for the rent and your loyalty to the tie. Family brewers, in particular, take pride in working closely with their tenants and knowing the individual businesses – if you don’t mind the chairman dropping in from time to time to find out how you’re doing.

Traditional tenancies are probably not much use to an entrepreneurial multiple operator with a lucrative exit in mind, though, because you can’t sell them on.

If, on the other hand, like multiple tenants of the past you want to build up a small group of pubs to hand down through the family, they could be just the thing, especially if you can gain some flexibility on the tie.

5 MANAGED TENANCY



The managed tenancy, or franchise-style agreement as it’s sometimes known, probably wrongly, is principally designed for

the newcomer who has the enthusiasm and ideas to run a pub but lacks business experience.

Typically, it will be an open-book agreement, with the pubco looking after your finances, to a greater or lesser degree, and offering you enhanced support in terms of training and advice that can give what have often been hard-to-let properties a chance of success. It will also be fully tied and non-assignable.

In return, you’ll have a guaranteed income, a fixed share of the profit and perhaps incentivised bonuses. And you’ll be able to concentrate on looking after the customers.

If you really are new to running a pub, this could be a good way of finding out whether you like it or not, and whether you could potentially make a go of it as a multiple operator.

But you wouldn’t want a whole chain of them.



REGIONAL HIGHLIGHTS

Licensed property experts share their insight into buying and selling in London, the south-east, the midlands and the north-west

Know your region: London



MADDEN'S BAR, EAST FINCHLEY

- The freehold is on the market for £1,500,000 but leasehold offers are invited at £100,000
- Call Christie & Co on 0203 846 0611



LORD NELSON, WOOD GREEN

- The free-of-tie lease is available for a premium of £50,000 and a guide rent of £50,000 pa
- Call Fleurets on 020 7280 4700 for more information



WINCHESTER HALL TAVERN, HIGHGATE

- The free-of-tie leasehold is looking for rental offers with new lease terms to be negotiated
- Call Davis Coffey Lyons for more information on 0207 299 0695



THE FINBOROUGH ARMS, KENSINGTON

- The leasehold is on the market for £125,000
- Call Christie & Co 0203 846 0610



THE EIGHT BELLS, FULHAM

- The leasehold is on the market for £285,000 leasehold
- Contact Guy Simmonds on 01332 865112 for more details



THE LORD CLYDE, ISLINGTON

- The leasehold is up for sale for £195,000 with 15 years remaining on the lease of £56,000 pa
- Call Davis Coffey Lyons on 0207 299 0740

COMMENT

While the market continues to see a variety of challenges affecting every angle of the licensed sector, this also presents operators with lots of opportunities, making it a great time to acquire additional sites and grow your empire – as long as you do your homework and get the right advice.

Competition for sites in the capital remains strong, but this is an optimum time to grow a successful pub business and become a multiple operator, taking advantage of falling premiums and the many nil premium sites

that are coming onto the market.

Operators' key focus should be on their concept and how they will differentiate themselves from the rest of the competitive market. Stick to things that have already been successful in your current business, don't pay over-inflated rents just to be in a location – we are seeing so many restaurants and pubs fail to make a profit due to over-rented sites and increased costs.

A specialist agent who is active in that location will be able to advise you on what a

fair rent is for the area, taking into consideration the nuances and trading history of the particular site in question.

Find out who your competition is in the area you are seeking to expand into, how you can generate additional income from letting rooms and how to make the most of function rooms by creating additional trading areas in basements and on other floors.

Paul Tallentyre, executive director,
Davis Coffey Lyons

Looking for your next pub?

Find out how Fleurets can help



📍 Head office, 4 Roger Street, London, WC1N 2JX

☎ 020 7280 4700

✉ london@fleurets.com

💻 fleurets.com

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Know your region: South-East



THE COACH & HORSES, MIDGHAM, BERKSHIRE

- The leasehold is on the market for a guide price of £55,000
- Call Davey Co on 0333 200 8788 for more information



THE WHITE HART, MINSTER LOVELL, OXFORDSHIRE

- Offers are being invited for the leasehold with a rent of £45,000 pa
- Call Davis Coffer Lyons on 0207 299 0740



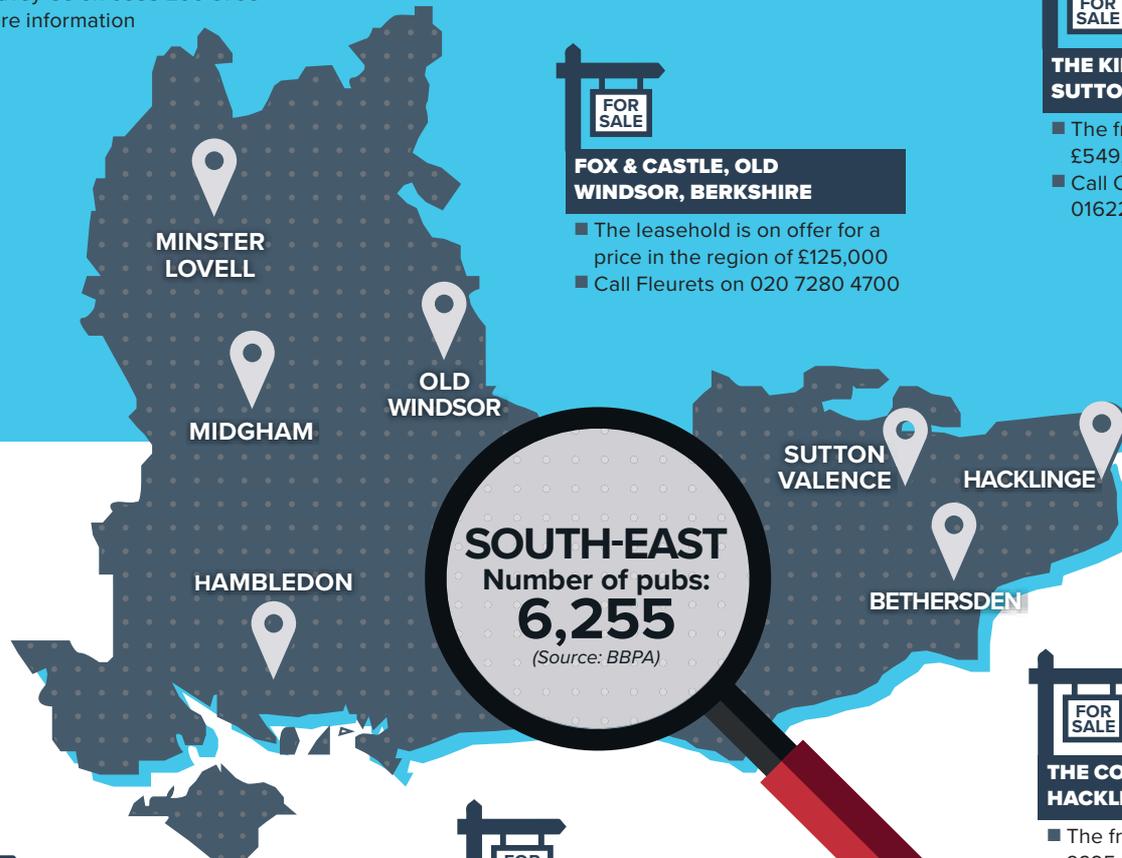
THE KING'S HEAD, SUTTON VALENCE, KENT

- The freehold is available for £549,950
- Call Christie & Co on 01622 656 000



FOX & CASTLE, OLD WINDSOR, BERKSHIRE

- The leasehold is on offer for a price in the region of £125,000
- Call Fleurets on 020 7280 4700



THE COACH & HORSES, HACKLINGE, KENT

- The freehold is available for £695,000 freehold
- Call Guy Simmonds for more information on 01332 86511



THE HORSE & JOCKEY, HAMBLEDON, HAMPSHIRE

- The pub is available for a guide price of £95,000 leasehold
- Call Davey Co on 0333 200 8788 for more information



THE GEORGE INN, BETHERSDEN, KENT

- The pub is available for £695,000 for the freehold
- Call Christie & Co for more information on 01622 656 000

COMMENT

Surrey, with its proximity to two airports as well as London, is a natural target area for expansion. Surrey commuter towns are particular hotspots as young London professionals relocate. In recent years, the mini city of Croydon has seen a surge in activity, which is set to increase with the introduction of the £1.4bn Westfield shopping centre. In Berkshire, Crossrail will be of significant influence; with Reading, Twyford, and Maidenhead in particular set to benefit from quicker access to central London. Subsequently, such locations will witness an increased

residential demand, which will be echoed by a greater demand for hospitality offerings.

Moving over to Kent, boasting two universities and bags of charm, Canterbury is ever-popular with expanding operators, as are the commuter towns of Sevenoaks and Tunbridge Wells. Whitstable is also very trendy but other coastal towns, such as Faversham and Broadstairs, are benefitting from high-speed train services.

Brighton is an obvious location due to its 'foodie' reputation. Other Sussex market towns

and cities, such as Horsham and Chichester, are slightly more restrictive in terms of central areas, however, they remain a target for smaller expanding operators. Worthing, in particular, is still 'up and coming' and, as its central areas are developed, will be worth looking at.

Oxford is another significant city. The surrounding villages prove popular where a property has the potential to trade in excess of £12,000 per week.

James Davies, head of pubs, Fleurets



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YOUR SMART BUSINESS LOCATOR

Established in 1994, Davey Co has grown to become one of the most respected specialist, privately owned national business agents. Operating through 5 strategically placed office locations including our head office in Nottingham, we proudly retain our proprietor led principles which place us in a unique position to fully understand the needs of owner operators.

Our core business is the valuation, sale and acquisition of licensed and leisure businesses. Pubs, inns, restaurants, hotels and leisure are our specialisation. We concentrate our attention upon the private client and small, emerging multiple site operator market segments.

We have a highly effective off-market, confidential sales and acquisitions solution which facilitates transactions without staff, customers or competitors being aware.

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Know your region: Midlands



FOR SALE

THE BENTLEY BROOK INN, ASHBOURNE, DERBYSHIRE

- The pub has a guide price of £1,500,000 for the freehold or £250,000 leasehold
- Call Davey Co on 0333 200 8788 for more information

FOR SALE

ROCKET AT SALTWATER, NOTTINGHAM

- The lease is a nil premium with a passing rent of £162,298.36
- Call Davis Coffey Lyons on 0207 299 0740 for more details

FOR SALE

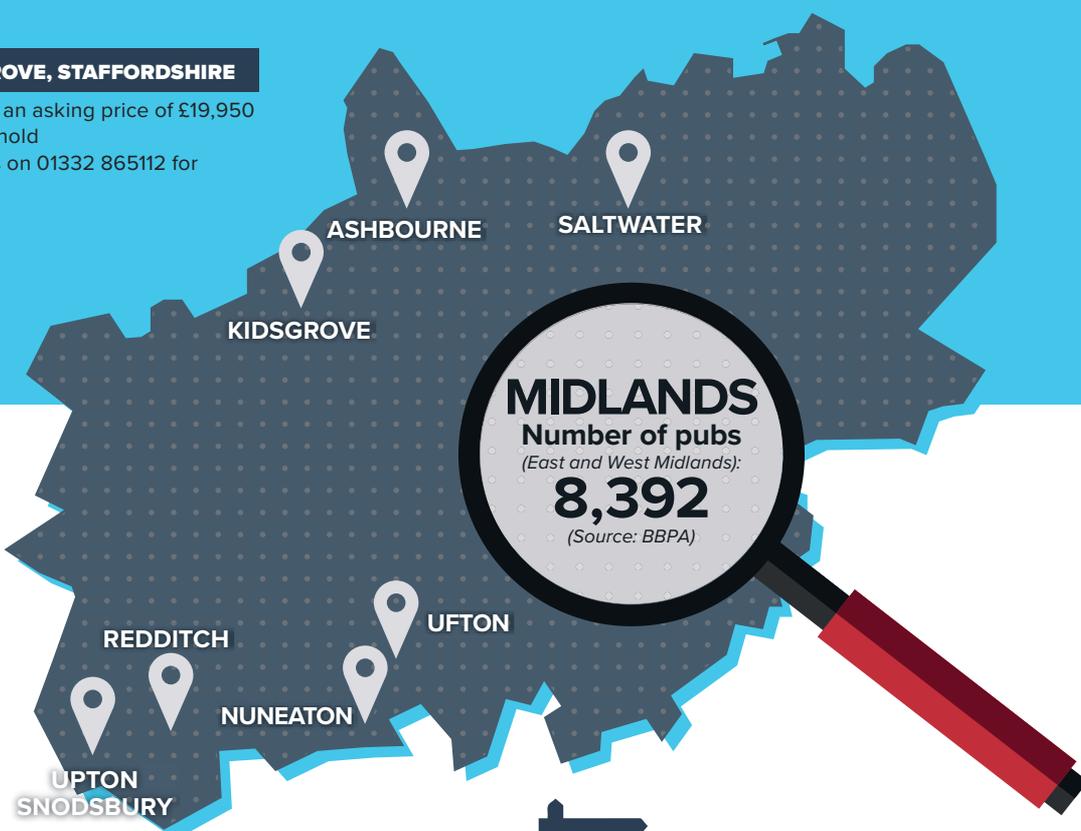
THE BLUEBELL, KIDSGROVE, STAFFORDSHIRE

- The pub is available for an asking price of £19,950 for the free-of-tie leasehold
- Contact Guy Simmonds on 01332 865112 for more information

FOR SALE

THE OAK, UPTON SNODSBURY, WORCESTERSHIRE

- The freehold is on the market for £825,000
- Call 0121 456 1222 for Christie & Co for details



FOR SALE

HOLLYBUSH INN, REDDITCH, WORCESTERSHIRE

- The freehold is on the market for £575,000
- Call Christie & Co on 0121 456 1222

FOR SALE

THE WHITE HART, UFTON, WARWICKSHIRE

- Offers are sought over £65,000 for the leasehold
- Call Davey Co on 0333 200 8788 for more information

FOR SALE

THE GRANBY, NUNEATON, WARWICKSHIRE

- The freehold is for sale on offers in the region of £295,000
- Call Everard Cole on 01223 370055

COMMENT

The licensed property market in the Midlands region is performing extremely well in terms of demand, but has been constrained by a limited supply of new businesses available to the market. The leasehold pubs and inns market in particular has seen a dramatic reduction in availability, due in large part to the national corporate operators tempting existing lessees to convert to tenancies or drawing in sites to their managed operations. This has been a notable effect of the pubs code in the region with the requirement for potential relinquishment of the tie.

That said, the private leasehold market has been a strong feature in the Midlands market.

This is where freehold owner operators choose to offer a new lease with a freehold purchase option rather than opting immediately for an outright freehold sale. Operators looking to go multiple by acquiring additional sites are particularly attracted to this method of 'lease now, buy later'. It requires far less capital to acquire the right site, which means more capital is available for investment and development of the operational facilities, ultimately enabling an outright purchase of the site through successful trading performance.

Paul Davey, managing director, Davey Co

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Know your region: North-West



THE WEAVERS ARMS, TODMORDEN, LANCASHIRE

- The freehold is on the market for £195,000
- Call Sidney Phillips on 01904 793 333



STRANDS HOTEL, SEASCALE, CUMBRIA

- The pub is available for £1,500,000 for the freehold
- Call Christie & Co on 0161 833 3311 for details



COMMENT

The north-west offers a diversity of areas in which the licensed trade can thrive, ranging from industrial areas and cities to rugged coastline and hugely popular tourist attractions.

The region includes Cheshire, Cumbria, Greater Manchester, Lancashire and Merseyside, and is home to three of the most successful football teams in England.

The region includes parts of three National parks (all of the beautiful Lake District, together with smaller parts of The Peak District and the stunning Yorkshire Dales) and three areas of outstanding natural beauty.

We forecast in 2018 that demand for suitable licensed businesses here, and nationally, will increase further due to the growing UK appetite and enthusiasm for 'staycationing', driven by the devaluation of the pound sterling. Licensed businesses, especially those with letting accommodation, are in particular demand from both first-time buyers and current successful single operators looking to expand and urgently acquire further units.

Such is the massive demand for a diversity of 'real ales', we have also seen a surge in the number of microbreweries.

Again there is additional scope and it will be a natural progression for these recent microbreweries to now acquire their own licensed outlets to operate. Previously, the availability and difficulty in obtaining finance was the most significant factor restricting the growth of single operators to expand and acquire further outlets. Thankfully this now appears to have eased, and we are finding the market is especially buoyant, with viewings from potential purchasers in 2018 already 20% up compared to the corresponding period of last year.

Stephen Taylor, managing director,
Guy Simmonds



GRIFFIN INN, ST HELENS, MERSEYSIDE

- The freehold is available for £2,750,000
- Call 0161 833 3311 and speak to Christie & Co



HOME, ALTRINCHAM, CHESHIRE

- Freehold offers over £1,000,000
- Call Fleurets on 0161 683 5445



THE CANARY TAVERN, BOLTON

- The asking price is £235,000 freehold or £25,000 for the free-of-tie lease
- Contact Guy Simmonds on 01332 865112 for more information



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