

Dear Nik,

I hope that you are well, and that you and CAMRA are managing through this difficult period.

Thank you for your letter addressed to our Chairman about Marston's tenants and lessees. I am of course fully aware that this is a very stressful and worrying period for them, as it is for most businesses, and you can be sure that we are doing our level best to support them, as we are for all of our stakeholders. We have around 1,500 pubs, of which around 340 are tenanted and leased, a brewing business, with six operating breweries, and around 13,500 employees. I am very conscious that our stakeholders include employees, tenants and lessees, suppliers, and communities.

While I am disappointed that you decided to launch your campaign without talking to us to find out what we are doing, I believe very strongly that we are all in this together. Tenants and lessees need help to survive, and so do we: there will be few who make it through on their own. Many of our tenants are still suffering from the impact of flooding just a few short weeks ago, and this latest crisis could not have come at a worse time. This (recent flooding) is not something you raised in your letter, but it is still important to me: we have been supporting tenants and lessees through that, and as with this crisis, we have been doing so on a case by case basis and understanding of specific situations. We are not always able to resolve every issue, but if we possibly can, we try to help our tenants and lessees to survive crises like these. It's in our DNA.

On the subject of rent, the UK Government has issued a wide range of support measures which tenants and lessees are entitled to, including rates holidays, grants, support with employment cost, and a self-employment support scheme. Those reliefs are very significant, and are intended to help people to pay bills and for businesses to survive. More may yet be required.

In announcing these support measures on 17th March 2020, The Chancellor of The Exchequer Rishi Sunak stated, in response to a direct question about the hospitality industry:

'Businesses have fixed costs that which we will target support at – most of these have two major fixed costs, rent & staff. On rent, the various cash grants, which are not repayable, those are direct cash grants....the grants we have given actually provide a lot of cover to cover those fixed rental payments that you mentionedthis will address the two largest fixed costs that most businesses will have'.

Marston's has gone further than the intent signalled by The Chancellor. None of our tenants or lessees are currently paying rent, and we have made it clear to our tied tenants and lessees that we expect to be having constructive discussions about rent in future, including the provision of rent concessions where appropriate. In contrast, The Financial Times has reported that UK property landlords are threatening legal action against hospitality businesses after many have deferred rent to save cash during the lockdown. Our approach to pub tenants and lessees is significantly more constructive, flexible and helpful than most current market practice. As a brewer, we see evidence of a wide range of market practices amongst customers of Marston's Free Trade in Marston's Beer Company, where Marston's is not the landlord.

We are providing a range of support measures to our tenants and lessees. Ultimately, the delivery of that support will be via Business Development Managers (BDMs) who are closest to those businesses. There is not a 'one size fits all' approach which governs all situations: many have access to government support, while others will have partial access depending on whether they trade as limited companies or as sole traders. Some of our leases are commercial leases, where there is no

beer tie; the large majority are tied pubs. This is why for us, a case by case approach has to be adopted.

In addition to the issue you raise, there are two further points that will require consideration. At present, the Government is not providing grant relief for pubs with a rateable value of over £51,000, and in relation to turnover share agreements, where Marston's bear the majority of the costs, including rent, we are not able to claim grant relief because of State Aid restrictions, and licensees are prevented from accessing grants because they are not the rates payer. In my view, these omissions are very unfair and anomalous, and deprive licensees of necessary funding. We are aiming to assist these licensees where necessary, and continue to put the case to Government for more support for these groups of people.

Unfortunately, we are not able to meet to discuss all this at present, but when we are able to do so Ed Hancock (MD Venture Pubs, the trading division of Marston's responsible for tenanted and leased pubs) will welcome the opportunity to do so. In the meantime, with respect, I ask you to judge us on what we did for our tenants and lessees at the end of this crisis rather than assuming that we are not doing our best with the resources available to us, which I strongly refute.

It is a difficult, fast moving and fluid environment for most at present. There is real hardship amongst pub operators and many other businesses, and few easy solutions, but we are working very hard to ensure that we have a fair approach to all of our stakeholders. We may not be able to satisfy all of them in a way that meets everyone's hopes and expectations, but we are trying. Nobody has infinite resources.

Our own experiences, and the contributions made by licensees and pub companies to communities and in support of the NHS in recent weeks have been hugely uplifting, providing real examples of the good that this industry brings to society. I am sure we all want more of that in future.

Yours sincerely.

Ralph

Ralph Findlay
Chief Executive Officer



Marston's House, Brewery Road, Wolverhampton, WV1 4JT

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