

ADMIRAL COVID-19 SUPPORT FOR OUR LICENSEES

April 24th 2020

Dear Licensee,

Admiral Taverns – Action Taken to Date

The Covid-19 emergency has brought unprecedented challenges to businesses across the UK and this has clearly been a very worrying time for pub licensees up and down the country.

As a pub company with over a 1000 predominantly wet-led community pubs, our priority at Admiral during this crisis has been to support you, your family and your business wherever possible.

Following the Government's decision to close pubs on the 20th March 2020, we immediately took the decision to implement a number of measures. We acted to provide you, our licensees, with clear and transparent support policies to get you through the sudden loss of income, whilst you cut costs and looked to take advantage of the Government support promised. We were more proactive than many because we want you to emerge from this crisis energised and motivated to re-establish great community pubs, not weighed down by debt and fear about the future.

The measures we took included:

- The decision to **cancel all** rent and associated charges (including service charge & insurance), effective from Saturday 21st March until Thursday 30th April.
- Suspension of all outstanding debt and repayment plans until Thursday 30th April.
- The continuation of all essential compliance and repair work, where it is safe to do so.
- Guidance on how to reduce costs and 'mothball' your pub until it is safe to reopen.
- Arranging for unopened kegs that go out of date to be replaced, free of charge with supplier agreement, with fresh beer for when your pub re-opens.

Current Situation - April

We have encouraged all our licensees to make use of all the Government support options available to them, including:

- Cash Grants for hospitality businesses.
- Coronavirus Job Retention Scheme (CJRS).
- Self-employment Income Support Scheme.
- Business Rates Holiday for 12 months.

As hospitality businesses were forced to close with no notice, we all face the same challenge of a sudden and total loss of income. Thankfully, the Government has been persuaded to make cash grants available to licensees and where needed, we have supported licensees to ensure the CJRS and cash grants are being delivered. These Government schemes are critical for pubs because they are designed by the Chancellor to “target support at the two major fixed costs, rent and staff” of each business, as well as other living expenses over April-June. The CJRS has also helped Admiral Taverns. Like most businesses, large or small, our cash resources are finite, and we have taken a number of measures to conserve cash and reduce our costs, including the furloughing of 75% of our team. The whole industry, and the country, is in this together.

Rent Update Post 30 April 2020

Having survived the first month of closure, our thoughts are now turning to the future and we are planning how best to re-start our pubs and enable them to be successful community pubs once more. With Government grants now being paid to businesses in April, we are looking to balance short term rent relief against the need to be able to offer longer-term support to help you to resume trading. Our objective is to support you to reopen your pub, quickly rebuild your customer base and thrive again as a business. Many of you have been providing charitable services to your community, which will greatly assist you in rebuilding trade too.

We have therefore made the following decisions in relation to rent and other charges for May and June 2020:

Where our licensees have been unable to secure a cash grant under the Government’s retail and hospitality grant scheme (either because occupation started after 11th March 2020 or the rateable value is greater than £51,000), **no rent or other charges** will be levied for May or June.

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Where a Government cash grant is made to a licensee, a rent, insurance and service charge will resume for May and June. However, this is subject to the guidance below:

- Where the licensee receives a £10,000 grant, rent and other charges will be capped at £1,500 per month in May and June (inclusive of VAT).
 - This cap will mean that where rent and other charges would normally have been above £1,500 per month (inclusive of VAT), any charge above the cap will be cancelled, to ensure debt does not build up for licensees during this period.
- Where licensees receive a £25,000 grant, rent, insurance and service charge will be charged for May and June.
- For all licensees, other rental charges (including fixtures and fittings rental & tie release fees) will be cancelled for May and June.
- If grants have been confirmed but not yet received, we will defer collection until the grant has been received.
- Where it exists, we will not seek collection of pre-March 21st debt until after pubs start trading again.

When reviewing these measures our focus has been on trying to ensure that all our licensees, on receipt of their grant, can retain the majority of this money to meet any ongoing other fixed costs and living expenditure. Our planning assumes that pubs will be closed in May and June. If closure extends beyond June, we will review our policy on rent again because our belief is that the cash grants are meant to sustain businesses only until that point.

Let me stress again that these are unprecedented times. Throughout this period, we have endeavoured to offer as much support as we can deliver within our means. We are also working hard to give you as much clarity as we can on our policies, despite the fast-moving circumstances.

I want to reassure you that Admiral Taverns is determined to continue to support you through this period and we look forward to pubs reopening as soon as the virus is under control. In the meantime, please stay safe and observe the lockdown restrictions.

Best wishes,

Chris Jowsey
Chief Executive Officer