



Full text of Chairman's speech to members and guests.

ALMR Christmas Luncheon at Old Billingsgate

Wednesday 15 December 2009

Welcome to the 14th ALMR Christmas Lunch and we are delighted to have over 1100 members, guests and friends with us. It is a testimony to the fact that Christmas is a good time to get together and celebrate - a chance to put aside any differences in the name of friendship and common endeavour.

Firstly can I thank our product sponsors.....

- **Heineken UK**
- **Britvic UK**
- **Bacardi**
- **Caledonian Brewing**
- **Halewood International**
- **Freixenet**

And **Torex** for a generous contribution today, and **Brightstar** also for a generous contribution and I am sure you saw some clips on the screens in reception.

Thank you all so much. Your support makes today that little bit more special

Secondly can I thank the ALMR team.....Niki, Lesley and Matt.

Sadly the recession has been really bad for our business and even if the City may have spotted some green shoots I fear that we can expect some further tough times. The brutal truth is that when consumer spending is hard hit, the poorest operators will fail, the best will flourish and those in the middle need to up their game to stand still.

This last year has been an eventful one and there is still considerable tension in our industry:

For 12 months ALMR has been saying "It's not the Tie but the economic effect of the Tie" particularly in the context of long FRI pubco leases.

The regional brewers, recognised by many as being at the heart of the tradition of pubs, have been caught up in the debate. For the record, ALMR continues to support the vertically integrated brewery model.

I can also assure you that the ALMR is and continues to be a pan industry trade association that represents the full range, size and type of pub and bar operators.

We had hoped that there would be a full and detailed debate on all the key issues under the *mediation* process. Sadly this was not to be. Whatever the reasons for that were, it is now water under the bridge and there is now an urgent need for proper engagement between all the key parties. We at the ALMR are more than happy to talk to anyone at any time.

The key issues that remain to be dealt with are:

The rental valuation model, its implementation, practice and monitoring. The RICS has put forward some key principles which if implemented in their Code should address many of the concerns that

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our members have. It would be ideal if the trade related valuation group had a balance of individuals that represented our industry as a whole – it is important that any perceptions of unfairness are fully dealt with.

Rent setting and negotiation must be based on minimum standards of disclosure, transparency and fairness and we look forward to seeing these issues addressed by both the BBPA and the pubcos. Key comparable data on operating expenses is vital to this process and the ALMR benchmarking survey has been recommended by the RICS as being a prime source of data. We urge all companies whether they are ALMR members or not to take part – a common database must be good for everyone and we will happily ensure that the data is secure and unattributable.

The issue of the machine tie is still there and not dealt with properly although there does seem to be some movement and commitment not to rentalise the lessees share – a choice of whether to be free or tied would be better.

And of course, there is the beer tie. I state again that as far as the ALMR is concerned it is not the tie per se but the economic effect and operation of the tie that is of concern. Yes we do think that lessees should be offered the choice of being tied or free and I do believe that if the model is robust fair and transparent, that many operators would choose to be tied. Indeed I believe that companies will adopt a more flexible approach over the coming years.

It's conceivable and we all hope that there will be a resolution to this over-long dispute. The Select Committee will clarify the political agenda and industry work with RICS should produce a fully independent code on best lease practice. In the meantime there is encouraging evidence of movement by pubcos to fairer, more flexible leases with better terms. What we need is some active engagement from all relevant parties.

There is so much more that is adversely affecting the industry and there is an absolute need to join forces so that we can lobby together on licensing and codes, taxation, business rates and not least alcohol and health issues.

All families have their tensions and fights. Indeed it is perfectly healthy to have a strong debate on the rights and wrongs of various issues and then ensure that the concerns are dealt with in such a way that we get a long term solution to the existing disagreements. This MUST happen but let us at the same time meet to agree what areas we can deal with as a united industry and demonstrate to the government and to the public that we can put our own house in order.

I really hope that 2010 brings us closer together. Remember we need each other to succeed and it takes two to tango! HAPPY CHRISTMAS