

## Freeholder, Lessee, Tenant or Manager

If you are interested in running a pub business, there are essentially four routes into entering the licensed trade:

Questions	Freeholder	Lessee	Tenant	Manager
<b>What is the difference?</b>	You buy the building and business outright	You pay for the business, fixtures and fittings and rent the building	You buy the fixtures and fittings and rent the building	You run an outlet that is owned by someone else as an employee. You do not pay for fixtures, fittings or rent
<b>Am I tied to a Brewer or Pub Co?</b>	You own the business, you trade as you wish	You will normally be tied to a Brewery for beer, cider and some others	You will normally be tied for all drink supplies and work with the Pub Co to develop the business	Your employer may be tied
<b>Do I need experience?</b>	Not essential but it is strongly recommended to run a successful business. Lenders will want to see a knowledge of business too	Not essential but it is strongly recommended to run a successful business. Most Pub Cos have compulsory training courses	Not essential but it is strongly recommended to run a successful business. Some Pub Cos have their own courses	Many Pub Cos have their own courses and many managers are "first timers"
<b>What am I buying?</b>	The price is a mix of property and business value	The premium is for fixtures and fittings, existing trade goodwill and value of the lease.	You are buying the fixtures and fittings. The figure is agreed by your Valuer.	Nothing
<b>What is the Rent and Review date for?</b>	You don't pay rent	You rent the building. Most rents are reviewed at regular intervals, maybe 3 or 5 years. There could be annual RPI increases. Leases are usually described as long term agreements lasting between 10 and 30 years	The rent is re-negotiated at the end of the term or at regular intervals, maybe 3 or 5 years. Tenancies are usually described as short term agreements lasting between 3 and 5 years	N/A

<p><b>Who looks after the property?</b></p>	<p>The property is entirely your responsibility.</p>	<p>Your lease will normally make you responsible for all repairs and decoration.</p>	<p>Normally you are only responsible for interior repair and decoration.</p>	<p>Your employer</p>
<p><b>Are there any other costs to pay?</b></p>	<p>Stock is bought on the day of take-over. Other costs may be Solicitors, Licenses, Stocktaker, Stamp Duty and in some cases VAT.</p>	<p>Probably rent in advance or security deposit as well as stock on the day. Plus Solicitor, Stock-takers, Licenses and if applicable Stamp Duty.</p>	<p>The "Ingoing" quoted normally includes an estimate of stock and takes into account Brokers fees, working capital and security deposit.</p>	<p>No</p>