



Appendix A – Letter from Innkeepers Limited dated 19th April 2021.

Mr David Kelly
Discipulo Limited
City Quarter
Lapps Quay
Cork

19th April 2021

Re Quinns Pub, Drumcondra.

Dear David,

My business, Innkeepers, was appointed by Quinn International Property Management Limited, to provided management services in respect of a group of public houses in Dublin.

Our appointment took effect from 1st July 2015.

Our role, in respect of each premises was as follows:

- To assume responsibility for the general management of the pub.
- To assess the existing operations and, implement where necessary, changes as required to improve performance.
- To assess the physical condition of the premises, and seek approval for capital expenditure, where required.

Specifically, in relation to Quinn's, we were tasked with rebuilding the reputation of the premises.

- Past operators had run a late bar / night club, which had attracted an unsavoury element to what is essentially a residential district. There had been numerous complaints from neighbours regarding noise and behaviour from some customers.
- The building was in generally poor condition. In September 2014, a failure of the plumbing system on All Ireland Sunday, resulted in the basement flooding with sewage, resulting in clearance of premises, and much media spotlight.

Like any new management appointment, we embraced this challenge with enthusiasm, and set about assessing the future direction of the premises.

In our first progress report to our employers in September 2015, we described Quinns as a dysfunctional business.

Without doubt, on the occasion of big concerts and big match days, Quinns had the potential to generate significant turnover. However, outside of these match days, trading performance was dismal. A building that could accommodated 1500+ patrons on match days, would have no more than 25 to 30 patrons on a busy night. Often the number of customers was in single figures. Quite simply, Quinns was for the big occasions, and did not function as a community pub. Sales on non-match days, averaged approximately €570, net of vat.

Key standing costs to include rates, insurance, and Sky sports, were all assessed on basis of a pub with enormous capacity, but which was operating as a very small pub.

To address this imbalance, we set about a series of improvements, both physical and operational, to try to activate trade outside of the big days. Improvements included as follows:

- Staff training and improved service standards
- Improved cleaning and presentation of premises
- We introduced regular live music, appropriate to premises.
- We implemented some improvements to décor.
- We undertook a refurbishment of the lounge area, in expectation that we could attract some additional business outside of match days and concerts.
- We engaged with local 3rd level colleges, to attract some student events.

While I do not have full knowledge as to how the existing structure came to be, it would appear that what was formerly a small pub was extended on a number of occasions, with two flat roof structures to the rear. The building is generally in poor condition. The roof required significant maintenance, over and above what was normal. The extensive flat roof area was a regular attraction for youths and people trying to access neighbouring properties. Services such as water and sewage, were not sufficiently robust to deal with busy occasions, and we would have drainage contractors on call for busy days.

Having undertaken the physical and operational improvements, we reported to our employers in April 2016 as follows:

Having reviewed the recent trading history of the premises and tested the local market with a number of events last Autumn, we are satisfied that there is insufficient quality business in this location to operate a regular lounge / late bar. We see little point in spending on bar extensions and entertainment to attract low quality business and resulting insurance / reputational issues.

At this point, we are left with an underperforming bar that turns into a vast operation on a small number of days per annum. There was insufficient local support on non-match days. The challenge was to generate enough profit on that small number of days, to sustain the business for the full year. The alternative was to cease operation. It is at this point that operational dysfunctionality the business becomes more evident. It is extremely difficult to switch a quiet local bar into a huge high energy operation. The requirements as regards staff, cash floats, stock on hand, security etc. are on a different scale, and require a vastly different level of management skill and financial resources. Operating as part of a larger group, we could deal with this, be it with significant difficulty on occasion. Operating as a stand-alone venue, this would be extremely challenging, and financially perilous.

It is important to address a further significant dysfunctional attribute of this location, and that is the vagaries of sport. Our last full year in management of Quinns, was our best in terms of financial performance. We managed to break even on an EBIDTA basis. The reasons were as follows:

- The West Life concerts attracted an older customer base, who travelled from all ends of the country. Quinns was a good pre-concert meeting place.
- Mayo, Cavan & Tyrone all advanced to latter stages of championship.
- Kerry & Dublin had to replay the All Ireland Final.
- Wexford won Leinster Hurling Championship, something that supporters of Kilkenny & Galway do not consider worthy of attendance in large numbers, and do not celebrate the way Wexford did.

The performance of Quinns on match days, was greatly impacted by the makeup of the fixtures.

Good performers, from the pub perspective, include Galway hurlers, Mayo, Cork Hurlers, Meath, Tyrone and Armagh.

Poor performers include Dublin, Kerry, Kilkenny, Cork or Galway footballers, and any Leinster county drawn to play Dublin.

The difference in sales could be very significant.

These were matters that we as operators had no influence on but had critical implications for financial performance. How can you make investment decisions in this context?

Summary.

Having operated the business from July 2015 to its sale in January 2020, we do not believe that there is any merit in retaining Quinns as a public house. The business is dysfunctional in terms of its scale, and there are too many elements outside of the control of any management team, that would justify significant investment in same.

Yours faithfully



Shane Campbell

T/A Innkeepers