



RETAIL PARTNERSHIP LEASE - SUMMARY OF TERMS

1. THE AGREEMENT

Term. The term will be for 10, 15 or 20 years. The Agreement is protected by Part II of the Landlord & Tenant Act 1954.

Costs. Each party pays its' own legal costs. A contribution of £750 will be payable by you on acceptance of the offer of a new lease, to be refunded to you only upon legal completion.

Cooling Off Period. You will have the option of withdrawing from the Lease without penalty on serving 6 months written notice within the first 6 months of your occupation under the terms of the lease or any preceding Agreement for Lease.

2. AGREEMENT FOR LEASE

The Lease may be preceded by an Agreement for Lease when Lease Support Works are to be undertaken or where head-landlord's consent is required. You will be able to occupy the pub on all the terms of the lease as soon as you enter into the Agreement for Lease and then we will be bound to grant, and you will be bound to take, (subject to the terms of the Agreement for Lease) the new Lease when the works are complete. The commencement date of the lease will be the Commencement Date of the Agreement for Lease.

3. THE RENT

Rent. Rent will be agreed by negotiation, having regard to the potential profitability of the business and taking into account all of the terms of the Lease.

Payment. Rent, including VAT, is paid monthly in advance by Direct Debit or such other means as we may specify. We reserve the right to make administration charges if payments are not made by Direct Debit.

Outgoings. You will be responsible for all rates and all other outgoing including but not limited to all utilities and you must notify all suppliers of tenancy change on commencement of agreement.

Deposit. A cash deposit equivalent to 3 months rent is required on commencement of the agreement. Interest is payable on the deposit. Further monies may be required in order to obtain credit on trading terms.

Annual Indexation. The rent is adjusted upwards or downwards at or around each anniversary of the start date in line with the Retail Price Index. If the lease is free of tie indexation adjustments are upwards only.

Rent Reviews. The choice of a lease with or without 5 yearly rent reviews is a matter for negotiation between us. Whether or not there are 5 yearly rent reviews there will be an open market rent review on the last day of the term. The rent can go up or down at any review, unless the lease is free of tie in which case the review is upwards only. We are able to call for an upwards only rent review in the event that the agreed trading tie is waived in part or in full.

Exclusions. The value of approved voluntary improvements to the building and your exceptional goodwill are excluded from any rent reviews.

4. PERMITTED USE

The premises may be used as a fully licensed public house for the retail sale of alcoholic and non-alcoholic drinks and the ancillary provision of accommodation, food and other refreshment.

5. INSURANCE

Landlord. We will arrange insurance for the building and for two years loss of rent and recharges. Our insurance costs will be recharged to you monthly in advance together with VAT.

Tenants. You will be required to arrange insurance cover for the contents including trade inventory, stock, all fixed glass, the premises licence and employer's liability. You must also insure against third party and public liability, loss caused by interruption to the business and any loss of money.

6. TERMS OF TRADING

Trading Tie. The extent of the trading tie is a matter for negotiation at the start of the Lease. A "full wet tie" would require you to purchase from us all beers, including cask conditioned and low alcohol or no alcohol ales, all lagers, all ciders, all flavoured alcoholic beverages, all wines, all spirits and all minerals whether in draught or packaged forms. You can, however, choose to be free of tie on some or all of the following categories: one guest cask conditioned beer sourced from a SIBA brewer and dispensed from one hand pump, packaged beers, packaged ciders, flavoured alcoholic beverages, wines, spirits or minerals in exchange for payment of an annual Tie Release fee for each category released.

Payment. Payment for tied products ordered from your price list is normally due seven days in arrears by Direct Debit.

Price List. The price list and any discount structure agreed at the outset will continue throughout the term subject to our entitlement to update prices and any applicable discounts and qualifying products from time to time.

Incentive Discount. We will give you an off-invoice incentive discount on all volume of qualifying beers (which excludes any cask ales), qualifying ciders and all flavoured alcoholic beverages purchased from us for resale at the premises in each year of your lease in excess of an initially agreed target volume. If your lease contains 5 yearly rent reviews we will review the agreed target volume with you at each rent review, or in any case if the trading tie is partly waived and on the last day of the term.

Gaming and Amusements Machines. Unless otherwise stated in our letting particulars there is a prohibition against bringing gaming and amusement machines on to the premises. We may consent to the installation of such equipment and if so the terms of any consent will be dealt with in a machine consent letter.

Annual Release Fees. If any aspect of the "full wet tie" is released, this arrangement will continue for the duration of the lease term, subject to the payment of Annual Release Fees. These will be fixed at an agreed amount, subject to annual indexation in line with RPI and payable monthly alongside your rent.

Beer Dispense Equipment. Dispense equipment is provided by the nominated suppliers and is maintained and owned by them. Cellar

In accordance with the Code of Practice this Summary of Terms is provided for guidance only. In the event of any inconsistency between this Summary of Terms, the Code of Practice and the current form of legal documentation, the latter shall prevail. Please refer to your offer letter for specific details of your proposed Tenancy. Subject to Contract and formal Tenancy Agreement.

[1st October 2010]

cooling equipment is your responsibility and you may opt to join our group servicing scheme to cover this.

Flow Monitoring Equipment. You must allow us or if relevant our agents, access to the Premises to install and inspect and maintain Flow Monitoring Equipment and to use your electricity supply at your cost to operate the equipment.

Disclosure. You will be required to provide copies of your VAT returns & annual accounts upon request.

7. FIXTURES AND FITTINGS

Tenant. You must purchase the loose trade inventory at valuation and you must repair and replace these items as necessary during the term. We may purchase the trade inventory at valuation during or at the end of the Term and offset the value against any money you may owe. You may not sell or charge the inventory to any third party and you must sell the inventory to any authorised assignee of the lease.

Landlord. Landlord's fixtures and fittings remain in our ownership throughout the Term. You must repair, maintain and replace all fixtures & fittings during the Term.

8. REPAIRS

Exterior Structure and Services. We are responsible for the foundations, structural timbers, walls and main roof timbers. You will be responsible for all other repairs and day to day maintenance, including drains, wall coverings, roof coverings, car parks, gardens, signage and lighting. You are responsible for the maintenance of the heating system and you may opt to join our group servicing scheme to cover this.

Interior and Non-Structural. You will be responsible for the repair and maintenance of the interior and all landlord's fixtures and fittings.

Redecoration. You must redecorate the interior and exterior of the property in an agreed initial decoration year and thereafter as often as is required or at least every 3 years and in the last 6 months of the term if we reasonably require.

Alterations. You may not carry out any structural alterations but may carry out non-structural alterations with our permission. We may ask you to reinstate these at the end of the term.

Signage. You must maintain all signs and lights. You may not alter the signage without our prior consent.

Repairs and Maintenance Fund. You will contribute to a repair & maintenance fund and you may draw down from that fund for the purposes of complying with your repairing obligations or we may do so if we carry out repairs for which you are responsible. The balance of the account will be repaid to you when you leave the pub if it is in good repair and all other accounts are up-to-date.

Service Charges. We will deal with compliance testing (but not remedial works unless they fall within our obligations) for health & safety, lifting equipment and gas & electrical safety in exchange for a service charge paid to us monthly in addition to your rent. The initial charge is currently £1000 plus VAT per annum. That initial charge may be subject to review at any time, based on the actual cost to us of providing these services. If you opt to join our group servicing scheme for the maintenance of the heating system and cellar cooling equipment you will pay a maintenance service charge which is currently £555 plus VAT per annum for the cellar cooling

maintenance and currently £768 plus VAT per annum for the heating system maintenance.

Accounts and Stocktaking. All lessees, excepting only experienced multiple lessees, are required to take accounting and stocktaking services from one of our partner suppliers for at least the first year of the term. The cost of this service is payable to us monthly alongside your rent, and is based on the actual cost to us providing these services.

9. ASSIGNMENT

The Lease may be assigned after the end of the first two years.

You must obtain our consent to any assignment. Any assignee must satisfy us that they are fit and proper and have adequate experience to run the business. They will be required to produce a business plan together with proof of funding and pay a rent deposit. They will be required to attend an appropriate training course and to take appropriate professional advice. Subject to being satisfied in these respects, we will not unreasonably withhold consent.

Future Liability. You will be required to enter in to an authorised guarantee agreement on assignment to guarantee the obligations of your assignee under the lease unless you obtain a written release under the lease.

Mortgages. You may charge the lease to a reputable bank with our consent but you may not charge the trade inventory.

10. TRAINING

Unless you already hold the appropriate qualification you will be required to attend at your cost our Business Foundation Training course which delivers three qualifications; the BII Introduction to Licensed Retail Operations, the BIIAB Award in Beer & Cellar Quality and the CIEH Basic Food Hygiene Certificate. You will also be required to hold the BII National Certificate for Personal Licence Holders.

11. PREMISES AND PERSONAL LICENCES

Unless we request otherwise you must obtain by transfer or otherwise and hold throughout the Term a Premises Licence for the premises. You must also hold a Personal Licence and be named as the Designated Premises Supervisor (DPS) for the Premises, unless we consent to some other person being the DPS.

12. GUARANTORS

We will ask corporate tenants to provide personal guarantees from two of its directors or additional cash deposits in place of personal guarantees.

13. LEGAL & OTHER PROFESSIONAL ADVICE

Before entering into a lease you should receive independent legal advice about all its terms. Before completion you would need to demonstrate you have done so or confirm in writing your decision not to despite our recommendation.

All Enterprise Inns agreements have repairing obligations which are 'put and keep' in nature. This means that the property's condition at the commencement of the agreement is effectively disregarded when applying the repairing obligations. It is therefore important that you understand the condition of the property at the outset and the obligations that you are entering into.

In all cases we recommend that you commission your own independent building survey and take specialist advice before entering into an agreement which contains repairing obligations.