

DATED

20

The Landlord (1)

and

The Retailer (2)

[and]

[The Guarantor] (3)

RETAIL PARTNERSHIP LEASE

(cyclical rent review)

Property: [Outlet Name & Full Address]

Term: [10,15 or 20] Years commencing
on the XX XX XXXX

CONTENTS

Clause	Heading	Page
	LAND REGISTRY PRESCRIBED CLAUSES	1
	THE SUMMARY Your Lease Terms at a Glance	4
	SECTION 1 How to Interpret this lease	9
1	Meanings of Words and Phrases	9
2	Explaining this Document	16
	SECTION 2 The Letting and Payments	18
3	Letting	18
4	Your Payments	18
5	Deposit	18
6	Outgoings	19
7	Interest	19
8	Costs	19
9	Settlement of Debts	20
10	VAT	20
11	New Tenancy	20
12	Compensation	20
	SECTION 3 Rent and Volume Target Review	21
13	Index Reviews	21
14	Review to Market Rent	21
15	Volume Target Review	23
16	Independent Surveyor and Timing	24
	SECTION 4 Your Purchasing Obligations	25
17	Introduction	25
18	Purchase of Drinks	25
19	Supply by Us	25
20	Changes in the Tie	25
21	Leisure Machines	26
22	Review of Tie Release Fees	26
	SECTION 5 Running the Business	27
23	Conduct of Business	27
24	Accounts	28
25	Employees	28
26	Licences	29
27	Signs	30
28	Use	30
29	Trade Inventory	30
30	Stock	31
31	Condition of Stock and Trade Inventory	31
	SECTION 6 Taking Care of the Property	32
32	Your Repairing Obligations	32
33	Repairs and Maintenance Fund	32
34	Remedying Breach	34
35	Our Repairing Obligations	34
36	Services	34
37	Decoration and Cleaning	36
38	Alterations	36
39	Standard of Your Works	36
40	Environmental Matters	37
	SECTION 7 Insurance	38
41	Our Insurance Obligations	38
42	Your Insurance Obligations	38

43	Rent Suspension and Termination following damage	39
SECTION 8 Dealing with Your lease		40
44	Sharing Occupation	40
45	Underletting	40
46	Transfer	40
47	Charging	42
48	Registration and Provision of Information.....	43
SECTION 9 The Guarantee		44
49	Guarantor's Commitments	44
50	Guarantor's liability	44
51	New Lease	45
52	Replacement Guarantor	45
SECTION 10 Ending the Lease		46
53	Cooling Off Period	46
54	End of the Lease	46
55	Re-Entry.....	47
SECTION 11 General Provisions		48
56	Notices	48
57	Third Parties.....	48
58	Entire Agreement	48
59	Data Protection	49
60	Professional Advice	49
Schedule 1		50
A.	Title Matters	50
B.	Our Rights Over the Property	50
C.	Our Access to the Property	51
D.	Underlease Obligations	52
Schedule 2 Authorised Guarantee Agreement		54
1	Definitions	54
2	Background	54
3	Guarantee.....	54
4	Your Guarantor's Obligations	55
5	End of Liability.....	55

LAND REGISTRY PRESCRIBED CLAUSES

LR1. Date of lease

20

LR2. Title number(s)

LR2.1 Landlord's title number(s)

[Title Number]

LR2.2 Other title numbers

[Title Number]

LR3. Parties to this lease

Landlord

[Legal Owner Name] incorporated in England and Wales with company number [Legal Owner Reg No] and registered office at 3 Monkspath Hall Road, Solihull, West Midlands, B90 4SJ

Tenant

[Retailer Full Name and Full Address]

Or

[Retailers Ltd Co Name] incorporated in England and Wales with company number [Retailers Ltd Co Reg No] and registered office at [Retailers Ltd Co registered office address]

[Guarantor 1 Name] of [Guarantor 1 Address]

and

[Guarantor 2 Name] of [Guarantor 2 Address]

Of

[Retailer Ltd Co Name] incorporated in England and Wales with company number [Retailers Ltd Co Reg No] and registered office at [Retailer Ltd Co registered Address]

LR4. Property	In the case of a conflict between this clause and the remainder of this lease then, for the purposes of registration, this clause shall prevail. [Outlet Name & Full Address] as edged red on the attached plan and more fully described as the Property in Clause 1.46 (Meanings of Words and Phrases) of this lease
LR5. Prescribed statements etc.	None
LR6. Term for which the Property is leased	See "Term of Lease" as set out in clause 4.1 (Term of Lease) of the Summary of this lease
LR7. Premium	None
LR8. Prohibitions or restrictions on disposing of this lease	This lease contains a provision that prohibits or restricts dispositions
LR9. Rights of acquisition etc.	<p>LR9.1 Tenant's contractual rights to renew this lease, to acquire the reversion or another lease of the Property or to acquire an interest in other land.</p> <p>None</p> <p>LR9.2 Tenant's covenant to (or offer to) surrender this lease.</p> <p>None</p> <p>LR9.3 Landlord's contractual rights to acquire this lease.</p> <p>None</p>
LR10. Restrictive covenants given in this lease by the Landlord in respect of land other than the Property	None

LR11. Easements

LR11.1 Easements granted by this lease for the benefit of the Property

None, except for any referred to or contained in part A of Schedule 1

LR11.2 Easements granted or reserved by this lease over the Property for the benefit of other property

See part B of Schedule 1

LR12. Estate rent charge burdening the Property None

LR13. Application for standard form of restriction None

LR14. Declaration of trust where there is more than one person comprising the Tenant [Not applicable]

OR

[[The Tenant is more than one person. They are to hold the Property on trust for themselves as joint tenants.]

OR

[The Tenant is more than one person. They are to hold the Property on trust for themselves as tenants in common in equal shares]

OR

[The Tenant is more than one person. They are to hold the property on trust

_____]]

5 YOUR LEASE PAYMENTS

- 5.1 (a) **Rent** Your initial rent is £XXXXXXX per annum plus VAT
- (b) **Rent Concessions** From the Commencement Date until [XX XX XXXX] We will reduce Your rent to £[XXXXXXX] per annum. This rent concession is personal to You and will only apply whilst the lease is vested in You.] [None]
- 5.2 **Indexation Review** Each year We will review the Rent by reference to the Index and details on how We will do this are set out in Clause 13 (**Index Reviews**). Your **First Review Date** will be on [XX XX XXXX].
- 5.3 **Open Market Review** We may review the Rent to an open market rent only in the circumstances set out in clause 14 (**Review to Market Rent**) and on the following dates:
- [XX XX XXXX]
- [XX XX XXXX]
- [XX XX XXXX]
- [XX XX XXXX]
- We will call these dates the Cyclical Review Dates
- 5.4 **Service Charge** You must pay service charges as follows:
- [Maintenance Service Charge:** £[XXXX] per annum plus VAT]
- [Cellar Cooling Only]:** £[XXXX] plus VAT per annum
- [Heating and Boiler Only]:** £[XXXX] plus VAT per annum
- Health and Safety Compliance Service Charge:** £[XXXX] per annum plus VAT
- [Accountancy Service Charge:** £[XXXX] per annum plus VAT which is compulsory for the first year of the Term and thereafter optional.]
- Further information on service charge is set out in clauses 36 (**Services**) and 24 (**Accounts**).
- 5.5 **Insurance Rent** You must pay Us the cost that We spend in insuring the Property described in clause 41 (**Our Insurance Obligations**).
- 5.6 **Deposit** Your deposit will be £[XXXX] and We may ask You to increase this sum under the terms of clause 5

(Deposit). You must pay Us the deposit when You enter into this lease.

5.7 **Repairs and Maintenance Fund** You must pay £[XXXX] plus VAT per annum to be put towards Your repairing and maintaining obligations and this will be applied and reviewed as set out in Clause 33 (Repairs and Maintenance Fund).

5.8 **Tie Release Fees** The fees payable for releasing the tie in relation to various Free of Tie Drinks, as set out in clause 6.2 of this Summary.

6 YOUR PURCHASING OBLIGATIONS

6.1 **Tie** You must purchase all Tied Drinks from Us (or Our Nominated Supplier) except for the Free of Tie Drinks set out below in return for paying Us the relevant Tie Release Fee.

6.2 **Free of Tie Drinks** We have agreed to exclude from Your obligations to purchase the Tied Drinks the types of drinks set out below and in return You have agreed to pay Us the relevant Tie Release Fees set out below:

<u>Type of Drink</u>	<u>Tie Release Fee</u>
One Guest Cask Conditioned Beer	£[XXXX] per annum
[Packaged Beer	£[XXXX] per annum]
[Packaged Cider	£[XXXX] per annum]
[Wines	£[XXXX] per annum]
[Spirits	£[XXXX] per annum]
[Minerals	£[XXXX] per annum]
[Flavoured Alcoholic Beverages	£[XXXX] per annum]

[We will review each Tie Release Fee annually by reference to the Index as described in clause 22 (Review of Tie Release Fees).]

[You have chosen not to opt out of any of Your purchasing obligations so there are no Free of Tie Drinks available to You.]

6.3 **Volume Target** You need to purchase and receive delivery of a minimum of [XXX] Barrels of Qualifying Drinks from Us (or Our Nominated Supplier) for dispense at the Property before You receive the benefit of the Incentive Discount described below. This is explained further in clause 18 (Purchase of Drinks) and clause 1

(Meanings of Words and Phrases) under the heading “Volume Target”.

- 6.4 **Incentive Discount** An additional discount of £[XX] per Barrel of Qualifying Drinks in addition to any other applicable off-invoice discounts in Our Price List.

7 DEALING WITH YOUR LEASE

- 7.1 **Transfer of Your lease** You may transfer this lease after [insert date 2 years after Commencement Date] (“Permitted Transfer Date”) with Our prior consent but You must satisfy the conditions contained in clause 46 (Transfer) including the provision of an Authorised Guarantee Agreement or the payment of the Guarantee Release Fee.

- 7.2 **Guarantee Release Fee** The greater of:
- (a) 10% of the total amount that You are receiving from the proposed buyer for the transfer of this lease and the Business less any proportion attributable to any Trade Inventory that You own; or
 - (b) £5,000. We will review this sum each year in accordance with clause 13.1 (Index Reviews)
- VAT will be added to this amount.

- 7.3 **Underletting** You may not underlet the Property.

- 7.4 **Mortgages** You may charge this lease with Our prior consent.

8 TAKING CARE OF THE PROPERTY

- 8.1 **Repair** You must repair the whole Property except for the Main Structure. Further details are contained in clause 32 (Your Repairing Obligations).

- 8.2 **Alterations** You may carry out non-structural alterations with Our prior permission, but must comply with the conditions in clause 38 (Alterations).

- 8.3 **Initial Decoration Year** You must decorate the Property in the [X] year of the Term and again as described in clause 37 (Decoration and Cleaning).

- 8.4 **[Additional Repairs** You must carry out the Additional Repairs as described in Schedule 3 (Additional Repairs).]

9 **RUNNING THE BUSINESS**

- 9.1 **Permitted Use** You may use the Property only for the business of a public house with the ancillary uses defined in clause 1 (**Meanings of Words & Phrases**) under the heading “Permitted Use”.
- 9.2 **Business** You must operate the Business efficiently and keep the Property open for trade during the hours We agree with You. Further detail is set out in clause 23 (**Conduct of Business**).
- 9.3 **Licences** You must hold the Premises Licence and comply with all relevant laws in relation to the Business.

This is a summary only of Your main obligations in this lease; please refer to the lease for further detail. More detailed definitions are set out in clause 1 (Meanings of Words and Phrases)

SAMPLE

SECTION 1

How to Interpret this lease

1 Meanings of Words and Phrases

In this lease the following terms have these meanings:

- 1.1 **“Accountancy Service Charge”** means the sum payable under clause 24 (**Accounts**) for the preparation of the accounts referred to in that clause and regular stocktaking by accountants and stocktakers nominated by us and the amount payable is set out in clause 5.4 of the Summary.
- 1.2 **“Adjoining Property”** means any neighbouring or adjoining land owned or occupied by Us (or a company or individual connected with Us).
- 1.3 **“Authorised Guarantee Agreement”** means a guarantee by You and Your Guarantor of the performance of the tenant’s obligations under this lease by a proposed buyer of this lease (under clause 46 (**Transfer**)) in the form set out in Schedule 2.
- 1.4 **“Barrel”** means 288 pints however packaged.
- 1.5 **“Base Rate”** means the base rate from time to time of Bank of England or any other bank We may choose from time to time.
- 1.6 **“Beer”** means any beer including ale, stout, porter, lager, rice beer, wheat beer, ice beer, fruit beer, pre-mixed beer drinks and malt beer however it is produced, brewed, fermented, distilled or packaged.
- 1.7 **“Business”** means the business conducted from the Property of the retail sale of alcoholic and non-alcoholic drinks, refreshment and food for consumption on and off the Property with or without ancillary bed and breakfast and any other ancillary uses approved by Us and authorised by a planning permission.
- 1.8 **“Cask Conditioned Beer”** means Beer which is conditioned and undergoes fermentation in the container from which it is served for consumption.
- 1.9 **“Cider”** means any alcoholic drink (including perry) made solely or mainly from the juice of crushed apples or other fruit and pre-mixed cider drinks, however, it is produced, brewed, fermented, distilled or packaged.
- 1.10 **“Commencement Date”** means the start date of the lease set out in clause 4.1 of the Summary.
- 1.11 **“Contractual Term”** means the term of years first granted by this lease as set out in clause 4.1 of the Summary.
- 1.12 **“Energy Saving Agreement”** means a lease or occupational agreement permitting the installation on the Property of micro generation or energy saving equipment.
- 1.13 **“Fixtures and Fittings”** means all fixtures, fittings, plant, machinery and equipment in or on the Property from time to time including by way of example bar server, back fittings, counters, boilers, Pipes, and equipment relating to heating, ventilation and air conditioning and the provision of hot and cold water, cellar cooling system, pumps, septic tanks, sprinkler systems, sanitary ware, electrical

installation (except interior light fittings), tiles and similar fixed surface coverings, external lighting and signage, lifts and hoists, and any other fixtures, fittings or equipment in or on the Property which do not form part of the Trade Inventory.

- 1.14 **“Flavoured Alcoholic Beverages”** means current or future flavoured alcoholic beverages or other flavoured alcoholic substances however they are produced brewed, fermented, distilled or packaged falling within one or more of the following categories:
- (a) spirit mixed drinks or substances (being pre-mixed spirits-based drinks or substances or made by the addition of a spirit to a non-alcoholic base);
 - (b) wine mixed drinks or substances (being pre-mixed wine-based drinks or substances or made by the addition of a wine to a non-alcoholic base); and/or
 - (c) alcoholic carbonates (where a potable alcohol produced by fermentation or distillation is added to a carbonated flavoured base (often including fruit juice)).
- 1.15 **“Flow Monitoring Equipment”** means flow monitoring equipment installed from time to time at the Property to measure the dispense of drinks together with all ancillary equipment necessary to operate that equipment.
- 1.16 **“Free of Tie Drinks”** the drinks which You have chosen to exclude from the Tied Drinks (subject to payment of the relevant Tie Release Fee) as set out in clause 6.2 of the Summary.
- 1.17 **“Guest Cask Conditioned Beer”** means a single draught Cask Conditioned Beer which is produced at a brewery located within a 20 mile radius of the Property by a brewer who is a member of the Society of Independent Brewers and such beer may be dispensed from the Property by one hand pump only.
- 1.18 **“Health and Safety Compliance Services”** means the carrying out and provision at the Property of all statutory examination and testing (but not remedial works) required by applicable legislation and regulations in respect of portable appliance testing, fire safety and health and safety.
- 1.19 **“Health and Safety Compliance Service Charge”** means the sum payable under clause 36 (Services) for the Health and Safety Compliance Services, and the amount is set out in clause 5.4 of the Summary.
- 1.20 **“Health and Safety Compliance Service Costs”** means the expenses and outgoings We incur in providing the Health and Safety Compliance Services in each year of the Term.
- 1.21 **“Incentive Year”** means each year of the Term the first Incentive Year commencing on the Commencement Date and each subsequent Incentive Year commencing on each anniversary of the Commencement Date or such other 12 month period as We may notify to You in writing.
- 1.22 **“Independent Surveyor”** means a qualified surveyor experienced in the valuation of public houses. If We are unable to agree with You on the identity of the Independent Surveyor either of Us can ask the President of the RICS to appoint one on Our joint behalf. In the case of a review being carried out in accordance with

the Pub Independent Rent Review Scheme (as mentioned in clause 14.2), the Independent Surveyor must be nominated by you by way of the Pub Independent Rent Review Scheme.

1.23 “**Index**” means the All Items Index of Retail Prices published by the Office of National Statistics or any other appropriate index which We nominate if the Index ceases to exist.

1.24 “**Index Review Date**” the First Review Date set out in clause 5.2 of the Summary and each anniversary of that date.

1.25 “**Insolvent**” means:

- (a) in the case of an individual, if a receiver or trustee in bankruptcy is appointed;
- (b) in the case of a company or partnership, if a receiver, liquidator or administrator is appointed or a resolution is made for the appointment (but not a voluntary liquidation by a solvent company provided that the Premises Licence is transferred to the new corporate body prior to the liquidation) or a statutory moratorium applies to it; and
- (c) in all cases:
 - (i) where the company or individual enters into or resolves to enter into a voluntary arrangement with creditors; or
 - (ii) allows possession to be taken of goods (including Stock or Trade Inventory) at the Property.

1.26 “**Insurance Rent**” means the amount which We fairly attribute to the Property to cover the sum that We from time to time pay, incur, assume by way of insurance premiums or charges:

- (a) for insuring the Property in accordance with Our obligations in this lease; and
- (b) for insuring in such amounts as We consider appropriate against liability to You and/or third parties in connection with the Property and/or the Business; and
- (c) pursuant to Our insurance obligations in any Superior Lease; and
- (d) for offering (if We wish) a reduction in the fee charged to You in the event that We have to make a claim under any insurance policy; and
- (e) for accepting Your payment of the amount referred to in this definition in instalments.

1.27 “**Insured Risks**” means:

- (a) loss or damage by fire, lightning, explosion, aircraft (including articles falling or dropped from aircraft), riot, civil commotion, malicious persons, earthquake, storm, tempest, flood, bursting and over-flowing of water pipes tanks and other apparatus and impact by road and/or other vehicles; and

- (b) loss of rent for a period of two years (including an estimate for increasing rent) or such other period as We consider appropriate; and
 - (c) the cost of demolition, site clearance, the removal and disposal of debris and architects' surveyors' and other professional fees and other expenses that We consider necessary for rebuilding or reinstating; and
 - (d) such other risks as We reasonably choose to insure against.
- 1.28 “**Interest**” means interest at 4% above the Base Rate (both before and after judgment) calculated on a daily basis from the date on which interest becomes payable to the date on which payment is made.
- 1.29 “**Inventory Sale Price**” means the sale value of the Trade Inventory at the date of the sale. If You and We cannot agree upon a price, the matter will be referred at Your cost for determination to an independent valuer experienced in this type of valuation.
- 1.30 “**Leisure Machines**” means:
- (a) any mechanical, electrical or electronic (or any combination thereof) device or other amusement or gaming machine; or
 - (b) any pay-to-play sound production or visual production or projection apparatus; or
 - (c) any other machine, device or apparatus for playing any game of amusement, skill or chance (including, for the avoidance of doubt, pool tables); or
 - (d) any machine for supplying, selling or dispensing cash, goods or services; or
 - (e) any terminal, including for the avoidance of doubt:
 - (i) any pay-to-play game machine or terminal, whether it is operated by, or payment is by way of, coins, tokens or any other means of payment and whether or not it is able to dispense rewards or prizes in whatever form; and
 - (ii) any software associated with the operation of any such machine, device or apparatus;but not including any machine, device or terminal which is exclusively for domestic use in any private living accommodation at the Property.
- 1.31 “**Licences**” means all licences, permissions, certificates and consents required for the Business to be lawfully conducted from the Property including:
- (a) a Premises Licence and all necessary Personal Licences for those conducting Licensable Activities at the Property; and
 - (b) any other licences, permissions, certificates and consents which a Reasonably Efficient Operator would obtain to maximise the Business (including consents required for any Leisure Machines on the Property).

- 1.32 **“Main Structure”** means the foundations, floor slab and floor structure, load bearing walls, columns and beams, steel frames and roof structure, but excludes floor screed and coverings, plaster or wall or other surface coverings, rendering, roof coverings and other external surface coverings, boundary walls, windows and doors and their respective frames and fascias and chimney flues.
- 1.33 **“Maintenance Services”** means the carrying out and provision at the Property of all planned maintenance and repairs of the [heating system (including boiler radiators pipework pumps time controls and thermostats)] [and] [cellar cooling system].]
- 1.34 **“Maintenance Service Charge”** the sum payable under clause 36 (Services) in relation to Maintenance Services, and the amount is set out in clause 5.4 of the Summary.
- 1.35 **“Maintenance Service Costs”** means the expenses and outgoings We incur in providing the Maintenance Services in each year of the Term.]
- 1.36 **“Market Fair Maintainable Trade”** means the annual volume (expressed as a number of Barrels) of all Beer and/or all Cider and/or all Flavoured Alcoholic Beverages which a Reasonably Efficient Operator who is occupying the Property under the terms of this lease might reasonably be expected to sell from the Property on the relevant Rent Review Date.
- 1.37 **“Market Rent”** means the best rent at which the Property might be reasonably expected to be let on the relevant Rent Review Date to a Reasonably Efficient Operator wishing to take a lease for a new term of 10 years, without the payment of a premium but otherwise on the same terms as this lease (except for the amount of rent but including the rent review provisions).
- 1.38 **“Minerals”** means non-alcoholic drinks of all types whether draught or packaged, including the items categorised in Our Price List as fruit juices, juice drinks, mixers, soft drinks, colas, waters, cordials and carbonates.
- 1.39 **“Nominated Supplier(s)”** means any one or more third party suppliers that We choose to use.
- 1.40 **“Our Price List”** means Our current price list (or where applicable the current price list of any of Our Nominated Suppliers) a copy of which We have given to You and which We may update from time to time.
- 1.41 **“Packaged Beer”** means any Beer which is not dispensed by draught (however it is packaged).
- 1.42 **“Packaged Cider”** means any Cider which is not dispensed by draught (however it is packaged).
- 1.43 **“Permitted Transfer Date”** the date specified in paragraph 7.1 of the Summary after which You may transfer this lease.
- 1.44 **“Permitted Use”** means use as a public house within Class A4 of the Town and Country Planning (Use Classes) Order 1987 (as amended), with or without the ancillary service of food and/or ancillary bed and breakfast accommodation, or with any other ancillary use for which We have granted consent (subject in all cases to You having the necessary statutory consents). You may not use the Property

primarily as a restaurant. You may use the residential parts of the Property as a domestic dwelling (as set out in clause 44 (**Sharing Occupation**)).

- 1.45 **“Pipes”** means any sewers, vents, drains, pipes, wires, cables, ducts, gutters, down pipes, fibres and any other conducting media including ancillary plant and equipment which are in, over or under the Property now or at any time during the Term.
- 1.46 **“Property”** means the whole of the land and buildings (or any part of it) described in LR4 of the Land Registry Prescribed Clauses including all additions, improvements, Fixtures and Fittings and Pipes, but excluding the airspace above the land and buildings.
- 1.47 **“Pub Independent Rent Review Scheme”** means the independent rent review resolution service sponsored by the Association of Multiple Licensed Retailers and others or such equivalent or replacement scheme.
- 1.48 **“Qualifying Drinks”** means such Beer and/or Cider as are (in both cases) identified in Our Price List as qualifying for the Incentive Discount, and/or any Flavoured Alcoholic Beverages.
- 1.49 **“Reasonably Efficient Operator”** means as this term (or such equivalent term adopted by RICS) is defined in note 1 of the RICS book of valuation standards.
- 1.50 **“Relevant Variation”** means a variation which is a ‘relevant variation’ under s.18(4) Landlord and Tenant (Covenants) Act 1995 or which is more onerous upon You than the provision it replaces.
- 1.51 **“Rent”** means as set out in clause 5.1 of the Summary and **“Rents”** means any sum payable to Us under the terms of this lease.
- 1.52 **“Rent Concessions”** means the rent concessions set out in clause 5.1(b) of the Summary (if any).
- 1.53 **“Rent Days”** means the first day of each calendar month (or any other date as We may request).
- 1.54 **“Rent Review Date”**
- (a) the date of each Review Notice that We serve on You under clause 20 (**Changes in the Tie**) which will be called a **“Tie Review Date”**; and
 - (b) the dates set out in clause 5.3 of the Summary and each of these will be called a **“Cyclical Review Date”**.
- 1.55 **“Restricted Person”** means a brewer or wholesaler of beer or a company or person that owns or operates more than ten licensed premises, or a company or person that is connected to the type of company described in this definition.
- 1.56 **“Review Notice”** means a written notice that We serve on You under the terms of Clause 20 (**Changes in the Tie**) and We may serve as many Review Notices as the circumstances warrant.
- 1.57 **“RICS”** means the Royal Institution of Chartered Surveyors.

- 1.58 **“Spirits”** means all distilled alcoholic beverages of any type including all types of vodka, whisky, rum, brandy, bourbon, gin, cognac, tequila, sambuca, schnapps, shooters, liqueurs, de Kuyper, sherry, Madeira, port, aperitifs, vermouth and any other types of spirits listed in Our Price List including those listed under the headings “specialities” and “other products”.
- 1.59 **“Statutory Obligations”** means any obligations or restrictions relating to the Property, its occupation or use which are imposed by any existing or future statute, statutory instrument, regulation, industry code of practice, order, notice or the requirements of any competent authority or court (and including all applicable European Union legislation or directives).
- 1.60 **“Stock”** means all sound and saleable stock at the Property at the relevant date including all drinks, food, tobacco and other items for resale, returnable containers, fuel, cleaning materials, household disposables, glassware, cutlery and crockery.
- 1.61 **“Stock Sale Price”** means the sale value of the Stock. If We cannot agree upon a price, the matter will be referred at Your cost for determination to an independent valuer experienced in this type of valuation.
- 1.62 **“Summary”** means the summary immediately after the Land Registry Prescribed Clauses at the front of this lease.
- 1.63 **“Superior Lease”** means any lease referred to in Part A of Schedule 1 or any other leases of the Property (or any part thereof) superior to this lease and any landlord under such leases shall be referred to as the **Superior Landlord**.
- 1.64 **“Supplemental Documents”** means any side letters, agreements, the offer letter, Our Price List, agreements relating to Leisure Machines (if applicable) and any other documents that We have entered into with You which are supplemental to this lease and any other documentation signed by Us and You which amend the terms of this lease.
- 1.65 **“Telecom Agreement”** means any existing or future agreement, licence or lease that We have entered into or may enter into with a Telecom Operator relating to the installation and use of Telecom Apparatus at the Property and/or within the air space above the Property.
- 1.66 **“Telecom Apparatus”** means telecom apparatus as defined in the Telecommunications Act 1984 as updated by the Communications Act 2000 and may include microcellular antenna dishes, masts, cabinets, cables, ducts and power supplies, as required by the Telecom Operator, plus any replacement, renewal or upgrading of the apparatus, and ancillary equipment.
- 1.67 **“Telecom Operator”** means any person, company or body providing or procuring the provision of any telecommunication services or facilities.
- 1.68 **“Telecom Site”** means so much of the Property required by the Telecom Operator for housing any Telecom Apparatus comprised in (or to be comprised in) a Telecom Agreement as detailed in a plan to be supplied by the Telecom Operator to You from time to time.
- 1.69 **“Term”** the length of term set out in clause 4.1 of the Summary including any continuation or extension of the term.

- 1.70 “**Tie Release Fee**” means the relevant fee for each of the Free of Tie Drinks set out in clause 6.2 of the Summary or any revised Tie Release Fee following a review under clause 22 (**Review of Tie Release Fees**). The Tie Release Fee will be payable monthly.
- 1.71 “**Tied Drinks**” means all drinks (whether packaged or not) represented by the types set out on Our Price List other than any Free of Tie Drinks.
- 1.72 “**Trade Inventory**” all loose trade fittings, furniture, equipment and other articles on the Property available for Your use in connection with the Business, including any additional items that You have acquired for the Business during the Term.
- 1.73 “**VAT**” means Value Added Tax or other tax of a similar nature.
- 1.74 “**Volume Target**” means the volume target specified in the Summary as reviewed under clause 15 (**Volume Target Review**).
- 1.75 “**Wines**” means still and sparkling alcoholic drinks made from fermented grapes or other fruits (including those drinks listed as “wines” under Our Price List) however packaged and including champagnes.

2 Explaining this Document

2.1 When interpreting this lease the following points apply:

- (a) the definitions in the Summary apply throughout this lease;
- (b) any reference to “We”, “Us” or “You” includes Our respective successors and any reference to Your Guarantor includes any subsequent guarantors;
- (c) the Summary, Sections and the Schedule form part of this lease and the parties agree to perform their respective obligations and be bound by the matters contained in them;
- (d) words implying one gender include every gender; words implying the singular include the plural and vice versa; and words implying persons include firms, companies and corporations and vice versa;
- (e) the headings in this lease are provided for convenience only and do not affect the interpretation of this lease;
- (f) if any party to this lease includes more than one person that party’s obligations may be enforced jointly or individually;
- (g) any obligation which restricts You from doing anything includes an obligation upon You not to allow that thing to be done or omitted;
- (h) any reference in this lease to “Your obligations” refers to Your obligations to Us under the terms of this lease or any other Supplemental Documents;
- (i) where this lease says that We “may” do something, it will be at Our option whether We choose to do that act and We will not be obliged to do it;
- (j) where We are obliged to do something We will have fulfilled that obligation if someone else performs the obligation on Our behalf;

- (k) where this lease requires You to obtain “consent” this must be given by Us in a deed in order to be valid. Where We simply require You to obtain Our “permission” this permission must be in writing but a deed will not be required. In all cases the consent or permission must be obtained in advance;
- (l) if the consent of any mortgagee or superior landlord is required to enable Us to grant a consent or permission to You, We will use reasonable endeavours to obtain the consent or permission at Your cost but We will not grant Consent or permission to You until the mortgagee's and/or superior landlord's consent has been obtained;
- (m) where We refer to a statute it includes any amendments affecting it, and any regulations, instruments, orders or directions connected to that statute;
- (n) where We refer to the end of the Term it includes determination by forfeiture, surrender, expiry, disclaimer or any other means;
- (o) the word “including” does not imply any limitation in any way;
- (p) if this lease is an Underlease the terms of Part D of Schedule 1 shall apply;
- (q) the terms “**Premises Licence**”, “**Personal Licence**”, “**Designated Premises Supervisor**” and “**Licensable Activity**” shall have the meanings attributed to them by the Licensing Act 2003; and
- (r) each provision in this lease is severable from the others and if any part of this lease is held to be invalid or unenforceable the remaining provisions of this lease shall not be affected as a consequence.

SECTION 2

The Letting and Payments

3 Letting

- 3.1 We let to You the Property for the Term and if You make the payments set out in Clause 4.1 (**Your Payments**), and comply with Your obligations to Us, We will allow You to occupy the Property free from interruption by Us and:
- (a) the lease is subject to the title matters in Part A of Schedule 1 and We retain for Our benefit the rights set out in Part B of Schedule 1;
 - (b) We will only be liable to You under the terms of this lease whilst We are Your immediate landlord; and
 - (c) You must allow Us access as set out in Part C of Schedule 1.
- 3.2 You must promptly submit to the Land Registry (within the relevant priority period) an application for registration of this lease or any of the rights contained in it and supply to Us an official copy of the register and title plan issued by the Land Registry on completion of the application.

4 Your Payments

- 4.1 You must pay the Rent, Insurance Rent, Repairs and Maintenance Fund payments, Health and Safety Compliance Service Charge, [Maintenance Service Charge] Accountancy Service Charge, Tie Release Fee (if any) and VAT monthly in advance by direct debit (or such other means as We request from time to time) on the Rent Days. You must make the first payment on the date of this lease for the period from the Commencement Date to the last day of the following calendar month.
- 4.2 You must make payment for all drinks or other products purchased from Us by direct debit (or such other means as We request from time to time) weekly in arrears. If You fail to do this We may require You to pay for all future supplies by cash on placing of order.
- 4.3 You must make any other payments due under this lease as soon as We ask.
- 4.4 If You make a payment other than by direct debit or if any of Your payments are not honoured, You must pay Our administration costs (being 2% of the transaction value subject to a minimum charge of £40).
- 4.5 We may recover all sums owing to Us under this lease as rent and You must not make any set-off, abatement, deductions or counter-claims of whatsoever nature (whether legal or equitable) for any amounts that You believe We owe to You.

5 Deposit

- 5.1 We will hold the Deposit as security for Your performance of Your obligations to Us and to reimburse any expenses and losses which We may incur as a result of Your breach. We will not be holding the Deposit on trust for You.
- 5.2 If You breach any of Your obligations or become Insolvent, We may withdraw from

the Deposit any sums due to Us which are unpaid for seven days and the amount of any losses, costs or expenses We incur or payments We make as a result of Your breach. Any withdrawal We make will not prevent Us from taking action against You or ending this lease for any breach of Your obligations.

- 5.3 If We make a withdrawal from the Deposit We will notify You in writing and within seven days of receiving the notice You must pay to Us the amount We have withdrawn. If You fail to make this payment We may apply any other funds We receive from You to replenish the Deposit.
- 5.4 If Your Rent increases We may request any additional sums required to raise the level of Your Deposit (including any accrued interest) to 25% of the then current Rent. If We make this request You must make the payment within 7 days. We will not ask You to increase Your Deposit after an indexation review under clause 13 (Index Reviews).
- 5.5 We will repay the Deposit and any interest accrued to You within a reasonable period of time:
- (a) after the expiry of the Term and after You have complied with Your obligations in Clause 54 (End of the Lease); or if earlier
 - (b) following completion of a transfer of this lease which is authorised under clause 46 (Transfer) if We have received from the buyer a new deposit of at least 25% of the then current Rent;

after We have deducted all sums that You owe to Us (including any sums attributable to dilapidations or any other breach of Your obligations to Us) and any sums that You owe to Our Nominated Supplier.

- 5.6 If We sell Our interest in the Property subject to this lease, We will pass the Deposit on to the new owner after deducting any sums that We are entitled to deduct.

6 Outgoings

- 6.1 You must pay for all rates, taxes, outgoings and utilities in relation to the Property or the Business (except for taxes that We have to pay because of Our dealings with Our interest in the Property) and where the Property forms part of a larger property You must pay the fair percentage that We reasonably attribute to the Property.
- 6.2 You will permit Us to have conduct of any proceedings relating to the rateable value of the Property.

7 Interest

You must pay Interest on any Rents or other sums owing to Us not paid by seven days after the due date. Interest is payable from the due date until the date We receive payment and is to apply both before and after judgment.

8 Costs

You must pay to Us when We ask the full amount of all costs, expenses and losses that We incur in connection with:

- (a) any application for any consent or permission (including any superior

landlord's costs) even if it is refused on lawful grounds or You withdraw the application; or

- (b) any action that We lawfully take in relation to a breach of any of Your obligations to Us (including the preparation of a schedule of dilapidations, an abatement of nuisance or any action that We take to protect any Licences) whether or not We bring this lease to an end.

9 Settlement of Debts

We may apply all monies paid by You to Us from time to time in settlement of, or towards, any monies or debt that You owe Us, irrespective of the reason for which the monies were paid to Us except where We have agreed otherwise in relation to the Deposit or the Repairs and Maintenance Fund.

10 VAT

- 10.1 All payments under this lease are exclusive of VAT and You must pay any VAT properly chargeable at the time the payment is made.
- 10.2 Where You are obliged to reimburse any sums that We incur under this lease, You must pay the VAT on those sums to the extent that We cannot recover it.

11 New Tenancy

- 11.1 This lease is a new tenancy for the purposes of the Landlord and Tenant (Covenants) Act 1995.
- 11.2 If We at any time agree that You may defer payment of any sums under this lease, then for the purposes of s.17 Landlord and Tenant (Covenants) Act 1995 those sums will be deemed to be due for payment on the deferred date agreed and not on the earlier date on which they would have fallen due.

12 Compensation

Neither You nor any undertenant or any occupier of the Property will be entitled to any compensation under any statute at the end of this lease.

SECTION 3

Rent and Volume Target Review

13 Index Reviews

- 13.1 On each Index Review Date the Rent (or other relevant sum being reviewed) will be adjusted upwards or downwards (subject to clause 13.2) by the same percentage as the percentage change (if any) in the Index over the 12 month period ending with the month which is two months before the Index Review Date.
- 13.2 On any Index Review Date arising after a release of Your purchasing obligations under clause 20 (**Changes in the Tie**), so that You are no longer obliged to purchase any Tied Drinks from Us, the Rent (or other relevant sum being reviewed) will be increased by the same percentage as any percentage increase (if any) in the Index over the 12 month period ending with the month which is two months before the Index Review Date, and We will ignore any decrease in the Index.
- 13.3 If the Index figures are not available for the calendar month in which the review falls We shall use the most recent Index figures available at that time.
- 13.4 We will notify You in writing of any change in Rent (or other relevant sum being reviewed) under this Clause 13.

14 Review to Market Rent

- 14.1 On each Rent Review Date the Rent will be reviewed to the Market Rent and We and You must (acting in good faith) try to agree the amount of the Market Rent.
- 14.2
- (a) If You and We are unable to agree the Market Rent by a Cyclical Review date (and You are and will remain obliged to purchase any Tied Drinks from Us after the Cyclical Review Date), You may refer the review to be determined by the Pub Independent Rent Review Scheme (whilst such scheme exists) by the date which is one calendar month after the Cyclical Review Date.
- (b) If You have not referred the review to the Pub Independent Rent Review Scheme within the timetable set out in clause 14.2(a), or if You will not remain obliged to purchase any Tied Drinks from Us after the Cyclical Review Date, You or We may refer the matter to an Independent Surveyor and the referring party may elect whether he acts as an expert or an arbitrator.
- 14.3 If We are unable to agree the Market Rent within 2 calendar months after a Tie Review Date You or We may refer the matter to an Independent Surveyor and the referring party may elect whether he acts as an expert or an arbitrator.
- 14.4 The Market Rent will be the best rent that a willing landlord could reasonably expect to obtain for the Property from a Reasonably Efficient Operator on a letting for a term of 10 years with vacant possession, in the open market without the payment of a premium, assuming:

- (a) that We have both complied with Our obligations in this lease (as amended by any deeds of variation or side letters);
- (b) that if the Property has been damaged by an Insured Risk it has been repaired;
- (c) that the Business is being conducted from the Property, that the Property is suitably equipped for the Business and You have the use of the Trade Inventory;
- (d) that You hold all Licences and permissions to conduct the Business, and that You have not reduced the permissions attached to the Premises Licence or had any onerous conditions added;
- (e) that You have not carried out any works which have reduced the value of the Property;
- (f) that You are able to recover the VAT on any Rents;
- (g) in the case of a Rent Review Date arising in circumstances where the purchase obligations that have been released or varied those obligations are deleted from or amended in the lease accordingly; and
- (h) in the case of a Rent Review Date arising in circumstances where You will not be obliged to purchase any Tied Drinks from Us or Our Nominated Supplier that all references to the Volume Target and Incentive Discount are deleted from this lease.

14.5 but disregarding:

- (a) Your occupation of the Property; and
- (b) any additional goodwill attaching to the Property attributable to You having achieved a greater level of business than a Reasonably Efficient Operator; and
- (c) any effect on rent attributable to improvements that You have carried out to the Property at Your expense and with Our written permission (unless We required You to carry out the works).

14.6

- (a) On a Cyclical Review Date arising in circumstances where You are and will remain obliged to purchase any Tied Drinks from Us after the relevant Review Date the Reviewed Rent may be higher or lower than the Previous Rent.
- (b) On a Tie Review Date arising under the circumstances set out in clauses 20.1(a) and (b) (**Changes in the Tie**) the Reviewed Rent will be the higher of the Reviewed Rent and the Previous Rent.
- (c) On a Cyclical Review Date arising in circumstances where You are not, or will not be obliged to purchase any Tied Drinks from Us after the Rent Review Date, the Reviewed Rent will be the higher of the Reviewed Rent and the Previous Rent.

- 14.7 If the new Rent (which We call the “**Reviewed Rent**”) has not been settled by the relevant Rent Review Date You will continue to pay the Rent payable immediately before We asked for the relevant review (which We call the “**Previous Rent**”) until the Reviewed Rent is settled.
- 14.8 Once the Reviewed Rent is settled You and We (and Your Guarantor) will sign a memorandum evidencing the decision.
- 14.9 Once the Reviewed Rent has been settled:
- (a) if the Reviewed Rent is higher than the Previous Rent, You will pay to Us within 14 days the difference plus interest at Base Rate plus 2% from the relevant Rent Review Date to the date of settlement;
 - (b) if the Reviewed Rent is less than the Previous Rent We will credit any excess payments made plus interest at the Base Rate plus 2% from the relevant Rent Review Date to the date of settlement against Your next Rent payment due to Us.

15 Volume Target Review

- 15.1 On each Cyclical Review Date or a Tie Review Date where (in both cases) You will remain bound after the relevant Review Date to purchase any Tied Drinks from Us, We will also review the Volume Target to the Market Fair Maintainable Trade on the same date. We will apply the same process, assumptions and disregards (to the extent they are relevant) to the review of the Volume Target as are set out in clauses 14.2 to 14.4 (**Review to Market Rent**) except that the Pub Independent Review Scheme shall not apply to the Volume Target Review.
- 15.2 Until the new Volume Target (which We call the **Reviewed Volume Target**) is settled the Volume Target applying immediately before We asked for the relevant review (which We call “**Previous Volume Target**”) will apply and upon agreement of the Reviewed Volume Target You, We and Your Guarantor will sign a memorandum as evidence of the decision.
- 15.3 The Reviewed Volume Target may be higher or lower than the Previous Volume Target.
- 15.4 Once the Reviewed Volume Target has been settled:
- (a) if the Reviewed Volume Target is higher than the Previous Volume Target You will repay to Us any Incentive Discount which You have received the benefit of for the period after the relevant Rent Review Date and which You would not have been entitled to if the Reviewed Volume Target had been determined at that Rent Review Date;
 - (b) if the Reviewed Volume Target is lower than the Previous Volume Target We will credit against Your next order for Tied Drinks any additional Incentive Discount which You should have received for the period after the relevant Rent Review Date had the Reviewed Volume Target been determined at that Rent Review Date; and
 - (c) the Reviewed Volume Target shall apply from the date of the relevant review for the remainder of the Incentive Year in which the relevant review date falls and shall continue to apply until the Volume Target is next reviewed.

16 Independent Surveyor and Timing

- 16.1 If the Independent Surveyor is to act as an arbitrator he shall act in accordance with the Arbitration Act 1996 and will decide who is to be responsible for his fees.
- 16.2 If the Independent Surveyor is to act as an independent expert the Independent Surveyor must (unless clause 16.3 applies):
- (a) allow both of Us a reasonable opportunity to make written representations to him and give one set of comments on each other's representations;
 - (b) take those representations and comments into account; and
 - (c) give written reasons and a copy of his decision.
- 16.3 The decision of the Independent Surveyor shall be binding on You and Us and his fees will be shared between Us.
- 16.4 We may choose to extend the time periods in Section 3.

SECTION 4

Your Purchasing Obligations

17 Introduction

- 17.1 This Lease contains obligations upon You to buy goods exclusively from Us which are intended to comply with Article 101 of the Treaty of Rome and the conditions contained in EEC Regulation (EC) No 330/2010
- 17.2 We both agree that the Rent fairly represents the rent which would be expected to be paid for this lease in the open market taking into account Your obligations to purchase goods from Us.

18 Purchase of Drinks

- 18.1 You must buy from Us (or Our Nominated Supplier) all Tied Drinks that You wish to sell as part of the Business and You must not bring onto the Property for any reason any Tied Drinks that have not been supplied by Us or Our Nominated Supplier.
- 18.2 The prices payable by You for the Tied Drinks will be the prices and any applicable discounts set out in Our Price List.
- 18.3 We will deduct the Incentive Discount from the price of each Barrel of Qualifying Drinks that You have purchased from Us or Our Nominated Supplier and that have been delivered to You for dispense at the Property in excess of the Volume Target in any Incentive Year.

19 Supply by Us

- 19.1 We will use all reasonable endeavours to supply or procure the supply to You of the Tied Drinks that You require for the Business on Our standard terms and conditions (a copy of which We have given to You and which We may update from time to time). We are not obliged to supply any products to You if We have reasonable grounds to believe that You are not complying with Your obligations to Us in relation to the Business or that You are not able to pay for the products.
- 19.2 If We are unable to supply You with any Tied Drinks that You reasonably require for an unreasonable period of time (being not less than 10 days) and the lack of supply is prejudicing the Business, You must notify Us (initially verbally and then confirming in writing within 48 hours of the problem arising), and You will then be permitted to purchase from another supplier the products that We are unable to supply, but only until We are able to supply those products again. You will not be permitted to purchase the products from another supplier if We have withheld these products from You because You have not performed Your obligations to Us.

20 Changes in the Tie

- 20.1 We may give You notice in writing at any time (and more than once) to:
- (a) release You from all or any of Your purchasing obligations under clause 18.1 (**Purchase of Drinks**); or
 - (b) vary any of Your purchasing obligations in clause 18.1 (**Purchase of Drinks**) in

order to take into account any law which may make the relevant obligations unenforceable;

with effect from the date in that notice and We may then choose to review the Rent to the Market Rent by serving a Review Notice on You and if any Rent Concessions are still applicable at that time they will cease to apply from the date of Our notice to You releasing or varying Your purchasing obligations.

21 Leisure Machines

- 21.1 You must not bring onto the Property or operate any Leisure Machine without Our permission which will be within Our absolute discretion.
- 21.2 If We provide permission We may impose such conditions as We decide are appropriate which may include the payment to Us of a share of the income that You receive from the Leisure Machine.
- 21.3 You must not remove from the Property any Leisure Machines for which permission has been given without Our further permission.
- 21.4 You must obtain all necessary Licences for any Leisure Machines on the Property and You must maintain, protect and renew all of these Licences and any other Licences relating to Leisure Machines which benefit the Property even if You are not currently using them.
- 21.5 We retain the right to use the Leisure Machines for advertising and to retain the income from that. You must not use any Leisure Machine for advertising without Our permission.
- 21.6 If the prohibition contained in clause 21.1 or any conditions that We have imposed under the terms of a permission that We have granted under clause 21.2, become unenforceable We may choose to review the Rent to the Market Rent under clause 14 (**Review to Market Rent**) by serving a Review Notice on You.

22 Review of Tie Release Fees

- 22.1 If Your purchasing obligations in relation to any of the Free of Tie Drinks become legally unenforceable, You will no longer be obliged to pay the Tie Release Fee in relation to those Free of Tie Drinks but We may choose to review the Rent as referred to in clause 20 (**Changes in the Tie**).
- 22.2 On each Index Review Date each Tie Release Fee (as set out in the Summary) will be adjusted by the same percentage as the percentage change (if any) in the Index over the 12 month period ending with the month which is two months before the relevant Index Review Date. If the Index figures are not available for the calendar month in which the review falls We shall use the most recent Index figures available at that time.
- 22.3 We will notify You in writing of any adjustment in the Tie Release Fee under clause 22.2 above.

SECTION 5

Running the Business

23 Conduct of Business

- 23.1 You must conduct the Business in an efficient, orderly and polite manner, in compliance with all Statutory Obligations and in such a way as to realise the fair maintainable trading potential of the Property and to preserve the Licences and maintain good relationships with the police and the public.
- 23.2 You must promote public order and the concept of sensible drinking and support any national or local initiatives aimed at achieving this and You must comply with Our recommendations in this respect. You must only offer drinks promotions which comply with all prevailing industry codes of practice or guidelines.
- 23.3 You must either supervise and manage the Business personally or ensure that it is supervised and managed by a suitably qualified and experienced manager who We have approved and who holds a Personal Licence.
- 23.4 You must attend and participate in Our initial licensee training programmes and ensure that You and all Your staff are at all times sufficiently well trained to effectively discharge Your responsibilities as licence holders and operators of licensed property.
- 23.5 Unless You have Our permission You must live in the residential accommodation at the Property (if any) and must not be connected with the running of any other Business.
- 23.6 You must keep the Property open for business during the opening hours that We agree with You and You must not apply to the licensing authority for a reduction of Your trading hours without Our permission.
- 23.7 You must supply food and suitable non-alcoholic refreshment to respond to customer demand (when the Licences and other relevant regulations permit) and ensure that it is of good quality and that any drinks supplied by You in the Business are of the same quality as those delivered to You.
- 23.8 You must be available at times agreed with Us to make stock orders and take deliveries and You must take reasonable steps to ensure that at all times You hold sufficient stock of wet products for ten days' average trading, taking into account periods of expected high demand.
- 23.9 You must maintain internet access at the Property and hold a current email account which You monitor regularly and supply Us with Your email address to enable Us to communicate with You by email. We may require You to place Your stock orders with Us by email and We may invoice You electronically.
- 23.10 You must not interfere with the Flow Monitoring Equipment nor install any other equipment for raising or dispensing drinks without Our permission. You must notify us (or Our Nominated Supplier if relevant) as soon as practicable if You believe that the flow monitoring equipment or any equipment for raising or dispensing drinks requires maintenance.

- 23.11 You must not use any drinks raising or dispense equipment provided by Us or Our Nominated Supplier for any product not purchased from Us or Our Nominated Supplier.
- 23.12 You must keep the cellar in a condition suitable for the storage of wet and dry products and comply with good industry practice in relation to the storage of goods and drinks in the cellar and must comply with any recommendations that We or Our Nominated Supplier makes in relation to the storage or dispense of products for sale at the Property, including regularly cleaning any drinks raising or dispense equipment in accordance with the supplier's recommendations. In addition You must procure that the supplier of any Guest Cask Conditioned Beer (which We may have permitted You to purchase free of tie), carries out all necessary cleaning and maintenance of its Beer raising and dispense equipment at its own cost.
- 23.13 You must comply (and ensure that Your employees, visitors and customers comply) with the Statutory Obligations on smoking in buildings. In relation to areas where smoking is permitted under statute, You must agree with Us a policy addressing smoking and You must comply with this and must ensure that Your employees, customers and visitors comply with this.
- 23.14 You must create and operate a website in connection with the Business unless We give You permission not to do so. In relation to any website created relating to the Business You must not sell, transfer or licence the domain name to any third party or make any statements on the website which could be detrimental to the Business or the Property.

24 Accounts

- 24.1 Within three months of the expiry of Your trading or accounting year You must supply Us with a copy of Your trading accounts (including reasonable evidence of turnover) for the Business for the year in question and notify Us of any changes in the dates of Your accounting year, [and for the first year of the Term You must use one of Our nominated accountants to provide this service and You must pay the Accountancy Service Charge. In subsequent years You may continue to use accountants nominated by Us and pay the Accountancy Service Charge or You may choose Your own independent accountant who must be a qualified chartered accountant with experience advising businesses similar to the Business and must be approved by Us (and We will not unreasonably withhold approval).]
- 24.2 you must provide Us with a copy of each quarterly VAT return for the Business within one month of the date of submission required by H M Revenue & Customs ("HMRC").

25 Employees

- 25.1 You must be the employer of any staff at the Property and You must ensure that all staff are notified in writing that You are their employer and of their terms and conditions of employment.
- 25.2 You must pay Your staff all wages, expenses, bonuses, pensions, redundancy payments, unfair dismissal awards and any other payments due to the staff and You must account to HM Revenue and Customs for all required PAYE and National Insurance contributions.
- 25.3 You must fully indemnify Us in relation to any claims We may suffer from any

members of Your staff (either during or after end of the lease) due to Your failure to comply with Your obligations to them.

26 Licences

- 26.1 You must obtain at Your cost and hold throughout the Term a Premises Licence in Your sole name in relation to the Property and any other Licences required to enable the Business to be lawfully conducted from the Property.
- 26.2 If We reasonably require You to do so, You must at Your cost apply for a variation of the Premises Licence with a view to securing the most commercially beneficial and least restrictive trading conditions reasonably obtainable.
- 26.3 You must at all times comply with the provisions of the Licensing Act 2003 and procure that all those in Your control do so and You must also procure that any Licensable Activity at the Property must only be carried out or authorised by the holder of a Personal Licence.
- 26.4 You must display in a public place at the Property a certified copy of a summary of the Premises Licence, and must keep at the Property a complete certified copy of the Premises Licence and any other Licences.
- 26.5 You must upon Our request provide to Us the original Premises Licence with plans and operating schedule and copies of all other Licences (including all Personal Licences) in use at the Property.
- 26.6
- (a) You (or Your manager) must hold a Personal Licence at all times and be named as the Designated Premises Supervisor on the Premises Licence; and
 - (b) You must notify Us immediately if the Designated Premises Supervisor leaves the Business or has his Personal Licence revoked or suspended, and You must take all necessary steps to protect the Premises Licence and replace the Designated Premises Supervisor immediately or, if We request, assist Us in doing this.
- 26.7 You must not apply for any variation to the Premises Licence or give any undertaking or accept any conditions unless You have Our prior permission.
- 26.8 If We ask You to do so, You will join Us into any proceedings in relation to the protection of the Premises Licence or any other Licences required for the Business.
- 26.9 You must notify Us both verbally and in writing as soon as You become aware of any notice or complaint from the police, the licensing authority or any third party which may adversely affect the Business or any Licences relating to the Business. You must take all reasonable steps that We ask to rectify the problem including attending any review or objection hearings and to pursue the defence of those proceedings diligently.
- 26.10 At the end of the lease You must sign the required consent to transfer the Premises Licence to Us (or whoever We direct) and procure that the Designated Premises Supervisor consents to their replacement. If You do not do so it will be implied that You appoint Us as Your attorney and agent to sign the consent to the transfer of the Premises Licence on Your behalf, and for Us to make any

application for the transfer of the Premises Licence to Us.

27 Signs

- 27.1 You must display on the Property and maintain in a good and clean condition, in a suitable position a sign (approved by Us) which displays the name of the public house.
- 27.2 You must not erect any signs or banners on the exterior of the Property nor change the name of the public house or the signage without Our permission.

28 Use

- 28.1 You must only use the Property for the Permitted Use.
- 28.2 You must not use the Property:
- (a) for any illegal, immoral or offensive purpose or for any purpose which may prejudice the Licences or may become a nuisance or annoyance to Us or any third party (and must take immediate action to stop such incidents arising); or
 - (b) for a political meeting, auction or market without Our permission; or
 - (c) primarily as a restaurant; or
 - (d) for any use which is prohibited or restricted by any Superior Lease or is in breach of planning laws.
- 28.3 You must only use the car park for customer parking for the Business or the parking of Your domestic personal vehicles and deliveries.
- 28.4 You must comply with all Statutory Obligations affecting Your use or occupation of the Property.
- 28.5 Within 7 days of receipt You must give us a copy of any notice that You receive relating to a Statutory Obligation and, if We ask You to do so, You will join in with Us in making such objections or representations as We may reasonably require.
- 28.6 We do not warrant to You that the Property may lawfully be used for the Permitted Use or the Business and it is Your responsibility to obtain any necessary consents.

29 Trade Inventory

- 29.1 You must equip the Property with a Trade Inventory of items of a suitable quantity, quality and design as is appropriate for the needs of the Business and You must maintain it in good clean and tidy condition and replace items when necessary.
- 29.2 On the date of this lease You must purchase the existing Trade Inventory (either from Us or Our previous tenant as appropriate) for the Inventory Sale Price calculated as at the date of this lease. If You purchase the Trade Inventory from Us, We will still own it until it is paid for in full.
- 29.3 At the end of this lease You must pay Us any outstanding amounts that You owe for

the Trade Inventory and sell the Trade Inventory to Us (or Our intended new tenant) at the Inventory Sale Price calculated as at the expiry of this lease.

- 29.4 When You transfer this lease You must sell the Trade Inventory to Your buyer upon completion of the transfer at a price to be agreed between You and Your buyer or in the absence of agreement at the Inventory Sale Price calculated as at the completion date of the transfer.
- 29.5 If You delay in payment of any monies that You owe to Us, or We have incurred costs expenses and losses due to a breach of Your obligations, We may at any time elect to purchase the Trade Inventory at the Inventory Sale Price calculated at that time (“the Re-Purchase Price”). We may then settle Your debt due to Us (or part of it) with the Re-Purchase Price, and shall pay any remaining balance of the Re-Purchase Price to You. The Trade Inventory will then become Our property to deal with as We wish but We may ask You at any time to buy it back from Us at the Re-Purchase Price or the Inventory Sale Price (whichever is the higher). You must indemnify Us for any costs, losses or expenses that We incur if any items in the Trade Inventory are owned by a third party.

30 Stock

- 30.1 On the date of this lease You must (unless You already own the Stock) purchase the existing Stock (either from Us or Our previous tenant as appropriate) for the Stock Sale Price as at the date of this lease. If You purchase the Stock from Us, it will remain Ours until it is paid for in full.
- 30.2 At the end of this lease You must sell such items of the Stock as We select to Us (or Our intended new tenant) at the Stock Sale Price calculated as at the expiry of this lease.
- 30.3 Upon the transfer of this lease You must sell the Stock to Your buyer upon completion of the transfer at a price to be agreed between You and Your buyer or in the absence of agreement at the Stock Sale Price calculated as at the completion date of the transfer.

31 Condition of Stock and Trade Inventory

We make no representation warranty or condition as to the state, condition or quality of the Trade Inventory or the Stock and any representations, warranties or conditions (if any) as may be implied by law into a sale by Us of the Trade Inventory or the Stock are (to the extent permitted by law) expressly excluded from this lease.

SECTION 6

Taking Care of the Property

32 Your Repairing Obligations

32.1 You must:

- (a) repair any damage to the Property and must keep the Property in good and substantial repair and condition at all times and in compliance with all relevant Statutory Obligations;
- (b) keep the Fixtures and Fittings well maintained and in good and safe working order, repair any damage, and if beyond repair, renew or replace them with new items of an equal type and quality;
- (c) keep all car parks, access ways, gardens, play areas, landscaping or other unbuilt upon areas safe for public access, properly surfaced or cultivated as appropriate, clean and tidy and free from weeds;
- (d) not overload the floors or the Main Structure;
- (e) keep all Pipes in a safe condition and in good working order and keep free flowing all Pipes, toilets and sanitary equipment, and take all reasonable precautions not to overload them and to prevent blockage and damage including protecting them from frost and installing and regularly cleaning and maintaining grease traps; and
- (f) provide light to the exterior of the Property to ensure safe access and keep the external lighting in good working order; [and]
- (g) [enter into a contract with a suitably qualified and reputable maintenance operator for the regular upkeep and maintenance of the [heating system] [and the] [cellar cooling equipment].]
- (h) notify Us of any defect in the Property which might lead to a liability on Us[.][;and]
- (i) [comply with Your obligations set out in schedule 3.]

32.2 You are not liable for:

- (a) any damage to the Property caused by an Insured Risk unless You have done something or failed to do something which has led to Our insurance policy becoming ineffective; or
- (b) any damage to the Main Structure if You notify Us (providing full details) of any damage or deterioration to the Main Structure which requires repair as soon as You become aware of it. You will be liable for damage to the Main Structure if You have caused it or contributed to it.

33 Repairs and Maintenance Fund

33.1 You may apply for a release of monies from the Repairs and Maintenance Fund once

You have completed any repairs, maintenance and decoration required under the terms of this lease [(except for any works required under the terms of Schedule 3 (Additional Repairs))] if You do the following:

- (a) obtain Our surveyor's approval of Your proposed works prior to commencing them (except in the case of emergency in which case You must notify Us as soon as possible thereafter) and You must carry out the works in accordance with his recommendations and to the standard required by this lease; and
- (b) apply to Us in writing within two calendar months of completion of the works enclosing:
 - (i) full details of the work You have carried out;
 - (ii) contractors' receipted invoices showing the cost of the work;
 - (iii) copies of any planning permissions, building regulation certificates or other approvals needed (if required); and
 - (iv) details of the amount of monies that You wish to be released from the funds (which must not exceed the cost of the works and must exclude VAT).

Once We have received Your application and Our surveyor has inspected the works and confirmed that You have complied with the requirements of this clause 33, We will release to You the amount of monies that You have proved that You have spent on the works up to the maximum of the amount held in the Repairs and Maintenance Fund. Our surveyor may be Our employee.

33.2 We may use any or all of the monies held in the Repairs and Maintenance Fund as payment for or towards any improvement works, alterations, repairs and decoration which We carry out in agreement with You to enhance the Property with the aim of maximising the Business.

33.3 We will hold the Repairs and Maintenance Fund in an interest bearing account and credit Your fund annually with any interest earned and will send to You annually a statement confirming the amount of monies held in the Repairs and Maintenance Fund and detailing any interest earned and deductions.

33.4 We will hold the Repairs and Maintenance Fund as further security (in addition to the Deposit) for the performance of Your repair and decoration obligations under this lease (but not on trust for You) and repay any balance remaining in the Repairs and Maintenance Fund to You in the following circumstances:

- (a) following the expiry of the Term, but before making this payment We are entitled to deduct all sums attributable to any outstanding payments that You owe Us or Our Nominated Supplier under the terms of this lease including any sums required to put the Property back into the condition required by this lease (to the extent that such payments are not covered by the Deposit); or
- (b) following completion of a transfer of this lease in accordance with the provisions of clause 46 (Transfer) if the buyer has paid to Us a new Repair and Maintenance Fund as required under clause 46.5(c)(ii), but before making this payment to You We may deduct any sums required to put the

Property into the condition required by this lease if those works have not been done to Our reasonable satisfaction by completion of the transfer of this lease.

- 33.5 If We sell Our interest in the Property We will pass the monies held in the Repair and Maintenance Fund to the new owner after deducting any sums referred to in Clause 33.4 above.
- 33.6 Each year We may, in consultation with You, increase or decrease the annual Repair and Maintenance Fund payment to reflect the state and condition of the Property at that time and to ensure that the Repair and Maintenance Fund contains sufficient funds to cover any repairs, maintenance and decoration which are likely to be required to the Property during the following year to meet with Your repairing obligations under this lease.

34 Remedying Breach

- 34.1 If You breach Your repairing or decoration obligations [(including those contained in Schedule 3 (Additional Repairs)] then:
- (a) in addition to any other rights We may have, We may serve a notice on You specifying the breach and You must as soon as practicable after receipt of that notice, and in any case within 2 months (or sooner in emergency), carry out all necessary works to remedy the breach. If You fail to do so, We may enter the Property to carry out the required works and You must reimburse to Us as soon as We ask any costs and expenses that We have incurred plus Interest; and
 - (b) We may withdraw those costs (or a proportion of them) from the Repairs and Maintenance Fund, in which case You must, when We ask, pay Us the balance with Interest and You must replenish the Repairs and Maintenance Fund with an amount equal to the amount that We have withdrawn. This right will not prevent Us taking action against You for breach of Your obligations or in relation to any unrecovered costs.

35 Our Repairing Obligations

- 35.1 [Subject to You completing Your obligations in Schedule 3 (Additional Repairs)] We will carry out such repairs as We reasonably believe are required to the Main Structure to protect the structural integrity of the Property to the extent that the item of disrepair is materially interfering (or is likely to materially interfere) with Your ability to operate the Business from the Property, or that the disrepair is causing (or is likely to cause) other items of disrepair for which You are responsible.
- 35.2 We will not be responsible for any disrepair or further deterioration in the Property caused because You have not informed Us of a problem promptly or because You have not performed Your obligations under this lease.

36 Services

- 36.1 If You pay to Us the Health and Safety Compliance Service Charge [and the Maintenance Service Charge] We shall procure the carrying out of the Health and Safety Compliance Services [and the Maintenance Services].
- 36.2 We shall after the end of each year of the Term prepare and provide to You (if You

ask) an account showing and containing a fair summary of the Health and Safety Compliance Service Costs [and the Maintenance Service Costs] in that year of the Term.

- 36.3 If in any year of the Term the amount of the Health and Safety Compliance Service Costs exceeds the amount of the Health and Safety Compliance Service Charge payable for that year:
- (a) You will pay to Us when We ask the amount by which the Health and Safety Compliance Service Costs exceed the Health and Safety Compliance Service Charge; and
 - (b) the Health and Safety Compliance Service Charge shall for the next year of the Term be increased to the amount of the Compliance Service Costs plus 10%.
- 36.4 [If in any year of the Term the amount of the Maintenance Service Costs exceeds the amount of the Maintenance Service Charge payable for that year:-
- (a) You will pay to Us the amount by which the Maintenance Service Costs exceed the Maintenance Service Charge on demand; and
 - (b) the Maintenance Service Charge shall for the next year of the Term be increased to the amount of the Maintenance Service Costs plus 10%.]

36.5 If in any year of the Term the amount of the Health and Safety Compliance Service Costs is less than the amount of the Health and Safety Compliance Service Charge payable for that year the Health and Safety Compliance Service Charge shall for the next year of the Term remain the same but We shall credit the amount by which the Health and Safety Compliance Service Charge exceeds the Health and Safety Compliance Service Costs against the next payment of Rent You are due to pay.

36.6 [If in any year of the Term the amount of the Maintenance Service Costs is less than the amount of the Maintenance Service Charge payable for that year the Maintenance Service Charge shall for the next year of the Term remain the same but We shall credit the amount by which the Maintenance Service Charge exceeds the Maintenance Service Costs against the next payment of Rent You are due to pay.]

36.7 Any dispute as to the amount of the Health and Safety Compliance Service Costs [and/or the Maintenance Service Costs] may be referred by either party for determination by an Independent Surveyor who must:

 - (a) allow both You and Us a reasonable opportunity to make representations, and to give one set of comments on each other's representations;
 - (b) must give both You and Us a copy of his decision and written reasons for his decision; and
 - (c) share his costs equally between You and Us.

The decision of the Independent Surveyor will be binding on both You and Us.

37 Decoration and Cleaning

- 37.1 You will re-decorate the interior and exterior of the Property in the year set out in clause 8.3 of the Summary and thereafter as often as is required and at least once every 3 years and in the last 6 months of the Term if We reasonably require. You must obtain Our approval (which We will not unreasonably withhold) to any internal or external change of colour scheme.
- 37.2 You must:
- (a) keep the interior and exterior of the Property in a clean and tidy condition;
 - (b) handle the disposal of rubbish daily in a hygienic manner and must ensure that all waste is retained in appropriate receptacles and collected regularly; and
 - (c) keep all areas of the Property used in the preparation, service and storage of food and drink clean and hygienic and in accordance with all health and safety and food safety legislation.

38 Alterations

- 38.1 You must not carry out any structural alterations to the Property, erect any new buildings or structures or demolish any existing structures or buildings.
- 38.2 You may carry out non-structural alterations with Our permission which We will not unreasonably withhold provided that, in Our reasonable opinion, the proposed alterations are likely to enhance the Business or Property.
- 38.3 When You apply for Our permission for alterations You must provide detailed plans and specifications showing the proposed works and an estimate of costs and confirmation of the valuation of the proposed works for insurance purposes.
- 38.4 You must not apply for, or implement, any planning permission without Our permission. If We give You permission to carry out alterations You must obtain all necessary planning, licensing and other statutory permissions, and You must show Us copies of these for Our approval before You start the works. If you implement any planning permission You must complete the works in accordance with all conditions (and before the end of the Term).
- 38.5 If We ask You to do so, at the end of the lease You must at Your own cost reinstate all alterations or additions made to the Property at any time during or prior to the commencement of the lease.

39 Standard of Your Works

When carrying out any works to the Property (including decoration, repairs, approved alterations or reinstatement), You must:

- (a) carry out the works safely and quickly in a good and workmanlike manner using good quality materials and in accordance with all necessary planning and licensing regulations and any other relevant statutory requirements; and
- (b) comply with any reasonable conditions that We impose and complete the

- works before the end of the Term to the satisfaction of Our surveyor; and
- (c) comply with the requirements of Our insurers; and
 - (d) ensure that any alterations to the Pipes comply with all safety requirements and the requirements of the relevant utility company.

40 Environmental Matters

- 40.1 You and We agree to work together to reduce carbon emissions, waste, water and energy consumption at the Property and You will give Us all reasonable assistance to enable the production of any energy performance certificate and the establishment of any energy management plan for the Property. This may include the installation of micro-generation and or energy saving equipment on the Property, and You agree to be responsible for any costs in connection with any equipment, its installation, operation and the provision of power to it.
- 40.2 You must not do anything which could cause any pollution or contamination of the Property or nearby land or water and You must apply for any permission required for any discharge into the ground, atmosphere or any watercourse.

SECTION 7

Insurance

41 Our Insurance Obligations

- 41.1 We will insure the Property (except for any fixed glass) with a reputable company for the full reinstatement value (in Our reasonable opinion), against the Insured Risks, to the extent that insurance of this type is ordinarily available for properties such as the Property. The policy will be subject to the usual exclusions and limitations which may be required by Our insurers (or Our appointed underwriters). We will not be obliged to maintain insurance if the policy becomes ineffective due to a breach of Your obligations.
- 41.2 If the Property is damaged by any of the Insured Risks, then as soon as all necessary labour, materials and permissions are available We will spend the insurance proceeds that We receive (except those in respect of loss of rent) in the reinstating of the Property. We will, so far as it is reasonably practicable, reinstate the Property in a form so that it is reasonably equivalent to that existing before the damage, but will not be obliged to provide an identical replacement. We will not be obliged to reinstate the Property if the insurance proceeds are withheld by the insurer due to any act or omission by You or anyone at the Property.
- 41.3 Any proceeds of insurance received under Our policies (or a policy effected by Us due to a breach of Your obligations) or any amounts that You pay to Us under clause 42.5 (**Your Insurance Obligations**), belong to Us absolutely.
- 41.4 If You ask in writing We will supply, (but no more than once a year), a summary of the terms of Our policy relating to the Property.

42 Your Insurance Obligations

- 42.1 You must insure for the full reinstatement value (as approved by Us) by way of an all risks policy, with a reputable insurance company or underwriters, with Our interest noted on the policy:
- (a) the Trade Inventory and Stock;
 - (b) the internal and external fixed glass in the Property;
 - (c) the loss of Licences;
 - (d) public third party, property owner's and employer's liability in respect of the Property and the Business for a sum not less than £2,000,000.00 each claim or series of claims arising from the same incident; and
 - (e) loss of money/profit and business interruption.
- 42.2 You must prove to Us, when We ask, that You have complied with Your insurance obligations by producing policies and evidence of payment of premiums and if You fail to do so We may effect the insurance for You and charge You the actual costs We incur in doing so as additional rent.
- 42.3 You must spend any proceeds of insurance that You receive under policies that You have taken out in relation to the Property or Business in repairing or replacing the

items damaged. If the insurance proceeds are insufficient You must make up any shortfall yourself.

- 42.4 You must comply with the conditions and recommendations made by Our insurers and You must notify Us immediately of any event which may give rise to a claim under any of Our or Your insurance policies relating to the Property.
- 42.5 You must pay to Us when We ask:
- (a) all amounts that You receive under any insurance policy relating to the Licences;
 - (b) an amount equal to any sums which We are unable to recover under Our insurance policies because You have breached Your obligations to Us.
- 42.6 You must not take out any insurance policy in relation to the Property which may prejudice Our ability to recover insurance proceeds or reduce any proceeds payable under any of Our policies. If You breach this obligation You must pay to Us any amounts You receive under such policies.

43 Rent Suspension and Termination following damage

- 43.1 If the Property is damaged or destroyed by any of the Insured Risks so that it is unfit for the Business, the Rent (or a fair proportion of it if there is only damage to part of the Property) and Service Charge will not be payable from the date of the damage until the earlier of:
- (a) the Property being reinstated; or
 - (b) the end of this lease; or
 - (c) the date on which Our loss of rent insurance expires
- but the Rent and Service Charge will not be stopped if the insurer refuses to reimburse Us for loss of rent due to Your breach (or the breach by any of Your employees, contractors, visitors or customers) of Your obligations.
- 43.2 If the Property is not fit for operating the Business by the time Our loss of rent insurance expires, either of Us may bring this lease to an end immediately by serving written notice on the other at any time whilst the Property remain unfit for Business.
- 43.3 If We are prevented from reinstating the Property or if the Property is so badly damaged that We reasonably believe it is not commercially viable to repair it, We may bring this lease to an end by giving You one month's written notice.
- 43.4 If the lease ends in accordance with clauses 43.2 or 43.3 We shall both still retain rights against each other in relation to any outstanding obligations or breaches.
- 43.5 Any dispute under this clause 43 shall be determined by an arbitrator in accordance with the Arbitration Act 1996.

SECTION 8

Dealing with Your lease

44 Sharing Occupation

- 44.1 You must not part with possession of the Property or any part of it unless You are transferring this lease and satisfying the conditions contained in clause 46 (Transfer)
- 44.2 You must not allow anyone other than Yourself and Your immediate family to occupy or share occupation with You of the Property, except that You may:
- (a) allow Your manager or staff to live in the residential parts of the Property as part of their employment in connection with the Business; and
 - (b) allow short stay overnight guests to stay in parts of the Property designated for bed and breakfast use if You have complied with all statutory requirements in this regard.
- 44.3 You must ensure that no other person gains any rights to occupy the Property and You will indemnify Us against any costs, expenses and losses that We incur in obtaining vacant possession as a result of Your breach.
- 44.4 You must not hold the Property (or any part of it) on trust for or as agent for any other person.
- 44.5 If You are a limited company You must not become a subsidiary or holding company of a company or individual which is a Restricted Person.

45 Underletting

You must not underlet the Property or any part of it.

46 Transfer

- 46.1 You must not transfer part only of the Property.
- 46.2 You must not transfer this lease until after the Permitted Transfer Date. After that You may not transfer this lease without first obtaining Our consent, which We will not unreasonably withhold.
- 46.3 You must notify Us in writing at least 15 working days before placing the Business on the market.
- 46.4 It will be reasonable for Us to withhold consent to a transfer if:
- (a) at the date of the transfer You owe Us any Rents or any other sums (under this lease or otherwise) or You have not paid Us completely for the Trade Inventory;
 - (b) the proposed buyer is a Restricted Person or is not resident (or in the case of any company, registered) in the United Kingdom;

- (c) in Our reasonable opinion:
 - (i) the proposed buyer is unlikely to be able to pay the Rents or comply with Your obligations in this lease; or
 - (ii) the Property is not in the condition required under this lease or You are in material breach of any of Your other obligations to Us; or
 - (iii) the proposed buyer is not a respectable and responsible person with adequate experience in the licensed trade; or
 - (iv) the proposed buyer's business plan (referred to in clause 46.5(g)(i) is inappropriate for the Property; or
 - (v) the proposed buyer (or its proposed nominee in the case of a company) is unlikely to be able to obtain or hold the Licences.

46.5 We may require the following before We give consent:

- (a) if the proposed buyer is a limited liability company or partnership We will require two individual guarantors (which must both be acceptable to Us) to guarantee the proposed buyer's obligations under this lease on the terms contained in Section 9 (**The Guarantee**);
- (b) either:
 - (i) You and Your Guarantor must enter into an Authorised Guarantee Agreement (as permitted under s.16 Landlord and Tenant (Covenants) Act 1995) with Us which is to be effective until the proposed buyer completes a transfer of this lease to an unconnected third party with Our consent and in compliance with the provisions of this clause 46 (**Transfer**); or
 - (ii) You may opt not to provide an Authorised Guarantee Agreement by paying to Us the Guarantee Release Fee set out in clause 7.2 of the Summary upon completion of the transfer;
- (c) the proposed buyer must have submitted to Us a completed direct debit mandate in relation to all Rents under this lease and must have paid to Us in cleared funds:
 - (i) a Deposit of no less than 25% of the then current Rent; and
 - (ii) a Repairs and Maintenance Fund in an amount that We reasonably require to cover the maintenance, repairs and decoration that Our surveyor reasonably anticipates will be required to the Property during the 12 months following the transfer; and
 - (iii) the Rents and other payments for the month in which the assignment is completed and the following month;
- (d) the proposed buyer (and any required guarantors) must have executed a deed (in a form reasonably required by Us) containing direct covenants to perform its obligations in this lease;

- (e) We must have obtained the unconditional permission of any superior landlord (where necessary);
- (f) You must provide Us with details of the purchase price being paid for the Property, the Business and the Trade Inventory and any change in price agreed;
- (g) the proposed buyer must:
 - (i) submit to Us for Our approval (acting reasonably) a business plan outlining the manner in which the buyer intends to run the Business;
 - (ii) satisfy Us that it carried out financial due diligence relating to the Business and that it has taken independent advice on those accounts and its business plan from a suitably qualified accountant;
 - (iii) attend an interview with Us to satisfy Us that it meets Our criteria set out in this clause 46;
 - (iv) attend (or ensure that its manager attends) a suitable licensed industry training course that We reasonably request at Your cost;
 - (v) purchase the Trade Inventory and Stock in accordance with clause 29 (Trade Inventory) and clause 30 (Stock);
 - (vi) prove that it has sufficient funding to purchase the Business, this lease and the Trade Inventory and that it has the ability to meet the repayments under those funding arrangements;
 - (vii) show that it (or its manager) holds (or will hold upon completion) all Licences and permissions to allow continuity of trade;
 - (viii) enter into a deed with Us (in a form reasonably required by Us) agreeing to repair any dilapidations outstanding at the Property at the time of the transfer of this lease, and to lodge with Us funds equal to the value of the dilapidations (as calculated by Our surveyor acting reasonably) together with Our project management costs, and We will take this payment into account when assessing the amount required for the Repairs and Maintenance Fund under clause 46.5(c)(ii) above.

46.6 If You are a company the disposal of the majority of Your issued share capital or of the voting rights of Your company shall be treated as a transfer of this lease to which consent is required under this clause 46.

46.7 On any transfer of this Lease You must transfer to the proposed buyer the domain name of any website in relation to the Property or the Business.

47 Charging

47.1 You must not charge, mortgage or give any bill of sale in respect of the Trade Inventory.

47.2 You must not charge or mortgage the Property without Our prior written permission. We will not unreasonably withhold Our permission in the case of a

charge over the whole of the Property in favour of a reputable bank, if the charge excludes the Trade Inventory and the bank agrees to give Us a minimum of 7 days' notice before exercising its rights under the charge following Your default. We will not consent to a charge over part only of the Property.

48 Registration and Provision of Information

- 48.1 Within 28 days of any transfer or charge or other transaction involving the Property, You must give Us written notice of the dealing, a certified copy of all relevant documentation and a reasonable registration fee of no less than £50 plus VAT (plus any fee levied by any superior landlord). If You do not comply with this requirement We may charge You any additional administration or legal costs that We incur as a result of Your breach.
- 48.2 In the case of a transfer of this lease the notice referred to in clause 48.1 above must contain confirmation of the price paid by the buyer for the Property, the Business and the Trade Inventory.
- 48.3 Within 7 days of Us asking You must give Us a notice in writing containing full details of any person in occupation of the Property and any information that We request about the terms of their occupation.

SECTION 9

The Guarantee

49 Guarantor's Commitments

- 49.1 Your Guarantor agrees that if You fail to perform fully Your obligations to Us under this lease, it will pay any outstanding monies You owe and rectify Your breaches when We ask.
- 49.2 Your Guarantor must indemnify Us against any losses, damages and expenses attributable to Your breach, plus Interest from the date of Our request until payment.
- 49.3 Your Guarantor must enter into, and comply with its obligations in any, renewal of this lease and any consent, deed of variation, authorised guarantee agreement, rent review memoranda, licence or consent to which the Tenant is a party and which is supplemental to this lease, for the purpose of acknowledging Your Guarantor's liabilities under this lease, except that in relation to a Relevant Variation Your Guarantor will only be liable to Us to the extent that it has agreed to the variation.
- 49.4 Your Guarantor must advise Us immediately upon it becoming aware of You becoming Insolvent and will immediately take such steps as We reasonably request in order to protect the Premises Licence.
- 49.5 Your Guarantor agrees that it is accepting liability as a primary debtor under this lease and not just as a guarantor and that We may enforce the obligations of Your Guarantor without first enforcing Our rights against You or without having recourse to any other security which We may hold in respect of Your Obligations.

50 Guarantor's liability

- 50.1 Your Guarantor's liability will not be released or affected:
- (a) if We give You any extra time to perform Your obligations, any concession or We delay in enforcing Our rights;
 - (b) if We refuse to accept Rents or other sums because We reasonably believe You are in breach of Your obligations or We are entitled to end this lease;
 - (c) if We have any other rights or security which We may enforce against You or Your Guarantor;
 - (d) if You become Insolvent;
 - (e) if part of the Property has been surrendered, in which case Your Guarantor's liability will continue in respect of the part of the Property not surrendered;
 - (f) by any rent review properly agreed or determined;
 - (g) by any variation to this lease whether or not such variation imposes more onerous terms subject to clause 49.3 (**Guarantor's Commitments**) above;

- (h) by Us transferring Our title in the Property to a third party; or
- (i) by any other act or thing which would release Your Guarantor from its obligations other than a deed of release given by Us.

50.2 Whilst You still have obligations to Us Your Guarantor must not, without Our consent, make any claim against You or take any security from You, and any security taken in breach of this clause shall be held on trust for Us as security for the liability of Your Guarantor to Us.

50.3 All payments made by Your Guarantor shall be made without set off, abatement, deduction or counterclaim (whether legal or equitable).

51 New Lease

51.1 If

- (a) this lease is forfeited or disclaimed; or
- (b) You are a company and You cease to exist; or
- (c) You become Insolvent

(“**Relevant Event**”) then, within six months of Us becoming aware of the Relevant Event We may require Your Guarantor to accept from Us a lease of the Property in its actual condition at that time (“**the New Lease**”).

51.2 The New Lease will be subject to any underlease or tenancy or other interest affecting the Property, for a term commencing on the date of the Relevant Event for the residue of the Term then remaining, at the same Rent as that then payable under this lease (disregarding any rent suspension or concession) and otherwise on the same terms as this lease including the provisions for re-entry and rent review.

51.3 If We do not require Your Guarantor to take a New Lease of the Property Your Guarantor will remain liable to pay the Rents and other sums reserved by this lease which would have been payable and to perform Your outstanding obligations in this lease had the Relevant Event not happened. That liability shall expire 6 calendar months after the Relevant Event happened.

51.4 Your Guarantor must pay to Us when We ask the full amount of all legal and other costs and charges which may be payable by Us in relation to the enforcement of Your Guarantor’s obligations under this lease and any New Lease, including Our costs in connection with the grant of a New Lease.

52 Replacement Guarantor

If Your Guarantor becomes Insolvent or dies You must notify Us immediately. Within 20 working days of the insolvency or death You must arrange for a replacement guarantor who is satisfactory to Us (acting reasonably) to enter into a deed with Us in which the new guarantor agrees to perform the obligations set out in Section 9 of this lease. You will be responsible for any costs that We may incur as a result of this.

SECTION 10

Ending the Lease

53 Cooling Off Period

53.1 [You may end this lease by giving Us written notice which We must receive prior to the date set out in clause 4.2 of the Summary, and this lease will end six calendar months after We receive Your notice if by the expiry of the notice:

- (a) You have rectified any material breach of any of Your obligations to Us; and
- (b) You comply with Your obligations contained in clause 54 (End of the Lease).

[Not applicable]

54 End of the Lease

54.1 At the end of this lease You must:

- (a) return the Property to Us in a condition that meets with Your repairing and decorating obligations in this lease and in compliance with all Statutory Obligations;
- (b) reinstate any alterations that We have requested You to reinstate (repairing any damage caused);
- (c) pay up to date all Rents and any other payments due to Us or any of Our Nominated Suppliers;
- (d) hand over the Property with vacant possession;
- (e) leave the Trade Inventory in the Property in a condition that meets Your obligations under clause 29 (Trade Inventory) and comply with clause 29.3 (Trade Inventory);
- (f) deliver to Us Our original signed lease;
- (g) transfer the Premises Licence to Us as required in Clause 26 (Licences); and
- (h) discharge any charges registered over this lease and close any entries at the Land Registry in relation to this lease and if You do not do this it is implied that You appoint Us as Your attorney and agent to sign and submit any application to the Land Registry required to enable the title to this lease to be closed and all entries in respect of it to be removed from the register; and
- (i) transfer to us (or such other person that We choose) the domain name of any website relating to the Business

and if You fail to do any of these You must pay Us any costs and expenses We incur in performing the obligations for You and We may deduct these costs and expenses (or a proportion of them) from the Deposit.

54.2 The end of the lease will not prevent You or Us making any claims against each

other in relation to any breach of obligation in the lease;

55 **Re-Entry**

We may end this lease by re-entering the Property or legal proceedings if:

- (a) You do not pay any Rents within seven days of them becoming due (whether formally demanded or not); or
- (b) You do not comply with any of Your obligations to Us under this lease; or
- (c) You become Insolvent; or
- (d) You are disqualified from holding any Licences, or are convicted of any offences which may prejudice Your ability to hold any Licences; or
- (e) the Premises Licence is surrendered, suspended or revoked or a closure order is issued; or
- (f) You are in breach of any additional grounds for re-entry contained in any Superior Lease.

SAMPLE

SECTION 11

General Provisions

56 Notices

- 56.1 Any notice to be given to Us must be in writing and properly addressed and posted by special delivery (or its equivalent) or delivered to Us at Our registered office.
- 56.2 Any notice to be given to You or Your Guarantor shall be sufficiently given if left at the Property, handed to You, or posted by special delivery (or its equivalent), or delivered by facsimile or email to You (or any of the persons who are or were the tenant) to either:
- (a) the Property; or
 - (b) the address of You or Your Guarantor set out in the Summary (or the address of the then current Tenant or guarantor in any deeds entered into with Us); or
 - (c) the last address of You or Your Guarantor (or any of the persons who are or were the Tenant or the Guarantor respectively) of which written notice has been received by Us; or
 - (d) in the case of service by facsimile or email to the most recent number or the email address that You have provided to Us in writing.
- 56.3 If You are two or more persons any notice given to any one of such persons shall be deemed to have been given to all such persons.
- 56.4 If Your Guarantor is two or more persons any notice given to any one of such persons shall be deemed to have been sufficiently given to all such persons.

57 Third Parties

Nothing in this lease shall give to any third party any right to enforce or to take any benefit of any term of this lease.

58 Entire Agreement

- 58.1 This lease and its Schedules, any agreement for lease made between You and Us prior to the grant of this lease and any Supplemental Documents comprise the whole of this agreement. You acknowledge that You have not entered into this agreement in reliance on any statement, representation, warranty or confirmation of any nature in relation to the Property, Fixtures and Fittings, Trade Inventory or Business, except for written replies to enquiries given by Our solicitors in response to formal enquiries raised by Your solicitors.
- 58.2 You do not have any claim or right against Us in connection with any representation or statement that We or Our representatives make prior to the date of this lease, unless the relevant representation or statement was made or given fraudulently and You relied upon it in entering into this lease.

59 **Data Protection**

You confirm that You have no objection to Us:

- (a) providing appropriate information that We hold in relation to You in connection with the Property or the Business to suitable third parties in relation to the management of this lease and any Supplemental Documents, both during and after the expiry of the Term;
- (b) obtaining information from any mortgagee of this lease as to the level of debt and Your payment history;
- (c) searching credit reference agencies for information about You and Your Guarantor (if any) when considering any application for consent or when considering taking action in relation to Your default; and
- (d) recording Your telephone calls to Us for training and quality control purposes and for keeping a record of communications relevant to the Property and Your business arrangements with Us.

60 **Professional Advice**

Before executing this lease You confirm that:

- (a) You and Your Guarantor have either received independent legal advice about its terms or been advised of the wisdom of taking independent legal advice but have chosen not to do so and accordingly have not relied upon any advice or statement of Us or Our solicitors; and
- (b) You had the opportunity to inspect and survey the Property and its condition and You have seen the records of the Business and that You have either taken independent professional advice on these, or understand the risks of proceeding without this, and that You are not relying on Our advice in this regard.

SCHEDULE 1

A. Title Matters

- 1 The matters contained or referred to in the registers of title number [Title Number] so far as they affect the Property.
- 2 The Superior Lease dated [XX XX XXXX] and made between [Parties to the Lease] and any rights contained in that lease and the underlease provisions in Part D of this Schedule.
- 3 Any rights, reservations, easements and other matters affecting the Property at the date of the lease or granted by Us over the Property under paragraph 10 of Part B of this Schedule.
- 4 You are not entitled to any rights over other properties unless specified in this lease.

B. Our Rights Over the Property

We reserve the following rights for Our benefit and the benefit of Our successors, any superior landlord and mortgagee, and any other persons that We authorise, and We will not be obliged to pay You any compensation for these rights unless We cause damage to the Property when We exercise the rights.

- 1 Works to Adjoining Property - We may carry out works to rebuild any Adjoining Property and use it for any purpose even if this affects the access of light and air to the Property.
- 2 Services - We may use any Pipes (installed now or in the future) running through, under or over the Property for the running of utilities, information and other services or supplies from and to any Adjoining Property, any Telecom Site and any Telecom Apparatus.
- 3 Advertising - We may erect and retain on the Property any advertisements, hoardings, signs or notices and retain any income attributable to them.
- 4 Scaffolding - We may erect scaffolding to enable Us to perform Our rights or obligations in relation to the Property or for any purpose connected with any Adjoining Property, even if scaffolding may temporarily restrict the access of light to the Property.
- 5 Support and Light - The benefit of any rights of light, air, support, protection, shelter and all other easements and rights benefiting (now or at any time during the Term) any Adjoining Property, any Telecom Site and any Telecom Apparatus.
- 6 Emergency Escape - We may use or pass along any fire escapes within the Property benefiting any Adjoining Property.
- 7 Telecoms
 - (a) The right to install, operate, inspect, maintain, repair, renew, replace and upgrade any Telecom Apparatus and the right to connect into, lay, maintain, repair, renew and use communications connections to the Telecom Apparatus and the Telecom Site.

- (b) The right to connect into and use Your electricity supply and install a check meter (subject to reimbursing the cost of electricity consumed) and operate connections from that supply to the Telecom Apparatus and the Telecom Site.
 - (c) The right to install, use and maintain a separately metered electricity supply to serve the Telecom Apparatus and the right to bring onto and operate at the Property, in a position reasonably required by the Telecom Operator, a backup power generator together with any associated sockets and cables.
 - (d) The right to make necessary repairs to parts of the Property from which the Telecom Apparatus obtain support.
- 8 Energy Saving Agreements - We may use the roofs, walls and grounds of the Property for the installation and operation of micro generation and/or energy saving equipment and on-site meters, and to remotely monitor the equipment and meters and share the information with the appropriate bodies.
- 9 Electronic Communication Equipment - We may install in the Property such information technology and electronic communication equipment which We reasonably believe will enhance Your ability to communicate with Us and operate the Business from the Property, or would enhance the services that You can provide to Your customers. You will be responsible for the operational costs of this equipment.
- 10 New Rights - We may grant any rights over the Property to a third party (including entering into a Telecom Agreement or an Energy Saving Agreement) even though these rights may affect Your rights of light and air or access to the Property, unless the grant of those rights or agreements is likely to materially prejudice the Business or Your use and occupation of the Property for the Permitted Use may be affected.
- 11 Access - We may access the Property for the purposes set out in part C of this Schedule.

C. Our Access to the Property

- 1 You must allow Us (and/or if relevant Our contractors and agents, with or without equipment and tools) access to the Property for any or all of the following reasons:
- (a) to inspect the condition and state of repair of the Property or the Trade Inventory to inspect works carried out by You and to prepare schedules of dilapidations and to carry out works that You are required to do but have failed to do;
 - (b) to inspect the cellar and the Stock and to take samples of food and drink (on payment of a pro-rata part of the price that You paid for the bulk from which the samples are taken) examine casks, bottles or other containers and to inspect Your stock records;
 - (c) to install, inspect and maintain Flow Monitoring Equipment and drinks raising and dispense equipment and to use Your electricity supply at Your cost to operate all this equipment

- (d) to comply with Our Statutory Obligations to You or to others;
 - (e) to prepare schedules for valuation and rent review purposes;
 - (f) to monitor Your compliance with Your obligations;
 - (g) to inspect the papers, records, management accounts, books and VAT returns of the Business to enable Us to confirm that You are meeting Your obligations or for the purpose of any reviews under clauses 14 (**Review to Market Rent**) or 15 (**Volume Target Review**) or otherwise;
 - (h) to view the Property with interested parties and to display a sale or letting board;
 - (i) to install and remove any beer and drinks dispensing equipment belonging to Us or Our Nominated Suppliers;
 - (j) for any purpose in connection with the matters referred to in part B of this Schedule;
 - (k) to carry out tests, inspections and surveys in respect of energy efficiency and management of emissions; and/or
 - (l) to provide Health and Safety Compliance Services [and Maintenance Services].
- 2 We must give You reasonable prior notice of Our access, and Our access shall be during trading hours unless:
- (a) it is an emergency situation (in which case We may break and enter if necessary); or
 - (b) We have reasonable grounds to suspect that You are in breach of Your obligations
- in which case no notice is required.
- 3 We will take all reasonable care not to cause any damage to the Property and We will repair any damage that We cause to the Property in entering unless Our entry was required as a result of Your default.

D. Underlease Obligations

- 1 This part of this Lease shall apply only if this is an underlease.
- 2 We agree to pay to the Superior Landlord the basic rent payable under the Superior Lease during the Term.
- 3 To the extent that they are not already contained in this lease You agree to perform all the tenant's obligations contained in the Superior Lease (except the obligation to pay rent) and not to omit or allow anything to be done which will put Us in breach of Our obligations. If the tenant's obligations and conditions in the Superior Lease are more onerous or restrictive in any respect than Your obligations in this lease You must perform the obligations and abide by the conditions contained in the Superior Lease.

- 4 You must reimburse to Us any sums which We are required to pay under the Superior Lease with the exception of the basic rent.
- 5 [Our obligation to insure and reinstate contained in Section 7 (**Insurance**) shall not apply but instead We will use Our reasonable endeavours to procure that the Superior Landlord complies with its obligations in the Superior lease to insure and re-instate the Property and the definition of Insured Risks shall be replaced by the meaning of insured risks under the Superior lease.]

SAMPLE

SCHEDULE 2

Authorised Guarantee Agreement

THIS DEED made on

20_

BETWEEN:

- (1) [] [and] [] of [] [incorporated in England and Wales with company number [] and whose registered office is at [] ("You/Your")
- (2) [ENTERPRISE INNS PLC incorporated in England and Wales with company number 2562808] OR [UNIQUE PUB PROPERTIES LIMITED incorporated in England and Wales with company number 3726292] and registered office at 3 Monkspath Hall Road, Solihull, West Midlands, B90 4SJ ("We/Us") (including Our successors in title).
- [(3) [] of [] and [] of [] ("Your Guarantor")]

WITNESSES as follows:

1 Definitions

- 1.1 In this deed unless the context otherwise requires the following expressions shall have the following meanings:

"Lease" means a lease of the Property dated ● made between Us (1) and ● (2) [and ● (3)] and includes where relevant any deed of variation, licence or consent supplemental to the Lease by which the Tenant is bound;

"Property" means ●;

"Tenant's Obligations" means the obligation to pay all sums from time to time due to us from the Tenant under the Lease and to perform all of the other Tenant's obligations to Us;

"Tenant" means [●] ([Company No ●]) of/whose registered office is at [].

2 Background

- 2.1 We are the owner of the Property subject to the Lease.
- 2.2 You propose to transfer the Lease to the Tenant.
- 2.3 We have given Our consent to Your transfer of the Lease to the Tenant subject to a condition (lawfully imposed) that You will enter into this deed and You are entering into this deed pursuant to that condition.

3 Guarantee

- 3.1 You covenant with Us:-

- (a) That if the Tenant does not pay any money due under the Lease when he should You will pay it on demand;
- (b) That if there is a breach by the Tenant of the Tenant's Obligations You will indemnify Us in respect of all claims, loss and liability arising as a result;

3.2

- (a) Any time or indulgence that We give to the Tenant; or
- (b) Our refusal to accept any of the Rents under the Lease when there is a breach of the Tenant's Obligations by the Tenant

will not affect the operation of this guarantee.

4 Your Guarantor's Obligations

- 4.1 Your Guarantor covenants with and guarantees to Us (on the same terms and conditions as You have covenanted with Us) that You will perform Your obligations to Us under this deed, and if You do not do so then Your Guarantor will perform Your obligations to Us and pay and indemnify Us against any losses, damages and expenses attributable to Your breach.

5 End of Liability

- 5.1 Your and Your Guarantor's liability to Us will end once the Tenant is released from the Tenant's Obligations by virtue of the Landlord and Tenant (Covenants) Act 1995.

IN WITNESS of which each party has duly executed this Agreement as a Deed and delivered it on the date first written above.

[SCHEDULE 3

Additional Repairs

- 1 The “Additional Repairs” are those works set out in the attached schedule of dilapidations.
- 2 At Your own cost You must commence the Additional Repairs immediately in accordance with the standards set out in clause 39 (**Standard of Your Works**) and must complete the Additional Repairs within [6/12/24 months - *RPM to confirm*] of the date of this Lease
- 3 **[You will not be permitted to apply the Repairs and Maintenance Fund to the Additional Repairs.]**
- 4 Our repairing obligations in relation to the Property contained in clause 35 (**Our Repairing Obligations**) shall not apply until You have complied with Your obligations contained in this schedule.

Schedule of Dilapidations

See attached]

Signature page for original lease

IN WITNESS of which each party has duly executed this Agreement as a Deed but it is not delivered until the date stated in LR1 of the Land Registry Prescribed Clauses.

EXECUTED AS A DEED by affixing _____)
THE COMMON SEAL of [Legal Owner] in the presence of:)

Authorised Sealing Officer

Authorised Sealing Officer

SAMPLE

Alternative (non-seal) signature page for original lease

IN WITNESS of which each party has duly executed this Agreement as a Deed but it is not delivered until the date stated in LR1 of the Land Registry Prescribed Clauses.

SIGNED as a deed by)
[Legal Owner])
acting by:)

Authorised Officer

Authorised Officer

SAMPLE