

Free of Tie Lease (continued public house use) Summary of Terms

Apart from the length of term these key provisions are not negotiable, they are the common terms in agreements between landlords and pub tenants who are not subject to product and service ties.

1. THE LEASE

Term

The initial term will be for either 10 or 20 years or (when converting from a tied lease) the remaining term of the tied lease. Unless prohibited by a superior lease, the Lease will be protected by Part II of the Landlord and Tenant Act 1954.

Costs

Each party will pay its own legal and other fees.

Permitted use

The premises may be used as a fully licensed public house falling within Class A4 use with the retail sale of alcoholic and non-alcoholic drinks and the ancillary provision of accommodation, food and other refreshment and/or restaurant use falling within Class A3 use.

2. AGREEMENT FOR LEASE

The Lease may be preceded by an Agreement for Lease where either we or You (or both of us) are undertaking works to the property (or where head landlord's consent to the under lease is required).

You will be able to occupy the pub on all of the terms of the Lease as soon as You enter into the Agreement for Lease. The Lease itself will complete when any works (and head landlord's consent if applicable) have been finalised. The start date of the Lease will be the commencement date of the Agreement for Lease.

3. THE RENT

Rent

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

Payment

The Rent (plus any VAT) will be paid quarterly in advance by way of direct debit or such method as we may reasonably specify. If payments are not made by direct debit then administrative charges may be applied against your account.

Outgoings

You will also be responsible for all rates and any other outgoings that may affect the property including but not limited to utility charges and You must notify all continuing suppliers to the property of your occupation at the beginning of the Term.

Deposit

The equivalent of three months' rent is required as a deposit. Interest is payable upon this.

Review

The rent will be subject to annual increase in line with the Retail Price Index and also an upwards only open market review will be conducted every 5 years and also on the penultimate day of the Term.

4. INSURANCE

Landlord

We will arrange insurance for the building and for two years loss Rent and recharges. Our insurance costs will be re-charged to You quarterly in advance together with VAT.

Tenants

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

5. FIXTURES AND FITTINGS

You will purchase the loose trade inventory from us (or the existing tenant) at an agreed valuation on completion of the Lease (or Agreement for Lease if sooner). You must repair and replace these items as necessary during the term.

We may purchase the trade inventory from You at an agreed valuation during or at the end of the term, and offset the value of this against any money that You may owe us.

The landlord's fixtures and fittings (if any) remain within our ownership for the duration of the term. You must repair, maintain and replace all such fixtures and fittings during the term.

6. STATUTORY COMPLIANCE

You will be responsible for ensuring that all of the appropriate statutory certification required to operate the property lawfully is in place at all times. This obligation will extend to (but may not be limited to) gas safety certificate, electrical installation certificate, PAT testing, asbestos register and fire safety documentation.

If you are converting to a new agreement, you must provide copies of your certification for validation before completion of your new lease will be permitted.

In the event that you are unable to provide relevant certification, you may wish to elect for Stonegate Group to complete your testing and carry out any remedial works on your behalf. If this is the case, Stonegate Group will make arrangements with you to attend site and provide you with a quotation for all outstanding work. We will agree this quotation with you prior to commencing any work. Please also note that all works completed on your behalf will be re-charged to you in full.

If you would like Stonegate Group to carry out these works on your behalf, please let us know at your earliest opportunity.

7. ASSIGNMENT

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

You must obtain our consent to any assignment, such consent not to be unreasonably withheld or delayed (and we will have the right to act as a substitute purchaser of the Lease if we so require at that time). Any assignee must satisfy us that they are fit and proper and have adequate experience to run the business. They will be required to produce a business plan together with proof of funding and if reasonably required by us pay a rent deposit or provide other suitable security. They may be required to attend an appropriate training course and to take appropriate professional advice.

Future Liability

You will be required to enter in to an authorised guarantee agreement on assignment to guarantee the obligations of your assignee under the Lease at the time of the assignment.

Mortgages

You may charge the Lease (but not the premises licence or trade inventory) without our consent so long as such charge is to a UK clearing bank.

8. PREMISES AND PERSONAL LICENCES

Unless arranged otherwise You must obtain a transfer of the existing premises licence and hold and maintain this throughout the term.

9. GUARANTORS

If the Lease is to be granted (or subsequently assigned) to a corporation we will require two personal guarantors.

10. WORKS

We will grant You a Licence for Alterations in relation to any proposed construction and fit out works which You intend to carry out at your own cost, before any such works commence. You will provide to us your schedule of works, copies of all necessary statutory consents, and provide us with before and after plans. All those documents will be attached to the Licence to Alter.