

# Retail Partnership Tenancy (Tied)

## Summary of Terms (5 Year Term)

### 1. THE TENANCY

**Term.** The term will be for 5 years. The Tenancy is not protected by Part II of the Landlord & Tenant Act 1954.

#### Ending the Tenancy.

##### Our Rights

Save for as provided for below We will be also be able to end the Tenancy at any time by giving You 6 months' notice but only if You are in breach of any of your obligations in the Tenancy or if for any reason the Terms of Trading referred to above become wholly or partially unenforceable or we are otherwise required to amend or delete them in whole or in part.

We will also be able to end the Tenancy on 6 months' notice for any reason in the thirtieth (30<sup>th</sup>) month of the Term (meaning that in these circumstances the Term will end no earlier than after the expiry of the third year of the Term).

##### Your Rights

Subject to You complying with the terms of the Tenancy you will be able to end the Tenancy at any time for any reason upon giving us 6 months' notice.

**Costs.** Each party pays its' own legal costs. If we have to obtain head landlord's consent to the Tenancy a contribution of £750 will be payable by You on acceptance of the offer of a new Tenancy, to be refunded to You only upon legal completion.

### 2. AGREEMENT FOR TENANCY

The Tenancy may be preceded by an Agreement for Tenancy where head- landlord's consent is required. You will be able to occupy the pub on all the terms of the Tenancy as soon as You enter into the Agreement for Tenancy and then we will be bound to grant, and You will be bound to take, (subject to the terms of the Agreement for Tenancy) the Tenancy. The start date of the Tenancy will be the Commencement Date of the Agreement for Tenancy.

### 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 Tenancy.

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

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

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

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

**Annual Indexation.** The rent is adjusted upwards or downwards at or around each anniversary of the start date in line with the Retail Price Index.

**Rent Reviews.** There are no open market rent reviews.

### 4. PERMITTED USE

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

### 5. INSURANCE

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

**Tenants.** You will be required to arrange insurance cover for the contents including trade inventory, stock, all fixed glass, the premises licence and employer's liability. You must also insure against third party and public liability, loss caused by interruption to the business and any loss of money. We may offer this service to You currently at a cost of £1,633.03 per annum, subject to review.

### 6. TERMS OF TRADING

**Trading Tie.** The extent of the trading tie is a matter for negotiation at the start of the Tenancy. A "full wet tie" would require You to purchase from us all beers, including cask conditioned and low alcohol or no alcohol ales, all lagers, all ciders, all flavoured alcoholic beverages, all wines, all spirits and all minerals whether in draught or packaged forms. You can, however, choose to be free of tie on some or all of the following categories: one guest cask conditioned beer sourced from a SIBA brewer and dispensed from one hand pump, packaged beers, packaged ciders, flavoured alcoholic beverages, wines, spirits or minerals in exchange for payment of an annual Tie Release fee for each category released. Either party can serve 3 months written notice to cancel a Tie Release Fee at any time and revert to a 'full wet tie'.

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

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

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

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

**Beer Dispense Equipment.** Dispense equipment is provided by the nominated suppliers and is maintained and owned by them. Cellar cooling equipment is your responsibility and You must join our group servicing scheme to cover this.

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

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

## 7. FIXTURES AND FITTINGS

**Tenant.** You must purchase the loose trade inventory at valuation and You must repair and replace these items as necessary during the term. If You own the trade inventory we may purchase it at valuation during or at the end of the Term and offset the value against any money You may owe. You may not sell or charge the inventory to any third party.

**Landlord.** Landlord's fixtures and fittings remain in our ownership throughout the Term.

## 8. REPAIRS

**Exterior Structure and Services.** We are responsible for all repairs to the exterior, structure and services. You are responsible for notifying us as soon as You become aware of any required repairs in order that we can both mitigate against further consequential damage. You will be responsible for all other repairs and day to day maintenance, including drains, all pipes, toilets and sanitary equipment and to keep all car parks, access ways, gardens, play areas, landscaping or other unbuilt upon areas safe for public access, properly surfaced or cultivated, clean and tidy and free from weeds.

**Interior and Non-Structural.** You will be responsible for the repair and maintenance of the interior and repair and maintenance, but not replacement, of our Fixtures and Fittings.

**Redecoration.** You must redecorate the interior of the property in an agreed initial decoration year and thereafter as often as is required and in the last 6 months of the term if we reasonably require. We will redecorate the Exterior as often as we consider necessary.

**Decoration Fund.** You will pay an agreed amount per month to be put towards your decorating obligations and You may drawdown from that fund for the purposes of complying with your obligations or we may do so if we carry out decorations for which You are responsible. The balance of the fund will be repaid to You when You leave if the premises are in a good state of decoration and all other accounts are up-to-date.

**Service Charges.** We will deal with compliance testing (but not remedial works unless they fall within our obligations) for health & safety, lifting equipment and gas & electrical safety in exchange for a service charge paid to us monthly in addition to your rent. The initial charge is currently £1,177 plus VAT per annum. That initial charge may be subject to review at any time, based on the actual cost to us of providing these services. You will pay a maintenance service charge which is currently £309 plus VAT per annum for the cellar cooling maintenance and currently £474 plus VAT per annum for the heating system maintenance.

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

## 9. ASSIGNMENT

You may not assign, underlet or share possession of the premises.

## 10. TRAINING

Unless You already hold the appropriate qualification You will be required to attend our Building Your Business Training course which delivers up to four qualifications; the BIIAB Level 2 Award in Licensed Hospitality Operations, Level 2 Award in Food Safety, Level 2 Award in Health & Safety and, if required, the BIIAB Level 2 Award in Beer & Cellar Quality. You will also be required to hold the BIIAB Award for Personal Licence Holders.

## 11. PREMISES AND PERSONAL LICENCES

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

## 12. GUARANTORS

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

## 13. LEGAL & OTHER PROFESSIONAL ADVICE

You must receive independent professional advice in advance of preparing Your business plan. Before entering into a Tenancy You should receive further independent professional advice about all its terms. Before completion You would need to demonstrate You have taken further independent professional advice or confirm in writing Your decision not to do so despite our recommendation.

All Ei Group Tenancies have repairing obligations which are "put and keep" in nature. This means that the property's condition at the commencement of the Tenancy is effectively disregarded when applying the repairing obligations. It is therefore important that You understand the condition of the property at the outset and the obligations that You are entering into.

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