

DATED _____ **20[]**

YOUNG & CO.'S BREWERY, P.L.C. (1)

and

PHILIP DEWSBURY (2)

**20 YEAR LEASE of
The Lamb & Flag
42 Minton Street
London
EC12 9UP**



Young & Co.'s Brewery, P.L.C.
Riverside House
26 Osiers Road
Wandsworth
London
SW18 1NH

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Land Registry Required Clauses

LR1. Date of lease	20[]
LR2. Title number(s)	LR2.1 Landlord's title number(s) SW123456 LR2.2 Other title numbers None
LR3. Parties to this lease	Landlord Young & Co.'s Brewery, P.L.C. incorporated in England and Wales with company number 32762 and registered office at Riverside House, 26 Osiers Road, Wandsworth, London SW18 1NH. Tenant Philip Dewsbury of 16 Suffolk Street, London, NW13 4UP . Guarantor Not applicable.
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. The Lamb & Flag, 42 Minton Street, London, EC12 9UP as edged red on the plan attached to this lease and more fully described as the Property in clause 55.
LR5. Prescribed statements etc.	None
LR6. Term for which the Property is leased	See "Term" as set out in the Key Points
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. **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.**

None

LR9.2 Tenant's covenant to (or offer to) surrender this lease.

None

LR9.3 Landlord's contractual rights to acquire this lease.

See clause 42

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 the Schedule

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

See clause 47

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

Key Points of this Lease

Date of this lease	As set out in clause LR1.
Our details are (“we/us”)	The details set out under “Landlord” in LR3 of the Land Registry Required Clauses.
Your details are (“you”)	The details set out under “Tenant” in LR3 of the Land Registry Required Clauses.
Your Guarantor’s details are:	As described as “Guarantor” in LR3 of the Land Registry Required Clauses.
Description of Property	The Property as described as “the Property” in LR4 of the Land Registry Required Clauses and is registered at the Land Registry with title number LA56789 and more fully described under “Property” in clause 56.
Rent and Rent Review	<p>Your starting rent is £40,000.00 per annum and this is adjusted as follows:</p> <ol style="list-style-type: none"> 1. Inflation Review – Your rent will be reviewed annually by reference to the Index on 1 April each year. 2. Open Market Review - Your rent will be reviewed to the Open Market Rent if we release your tie under clause 39 and on [<i>insert last day of term</i>]. <p>Section 3 provides further information.</p>
Service Charge	You must pay the Service Charge referred to in clause 8.
Starting Deposit	Your Starting Deposit is £10,000.00. Please refer to clause 6 for further detail.
Start Date	The Term of this Lease will start on
Term	20 years starting on the Start Date. Please refer to clause 55 for the definition of Term.
Repair & Decoration	You must repair and decorate the whole Property. Please refer to section 4 of this Lease for further detail.
Selling your	You may transfer this Lease after [<i>insert date three years</i>

lease	<i>after start of term]</i> with Consent subject to the conditions contained in clause 41.
Underletting	You may not underlet the Property. You may not share occupation of the Property except with your family and staff as described in clause 43.
Mortgages	You may charge this Lease (but not the Trade Inventory) with our Consent, as described in clause 44.
Alterations	You may not make structural alterations to the Property. You may carry out non-structural alterations with our Consent, if you comply with the conditions in clause 18.
Use	You may use the Property only as a public house for the Permitted Use as described in clause 55.
Insurance	We will insure the buildings in return for you paying the Insurance Rent. You must insure the contents and other items. Further detail is set out in Section 5 of this Lease.
Purchase of Drinks	You must purchase all alcoholic drinks (including without limitation, beers, ciders, lagers, wines and spirits and flavoured alcoholic beverages) and all other Tied Drinks from us or our Nominated Supplier. If you breach this we may charge you Liquidated Damages. We may release you from this obligation at any time. You are not required to purchase non-alcoholic drinks from us. Please see Section 7 of this Lease for further details.
Amusement Machine Contribution	You may not bring amusement and vending machines onto the Property unless we give Consent. We may grant Consent subject to conditions including the payment to us of a share of the net income. Please see further details in clause 30.

Please refer to clause 55 for further definitions

Section 1

Your Occupation

- Letting
- Registration of your Lease
- Representations
- New Tenancy



1 Letting

- 1.1 By entering into this Lease, we are letting the Property to you for the Term and will allow you to occupy the Property without any interruption subject to you performing your obligations under this Lease and paying to us the payments set out in clause 5.
- 1.2 This Lease is subject to the title matters in the Schedule and our reserved rights set out in Section 9.

2 Registration of your Lease

You must register this Lease at the Land Registry and when the registration has been completed you must supply to us an official copy of the register and title plan issued by the Land Registry.

3 Representations

- 3.1 This Lease, the Schedule, Our Price List and any side letters that we have issued to you comprise the whole of this Lease. You acknowledge that you have not entered into this Lease 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. You confirm that you have taken professional advice before entering into this Lease and that you are relying on that advice and your own assessment of the Property and Business.
- 3.2 You do not have any claim against us in relation to any representation or statement made by us or our representatives before entering into this Lease, unless that representation or statement was made fraudulently.

4 New Tenancy

This Lease is a new tenancy under the Landlord & Tenant (Covenants) Act 1995.

Section 2

What you have to pay

- Payments
- Deposit
- Outgoings
- Service Charge
- VAT
- Interest
- Acceptance of Rent and Application of Monies



5 Payments

5.1 You must pay to us the following:

- (a) the Rent monthly in advance;
- (b) the Insurance Rent quarterly in advance;
- (c) the Service Charge as set out in clause 8;
- (d) the Amusement Machine Contribution on demand;
- (e) all sums due either to us or our Nominated Supplier(s) for the supply of goods and drinks under Section 7;
- (f) our costs and expenses that we incur both internally and externally in relation to any application that you make for Consent, any notice or schedule of dilapidations that we serve on you, or any action that we take in connection with a breach of your obligations; and
- (g) any VAT payable on the payments you make.

5.2 All payments must be made by direct debit or another method that we agree.

5.3 All sums payable to us under this Lease must be paid as rent and you must pay them without you making any set off, deductions or claims for any amounts that you believe we owe to you.

5.4 All payments for Tied Drinks are to be made by direct debit upon supply. We reserve the right to demand cash on delivery if you are regularly late in making payments.

5.5 On completion of this Lease you must:

- (a) pay to us:
 - (i) Rent, and VAT for the period from the Start Date to the last day of the calendar month;
 - (ii) Insurance Rent and Service Charge for the period from the Start Date to the last day of the quarter in which completion falls;
 - (iii) the Starting Deposit; and
 - (iv) our legal fees in granting this Lease;
- (b) and purchase the Trade Inventory as required under clause 29.

6 Deposit

6.1 You must maintain the Deposit at a level that is no less than the Starting Deposit throughout the Term except that upon each transfer of this Lease we

may ask you to increase the Starting Deposit to a sum equal to 3 calendar months' rent plus VAT.

6.2 We will hold the Deposit in an interest bearing account (the rate of interest to be at our reasonable discretion) as security for the performance of your obligations to us, and for any expenses and losses which we incur due to your breach. We will not be holding the Deposit on trust for you. The fact that we hold a Deposit or make a withdrawal from it, will not prevent us from taking action against you for any breach of your obligations.

6.3 We may withdraw from the Deposit at any time:

- (a) any sums due to us which are overdue for 7 days; and
- (b) the amount of any proper losses, costs or expenses we incur or payments we make due to a breach of any of your obligations

and you must then replenish the Deposit with an amount equal to the sum we have withdrawn.

6.4 We will add all interest to the account and will repay the Deposit and any interest accrued to you (subject to clause 6.5) within a reasonable period of time:

- (a) after you vacate the Property at the expiry of the Term and having complied with the provisions of clause 50; or if sooner
- (b) after you have completed a transfer of this Lease with our Consent and after we have received from the buyer a new deposit being a minimum of 3 calendar months of the then current annual Rent plus VAT.

6.5 Before we refund the Deposit we may deduct all sums that you owe under the terms of this Lease or any other agreement you have entered into with us (including any sums properly required to repair the Property due to your breach).

6.6 If we sell our interest in the Property subject to this Lease, we will pass the Deposit onto the new owner after deducting any sums that we are entitled to deduct under this Lease.

7 Outgoings

7.1 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), or a fair proportion (decided by us) of the relevant outgoing where the Property forms part of a larger property to which the outgoing relates.

7.2 You will allow us to conduct any proceedings relating to the rateable value of the Property.

8 Service Charge

- 8.1 You must pay to us on demand all costs that we reasonably incur in providing the Services to the Property. We will reasonably estimate the annual cost of providing the Services and will charge this to you quarterly in advance. At the end of each year we may charge you for any expenditure that we have incurred in providing the Services but have not recovered through the quarterly payments. We may demand that you pay any exceptional expenditure to us in advance of us incurring the costs.
- 8.2 We may use external contractors, agents and advisors in relation to the provision of the Services, and re-charge those costs to you. We will not be liable to you for any act, omission or negligence of any employee of external persons in providing the Services on our behalf.
- 8.3 We will provide reasonable evidence of expenditure if you request this, but only if you pay all of our administration costs in doing so.

9 VAT

- 9.1 All payments under this Lease are exclusive of VAT and you must pay any VAT payable at the time the payment is made.
- 9.2 Where you are obliged to reimburse any costs or expenditure that we incur under this Lease, you must pay the amount equal to any VAT on those costs or expenditure to the extent that we cannot recover that VAT.

10 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.

11 Acceptance of Rent and Application of Monies

- 11.1 We may apply any monies that we receive from you towards any debt that you owe us, even if you paid the monies to us for a different reason.
- 11.2 If we agree that you may defer any payment due to us, then those sums will be assumed to be due on the deferred date for the purposes of the Landlord & Tenant (Covenants) Act 1995.
- 11.3 If we accept rent from another party, this does not imply that we have given a Consent to a transfer of this Lease to that party.
- 11.4 If we accept any payments after you have committed a breach of your obligations to us, this does not imply that we have waived your liability in relation to that or any continued breach of obligation.

Section 3
Rent Review

- Annual Indexation Review
- Open Market Review



12 Annual Indexation Review

On 1st April each year we will adjust the Rent by the percentage increase (if any) in the Index since 1st April in the previous year. The Rent can go up or down. We will notify you in writing of any adjustment to the Rent.

13 Open Market Review

13.1 We may review your rent to the Open Market Rent in the following circumstances:

- (a) if we serve a Release Notice on you under clause 39.
- (b) if under clause 39 we re-impose any of your obligations to purchase from us any products which we have previously released from the tie;
- (c) if your obligations to purchase Drinks from us, or your obligations to pay the Amusement Machine Contribution, become unenforceable.
- (d) on the last day of the Term being the date set out in the Key Points under Open Market Rent Review.

13.2 If we wish to trigger a rent review we will do so by serving an Interim Review Notice on you containing our proposal for the Open Market Rent. We may serve an Interim Rent Notice as many times as the circumstances warrant.

13.3 Following us serving an Interim Review Notice we must both make reasonable efforts to agree the Open Market Rent. If we cannot agree the Open Market Rent by 1 calendar month after a Notice Date either of us may refer the matter to an Independent Expert (acting as an expert not an arbitrator) to determine the Open Market Rent in accordance with clause 13.5 below. If we cannot agree with you on the identity of an Independent Expert we may ask the President to choose one to act jointly on our behalf.

13.4

- (a) Except where 13.4(b) applies the Independent Expert must allow each of us to make reasonable written representations and one opportunity to comment on the other's representations and he must give reasons for his decision. His decision will be binding on Us both. We will share his fees in equal shares.
- (b) In the case of a review arising under clause 13.1(d) We and You agree that the review will be carried out in accordance with PIRRS (whilst such scheme exists).

13.5 The Open Market Rent is to be the best rent that a willing tenant could reasonably be expected to pay to a willing landlord for the Property in the open market assuming:

- (a) that the Property is let on the relevant Notice Date for a term of 10 years (or the residue of the Term if greater), without the payment of a

premium on the same terms as this Lease except for the amount of rent but including the rent review provisions, and taking account of your statutory and contractual (if any) rights to renew;

- (b) both we and you have performed our obligations in this Lease (as varied by a release of tie or side letter);
- (c) the Property is fully fitted out and equipped for use for the Permitted Use and the Business and that you hold all Licences and permissions necessary to run the Business and that these Licences and permissions are fully valid;
- (d) that the Business is being conducted at the Property by a good average tenant experienced in the licensed retail trade;
- (e) that any damage by an Insured Risk has been reinstated;
- (f) that you can recover VAT;
- (g) that there is to be no reduction in rent to take account of any concessions available at that time in the marketplace on new lettings;
- (h) that in the case of a review arising under 13.1(a) you are no longer obliged to purchase the products from us that were released by the Release Notice that lead to the relevant rent review.;
- (i) that in the case of a review arising under 13.1(b) you are obliged to purchase the products that we have been re-imposed under clause 39.2 as part of your purchasing obligations;
- (j) that in the case of a rent review arising under clause 13.1(c) any of your obligations which have been deemed unenforceable shall be treated as having been deleted from this Lease.

but disregarding:

- (k) any effect on the rent due to your occupation of the Property;
- (l) any conditions on or reduction in the activities permitted by the Premises Licence that have been imposed due to your default;
- (m) any effect of any improvements that you or a predecessor has carried out to the Property with our Consent within 20 years prior to the relevant Notice Date, unless you were required by law, or as part of your obligations to us, to carry out these improvement; and
- (n) any income that you receive from the Amusement Machines.

13.6 Unless 13.3(b) applies, if the Open Market Rent has not been agreed within 3 calendar months after the Notice Date (whether or not it has been referred to an Independent Expert) we can choose to require the Independent Expert

acts as an arbitrator (if suitably qualified), or we may refer the matter to another qualified arbitrator experienced in valuing public houses, who will act in accordance with the Arbitration Act 1996 and he will decide who will be responsible for his fees and his decision will be binding on us both.

13.7

- (a) In the remainder of this clause 13 we will refer to the new rent to be payable following the rent review as the “**Revised Rent**” and we will refer to the rent payable on the date immediately preceding the relevant rent review as the “**Current Rent**”.
- (b) In the case of a review under clauses 13.1(a) and (c) the Revised Rent will be the higher of the Open Market Rent and the Current Rent.
- (c) In the case of a review under clause 13.1(b) if the Rent has previously been increased due to a review under clause 13.1(a) and we are re-imposing your purchasing obligations in relation to those same (or similar) products, or in the case of a review under clause 13.1(d), the Revised Rent may be higher or lower than the Current Rent.

13.8 You must pay the Revised Rent from the Notice Date. If we have not agreed the Revised Rent by the Notice Date you must continue to pay the then Current Rent until the Revised Rent has been agreed or determined at which point you must start paying the Revised Rent and:

- (a) if the Revised Rent is higher than the Current Rent you must pay to us on demand the difference between the Current Rent and the Revised Rent (plus interest at Base Rate) for the period from the Notice Date to the date of agreement or determination or;
- (b) if the Revised Rent is lower than the Current Rent we will credit the difference between the Current Rent and the Revised Rent (plus interest at Base Rate) for the period from the Notice Date to the date of determination or agreement against your next rent payment.

13.9 When the Revised Rent is agreed or determined we will both sign a rent review memorandum reflecting this.

13.10 We may choose to extend the timetables imposed by this Section.

13.11 A review of the Rent occurring under this clause 13 will not prevent us from carrying out annual reviews under clause 12.

Section 4

Looking after your Property

- Repairs
- Remedying Breach
- Services
- Decoration and Cleaning
- Alterations
- Carrying out works



14 Repairs

- 14.1 You must repair any damage to the Property and must keep the Property in good and substantial repair and condition at all times but you are not obliged to repair any items included in the Services listed in clause 16.
- 14.2 You are not liable to repair any damage caused by an Insured Risk unless you have caused or contributed to that damage due to a breach of your obligations, or due to your negligence, or if your actions have (in whole or in part) caused the payment of insurance proceeds to be refused.
- 14.3 You must replace any broken glass as soon as possible.
- 14.4 You must keep the Fixtures and Fittings including any emergency lighting and fire alarms, in good repair and in working order, and if necessary, renew or replace them with new equivalent items.
- 14.5 You must keep all access ways, car parks, gardens, play areas or other open areas properly surfaced or cultivated as appropriate, clean and tidy and free from weeds and safe for public access.
- 14.6 You must keep all Pipes, toilets and sanitary equipment in good working order and must keep them free flowing, install grease traps where appropriate and must take reasonable steps to prevent blockage and damage. You must also install and maintain fume extraction hoods where required to manage fumes and you must replace filters regularly.

15 Remedying Breach

If you do not comply with your repair and decoration obligations to us then in addition to any other rights we may have:

- (a) we may serve a notice on you specifying the breach; and
- (b) when you receive that notice you must carry out all necessary works to remedy the breach within two months (or sooner if it is urgent) and if you do not do so, we may enter the Property to carry out the works and you must pay to us on demand (with Interest) all costs that we incur as a debt.

16 Services

Subject to receiving the Service Charge payments, we will carry out the following services when we believe they are reasonably needed to enable you to continue to run the Business from the Property:

- (a) testing, servicing and maintaining gas boilers, gas water heaters (excluding gas cooking appliances but including gas safety checks on pipework) and electrical installations (but not portable appliances); and
- (b) maintaining and repairing any cellar cooling equipment, cellar hoists

and lifts.

17 Decoration and Cleaning

- 17.1 You must decorate the interior and exterior of the Property as often as we reasonably require and at least once every 3 years and in the last 12 months of the Term.
- 17.2 You must obtain our Consent (which we will not unreasonably withhold or delay) to any change of colour scheme or decorative finish.
- 17.3 You must keep the interior and exterior of the Property and any gardens, car parks, access ways or other open areas in a clean and tidy condition and dispose of rubbish daily in an appropriate manner.
- 17.4 You must ensure that all areas of the Property used in the preparation service and storage of food and drink comply with all health and safety and food safety legislation.
- 17.5 You must clean all windows at least monthly.

18 Alterations

- 18.1 You must not carry out any structural alterations to the Property, erect any new buildings or structures or demolish any existing structures or buildings.
- 18.2 You may carry out non-structural alterations with our Consent which we will not unreasonably withhold or delay as long as, in our reasonable opinion, the proposed alterations are likely to enhance the Business or Property.
- 18.3 When you apply for our Consent 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.
- 18.4 If we give you Consent you must then apply for all necessary consents required under the Licensing Act 2003 and any planning or other statutes, and before starting the alterations you must provide us with copies of these consents for us to approve.

19 Carrying out works

- 19.1 When carrying out any repairs, works or decoration to the Property you must:
 - (a) carry out the works in a good and workmanlike manner, using good quality materials and as quickly as practicable;
 - (b) comply with all necessary planning and licensing regulations and any other relevant statutory requirements;
 - (c) comply with any reasonable conditions that we impose and you must complete the works to our reasonable satisfaction; and

- (d) comply with the requirements of our insurers.
- 19.2 If we ask you to do so, at the end of this Lease you must at your own cost reinstate all alterations or additions made to the Property at any time during the Term or during the period of any agreement for lease relating to this Lease.
- 19.3 You must not apply for or implement a planning permission without our permission and if the planning permission is implemented you must complete the works and comply with all conditions as quickly as practicable and before the end of the Term.

Section 5

Insurance

- What we must do
- What you must do
- Suspension of Rent
- Termination Following Damage



20 What we must do

- 20.1 We will insure the Property (except for any fixed glass) at competitive rates taking into account the policy terms for the full reinstatement value (in our reasonable opinion), against the Insured Risks, to the extent that this insurance is usually available for properties such as the Property, subject to any exclusions and limitations which are usual in the UK insurance market. We will not be obliged to maintain insurance if the policy becomes ineffective due to a breach of your obligations.
- 20.2 If the Property is damaged by any of the Insured Risks, then as soon as all necessary labour, materials and permissions are available (which we will use reasonable endeavours to obtain) we will spend the insurance proceeds that we receive (except those relating to loss of rent) in reinstating the Property in a form (if practicable) that is reasonably equivalent to that existing before the damage (but we will not be obliged to provide an identical replacement). If the insurance proceeds or part of them are withheld due (partly or wholly) to your default we will not be obliged to commence reinstatement until you comply with clause 21.6.
- 20.3 Any proceeds of insurance received under a policy effected by us under this Lease or any amounts that you pay to us under your insurance policies, belong to us absolutely.
- 20.4 If you ask in writing we will provide a summary of the terms of our policy relating to the Property (but not more than once a year).

21 What you must do

- 21.1 You must insure for the full reinstatement value (in our reasonable opinion) the following items:
- (a) the Trade Inventory;
 - (b) any fixed glass at the Property;
 - (c) the effect on the value of the Property of the loss of the Licences;
 - (d) all trading stock and glassware at the Property;
 - (e) public third party property owner's and employer's liability; and
 - (f) the effect on the Business of loss of profit

against the risks that we require on the usual commercial terms with a reputable insurer, and you must note our interest on all the insurance policies. You must provide us, when we ask, with evidence that you have done this, and if you do not we may effect these insurances on your behalf and charge the cost to you.

- 21.2 You must tell us straight away if something happens which may lead to a

claim under any of our or your insurance policies relating to the Property or Business. You must spend any proceeds of insurance that you receive under the 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.

- 21.3 You must pay to us on demand all amounts that you receive under any insurance policy relating to the loss of the Licences.
- 21.4 You must comply with the conditions and recommendations made by our insurers.
- 21.5 You must not take any insurance policy out in relation to the Property which could prejudice our policies.
- 21.6 If any insurance proceeds are withheld because you have breached your obligations to us, you must pay to us on demand an amount equal to the sum withheld.

22 Suspension of Rent

- 22.1 If the Property is damaged or destroyed by any of the Insured Risks so that it is not fit for the Permitted Use, then (unless the insurance proceeds for loss of rent are withheld due to a breach of your obligations), the Rent (or a fair proportion of it if there is only damage to part of the Property) will not be payable from the date of the damage until the earlier of:
 - (a) the Property being reinstated;
 - (b) the end of this Lease; or
 - (c) three years following the date of the damage.

23 Termination Following Damage

- 23.1 If the Property is not fit for the Permitted Use within three years after the damage has occurred, either of us may determine this Lease by serving written notice on the other at any time until the Property is fit again for the Permitted Use.
- 23.2 If the Property is destroyed or so badly damaged that we reasonably believe that the damage cannot be repaired within 3 years, we may bring this Lease to an end at any time after the damage has occurred by giving you three months' written notice.
- 23.3 Any dispute under this paragraph shall be determined by an arbitrator under clause 59.

Section 6

Operating the Business

- Business Obligations
- Maintenance of Stock
- Accounting Information
- Signs
- Licences
- Trade Inventory
- Amusement Machines
- Employees
- Use of Property
- Legal obligations
- Reimbursing us



24 Business Obligations

- 24.1 You must conduct the Business from the Property for the minimum of the Trading Hours each day (unless we give you Consent to reduce these hours).
- 24.2 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 is a Personal Licence holder and whom we have approved ("**the Manager**").
- 24.3 You or the Manager must live in the residential accommodation at the Property (if any) unless we agree to the contrary.
- 24.4 You must not be employed or be connected with the running of any business from the Property other than the Business unless you have our Consent.
- 24.5 You must conduct the Business in an efficient, orderly and polite manner, in compliance with all relevant Legal Obligations and in accordance with government guidelines and industry codes of practice, and in such a way as to promote and develop the Business and to protect the Licences.
- 24.6 You must ensure that you and all your staff are at all times sufficiently trained to run the Business effectively and to perform your duties.

25 Maintenance of Stock

- 25.1 You must keep the cellar in a condition suitable for the storage of wet and dry products and comply with good practice in relation to the storage of goods and drinks in the cellar.
- 25.2 You must keep an adequate stock of food and drink and non-alcoholic beverages to meet the reasonable demands of the customers of the Business, but without prejudicing consumer demand for the Tied Drinks.
- 25.3 You must ensure that all food sold is fresh and prepared and served in a hygienic manner and that all drinks products sold are of the same quality as supplied to you and not diluted or tampered with.
- 25.4 You must not tamper with or bypass any Cellar Monitoring Equipment or interfere with any drinks dispensing equipment.

26 Accounting Information

- 26.1 You must supply to us upon our request at any time during the first year of the Term:
 - (a) a copy of your trading accounts;
 - (b) reasonable evidence of turnover; and
 - (c) stock purchase information and sales records.

- 26.2 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 HM Revenue & Customs.
- 26.3 You must appoint and use a reputable accounting firm to provide regular business advice and book keeping services.

27 Signs

- 27.1 You must display outside of the public house on the Property, and maintain in a good and clean condition, a sign in a form that we approve acting reasonably, showing the name of the public house and our branded logo in a sufficient size so as to be properly visible. You must not put up any other signs or banners on the exterior of the Property or change the signs without our Consent.
- 27.2 You must display on the Property any signs required by law.
- 27.3 You must not change the name of the public house without our Consent.

28 Licences

- 28.1 You must obtain at your cost and hold throughout the Term a Premises Licence in your sole name in relation to the Property, and you must hold any other Licences required to enable the Business to be lawfully conducted from the Property. You must tell us immediately if at any time any of the Licences are in jeopardy, are suspended or revoked.
- 28.2 You must at all times comply (and ensure that your staff comply) with the conditions to all Licences and provisions of the Licensing Act 2003 and you must also ensure that any Licensable Activity at the Property is only carried out or authorised by the holder of a Personal Licence.
- 28.3 You must hold a Personal Licence at all times and be named as the Designated Premises Supervisor on the Premises Licence, unless you are a company or have obtained our Consent in which case the Manager should be named as Designated Premises Supervisor and clause 28.4 below shall apply.
- 28.4 If the Designated Premises Supervisor (or any replacement) is someone other than yourself you must:
- (a) provide us with his name, address, and any convictions for relevant offences (as defined in the Licensing Act 2003);
 - (b) ensure that he holds a Personal Licence and is suitably experienced and trained to supervise the Business and that he performs his duties required under the Licensing Act 2003;
 - (c) obtain our approval (which we will not unreasonably withhold) before his appointment except where an immediate application is required to replace the Designated Premises Supervisor to enable the Property to continue to trade in which case you must obtain our Consent as soon as

possible after his appointment; and

- (d) if the Designated Premises Supervisor leaves the Business or has his Personal Licence revoked or suspended you must tell us immediately and take all necessary steps to protect the Premises Licence and replace the Designated Premises Supervisor immediately.
- 28.5 You must not give any undertaking or accept any conditions in respect of the Premises Licence or accept or apply for any variation of it without our Consent which will be within our total discretion.
- 28.6 You must notify us immediately if the holder of the Premises Licence becomes mentally incapable, dies, becomes Insolvent, enters into any voluntary arrangement with creditors, or (in the case of a company or partnership) is dissolved.
- 28.7 If we ask you to do so, you will join us in any proceedings in relation to the protection of any Licences required for the Business.
- 28.8 You must hand to us for safekeeping the original Premises Licence with the approved licensed area plan and operating schedule and copies of all other Licences in use at the Property. You must display on the Property all Licences that you are required to display under the Licensing Act 2003, and you must keep on the Property copies of all Licences used for the Business.
- 28.9 You must inform us immediately if 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 the Licences. 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.
- 28.10
- (a) At the end of the Term you must consent to the transfer of the Premises Licence to us (or whoever we direct) and procure that the Designated Premises Supervisor consents to its replacement.
 - (b) If you do not comply with paragraph (a) above, it will be assumed that you appoint us as your attorney and agent to consent to the transfer of the Premises Licence, and for us to make any application for the transfer of the Premises Licence to us with immediate effect under sections 42 and 43 of the Licensing Act 2003.

29 Trade Inventory

- 29.1 You must equip the Property with a suitable Trade Inventory as is needed to enhance the Business and must provide additional items as necessary throughout the Term.
- 29.2 On the date of this Lease you must purchase the existing Trade Inventory (either from us or the previous occupier as appropriate) for the Inventory

Value calculated as at the date of this Lease. If you purchase the Trade Inventory from us we will still own it until you pay for it in full.

- 29.3 You must keep the Trade Inventory in a good and clean condition and repair and replace any damaged, worn out, lost or outdated items as appropriate. You must test all portable appliances each year and produce the test certificates to us.
- 29.4 You must not charge or grant any bill of sale or other security over the Trade Inventory.
- 29.5 When you vacate the Property at the end of the Term you must sell the Trade Inventory to us (or someone else that we nominate) at the Inventory Value calculated as at the end of the Term.
- 29.6 When you transfer this Lease you must sell the Trade Inventory to your buyer upon completion of the transfer at the Inventory Value calculated as at the completion date of the transfer.
- 29.7 If you are in breach of your obligations to us, we may at any time decide to purchase the Trade Inventory at the Inventory Value calculated at that time, but we may deduct any debt due to us or losses that we have incurred due to your breach, before we pay any remaining balance of the price to you. You must reimburse us with any costs, losses or expenses that we incur if any third party claims against us in relation to any Trade Inventory items. Following our purchase of the Trade Inventory from you we will own the Trade Inventory but may demand that you buy it back from us within 7 days at the price that we paid or the Inventory Value at that time, whichever is the higher. If we take this action we will still be able to take action against you for a breach of your obligations.

30 Amusement Machines

- 30.1 You must not bring onto the Property or operate or remove any Amusement Machines without our Consent (which will be within our absolute discretion) or without obtaining all necessary Licences.
- 30.2 If we provide Consent it may be on such reasonable conditions as we wish to impose including the payment to us of the Amusement Machine Contribution.
- 30.3 You must not use any Amusement Machine for the purpose of advertising without our Consent.

31 Employees

- 31.1 You are responsible for the employment of any staff at the Property and for all wages, PAYE, national insurance contributions, pension payments, bonuses, costs, expenses and other payments for your staff.
- 31.2 You must comply with all statutory requirements and codes of conduct in relation to your staff.

31.3 You must fully indemnify us in relation to any claims we may suffer from any members of your staff (either during or after expiry of this Lease) due to your failure to comply with your obligations to them.

31.4 If we ask, you must provide us with copies of the employment contracts that you have issued to your employees.

32 Use of Property

32.1 You must only use the Property for the Permitted Use.

32.2 The residential part of the Property may only be used by you, your family or your staff (as part of their contract of employment) and only in association with the Business.

32.3 You must not use the Property (or permit it to be used):

(a) for any illegal, immoral or offensive purpose or for any purpose which may become a nuisance or annoyance to us or any third party;

(b) for any purpose which may prejudice the Licences;

(c) for any purpose which may be in breach of planning, licensing or other statutory requirements; or

(d) for any purpose which may overload the structure of the Property or which may damage the Pipes.

32.4 You must only use the car park for customer and staff parking for the Business or the parking of your domestic personal vehicles (but not for caravans or anything equivalent).

32.5 You may not locate on the Property any trading or market stalls (portable or fixed).

33 Legal Obligations

33.1 You must comply with all Legal Obligations affecting the Property and Business.

33.2 You must produce a fire risk assessment in relation to the Property and update it regularly, and you must comply with any recommendations contained in the assessment.

33.3 Within 7 days of receipt you must give us a copy of any legal notice served upon you relating to the Property or the Business and, if we ask you to do so, you will join with us in making such objections or representations as we may reasonably require.

33.4 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

from the Property.

- 33.5 We do not guarantee to you that the Property may lawfully be used for the Permitted Use or the Business and it is your responsibility to obtain all necessary legal consents.

34 Reimbursing us

You agree to reimburse us for any costs, losses, expenses or claims that we incur due to you not performing your obligations to us, or your use and occupation of the Property, or your negligence (or the negligence of your staff or visitors) or due to the condition of the Property being in breach of the terms of this Lease.

Section 7

Purchasing Obligations

- The Tie
- Purchase of Drinks
- Our Supply Obligations
- Damages
- Release of the Tie



35 The Tie

- 35.1 This Lease contains obligations upon you to buy goods exclusively from us. These obligations are intended to comply with Article 81 of the Treaty of Rome granted by EEC Regulation 2790/99.
- 35.2 You and we agree that these obligations are fair and lawful and that the Rent has been set having regard to these purchasing obligations and is therefore lower than you would reasonably be expected to pay if you were not obliged to purchase the Tied Drinks from us.

36 Purchase of Drinks

- 36.1 You must purchase from us (or, when we ask, from our Nominated Supplier) all Tied Drinks that you wish to sell from the Property, or otherwise as part of the Business.
- 36.2 You must not bring onto the Property without our consent (which will be within our total discretion) any Tied Drinks not purchased from us.
- 36.3 You must pay us for all goods supplied by us (or our Nominated Supplier where goods are supplied by it) in accordance with our then current standard terms of business (which we will notify to you from time to time) and at the prices in Our Price List.

37 Our Supply Obligations

- 37.1 We will use reasonable endeavours to supply or produce the supply of Tied Drinks in the quantities that you reasonably require for the Business.
- 37.2 If we are unable to supply you with any Tied Drinks for 10 consecutive working days and the lack of supply is prejudicing the Business, then when we receive your written application we will temporarily release you from your obligation to purchase those products from us until we notify you that we are able to supply (or procure the supply) of those products again. We do not need to provide this release if we have withheld these products from you because you have not performed your obligations to us.

38 Damages

If you breach your purchase obligations contained in clause 36 you must pay to us on demand as additional rent the Liquidated Damages for each Composite Barrel which you have bought or received in breach of your obligations. You and we agree that this is a genuine pre-estimate of our loss attributable to your breach. Your payment of the Liquidated Damages does not mean that you are released from any of your obligations to us under this Lease.

39 Release of the Tie

- 39.1 We may at any time decide to release you (in whole or in part) from your

obligation to purchase Drinks by serving a Release Notice on you. If you receive a Release Notice from us you will not be obliged to purchase from us the products identified in that notice but you will remain liable to purchase all other Tied Drinks from us.

- 39.2 We may decide to re-impose your purchasing obligations in relation to any of the previously released products at any time by giving you 10 working days' notice and from the expiry of the notice you will be obliged to purchase those products from us again. If we do this we will review your rent again to the Open Market Rent as set out in clause 13

Section 8

Dealing with your Lease

- Restrictions on dealing with the Property
- Selling your Lease
- Our Right to Buy your Lease
- Underletting and Sharing Occupation
- Charging your Lease
- Registration



40 Restrictions on Dealing with the Property

You must not transfer, sell, lease, charge, share occupation or possession, or deal with the Property in any way, except as permitted by this Lease.

41 Selling your Lease

41.1 You must not transfer this Lease during the Restricted Period. After the expiry of the Restricted Period, you may not transfer this Lease without first obtaining our Consent, which we will not unreasonably withhold provided that you comply with the terms of this clause 41 and clause 42.

41.2 For the purpose of s.19(1A) Landlord and Tenant Act 1927 it will be reasonable for us to withhold Consent if:

- (a) at the date of your request or the transfer you owe us any Rents or any other sums (under this Lease or otherwise);
- (b) you are in substantial breach of your obligations to us, or the Property is not in the condition required by this Lease;
- (c) we reasonably believe that the proposed buyer is unlikely to be able to pay the Rents or comply with your obligations in this Lease; or
- (d) we reasonably believe that the proposed buyer is not a respectable and responsible person with adequate experience in the licensed trade to run the Business.

41.3 For the purpose of s.19(1A) Landlord & Tenant Act 1927 we may require the following as pre-conditions to us giving Consent:

- (a) if the proposed buyer is a limited liability company or partnership, at least two individual guarantors (which must be acceptable to us acting reasonably) to guarantee the proposed buyer's obligations under this Lease on the terms in Section 11;
- (b) the proposed buyer must pay to us upon completion of the transfer a Deposit equal to 3 calendar months (plus VAT) of the then annual Rent, plus the Rents for the month in which the assignment is completed;
- (c) you and your Guarantor must have executed an authorised guarantee agreement (in a form reasonably required by us) as permitted by the Landlord and Tenant (Covenants) Act 1995, guaranteeing the performance by the proposed buyer of your obligations (as tenant) under this Lease following the transfer of the Lease to the proposed buyer, and this guarantee will last until the proposed buyer transfers the Lease again with our Consent;
- (d) the proposed buyer must:
 - (i) submit to us a business plan which we believe (acting reasonably) is suitable for the Business, and satisfy us that it has

taken professional advice on its proposed purchase of the Business from a suitably qualified accountant and solicitor;

- (ii) attend any suitable training course that we feel would benefit the Business;
- (iii) purchase the Trade Inventory in accordance with clause 29;
- (iv) prove that it has sufficient funding to purchase the Business, this Lease and the Trade Inventory and that it can afford to meet the repayments under its funding arrangements and the payments required under this Lease;
- (v) show that it (or in the case of a company its proposed nominee) holds all Licences required for the Business;
- (vi) be subject to the jurisdiction of the United Kingdom;
- (vii) not be a brewer or wholesaler of alcoholic drinks, or a company or individual connected to such brewer or wholesaler; and
- (viii) attend an interview with us to satisfy us that it meets the requirements of this Lease.

41.4 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.

41.5 Any dispute under this clause or clause 42 will be referred to arbitration under clause 59.

42 Our Right to Buy your Lease

42.1 In this clause "**Premium**" means the price (including any non-monetary value) that you have agreed with your proposed buyer, in good faith and in the open market, for the purchase of your Lease (excluding VAT but including any value for the goodwill of the business carried on from the Property and the Inventory Value).

If you ask for our Consent to transfer your Lease under clause 41, at the same time you must deliver us a written notice ("**the Offer Notice**") containing:

- (a) full and accurate details of the proposed transfer and its terms including the amount of the premium;
- (b) your formal and binding confirmation that the information you have supplied in the Offer Notice is true, complete and accurate; and
- (c) an offer for us to buy back your Lease on the same terms as the deal agreed with your proposed buyer. We will have 30 days from the Offer Notice to accept the offer, and if we wish to accept it we must notify

you in writing within that 30 day period. If you receive our acceptance within this time period, on the date that you receive our acceptance a binding contract for the surrender of the Lease to us will arise on the following terms:

- (i) the purchase price for the surrender of your Lease will be the Premium;
- (ii) the provisions of the then current edition of the Standard Commercial Property Conditions of Sale shall apply insofar as they are applicable and are not inconsistent with the following provisions;
- (iii) we will complete the surrender on the date three months after our receipt of your Offer Notice;
- (iv) you must hand over the Property to us with vacant possession; and
- (v) you must sign a deed of surrender which you must prepare in a form that we approve.

42.2 If we do not respond to your Offer Notice within 30 days or we respond within that time indicating that we do not wish to accept the offer, the Offer Notice will no longer be effective and we will then respond to your application for our Consent to transfer the whole of the Lease to the proposed buyer, as long as you have complied with the requirements in clause 41.

42.3 If:

- (a) the sale of your Lease to the proposed buyer has not been completed within 3 calendar months of the date of our receipt of the Offer Notice; or
- (b) the terms of the proposed sale change from those contained in the Offer Notice.

then you shall deliver a fresh Offer Notice to us and the provisions of clause 42 shall re-apply and be repeated as often as the occasion demands.

42.4 Completion of the surrender will not prevent you or us making any claims against each other in relation to any breach of obligation in the Lease.

43 Underletting and Sharing Occupation

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

43.2 You must not allow anyone other than yourself and your family to occupy or share occupation with you of the Property, except that you may:

- (a) allow the 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 the necessary statutory consents to do so.

43.3 When we ask, you must provide to us full details of any person in occupation of the Property and any information that we request about the terms of their occupation.

44 Charging your Lease

You must not charge or mortgage the Property without our Consent. We will not unreasonably withhold our Consent in the case of a charge over the whole of the Property (but not part only) in favour of a reputable UK clearing bank, provided that the charge excludes the Trade Inventory and the bank agrees to provide us with a minimum of 7 days' notice before exercising its rights under the charge following your default.

45 Registration

Within 1 calendar month of any transfer or charge or other transaction involving the Property, you must provide us with 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).

Section 9 Our Rights

- Our Access to the Property
- Our Reserved Rights
- Telecoms Equipment



46 Our Access to the Property

46.1 You must give us (or our Nominated Supplier) and anyone we authorise access to the Property for any or all of the following reasons:

- (a) to inspect the condition of the Property, Fixtures and Fittings and Trade Inventory and to prepare schedules of dilapidations or schedules for valuation or rent review;
- (b) to inspect the cellar and the stock and to take samples;
- (c) to inspect the papers, records, management accounts, books and VAT returns of the Business that you are required to disclose to us;
- (d) to comply with our Legal Obligations;
- (e) to check that you are performing your obligations, and to remedy any breaches of your obligations (at our discretion);
- (f) to carry out the Services;
- (g) to inspect any property nearby and carry out works to it;
- (h) to install and deal with any of the equipment referred to in clause 47(e) and to exercise any of our rights reserved in clause 47; or
- (i) in the last 12 months of the Term (in the case of a re-letting), or at any time in the case of a sale of our interest in the Property, to view the Property and to display a sale or letting board.

46.2 We will give you reasonable prior notice of our access, and our access will be while the Property is open for business unless:

- (a) it is an emergency situation; or
- (b) we have reasonable grounds to suspect that you are in breach of your obligations

in which case we may break and enter if necessary.

46.3 When accessing the Property, 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 such entry was required as a result of your breach of obligation.

47 Our Reserved Rights

We reserve the following rights over the Property for our benefit and the benefit of our successors in title, any mortgagee, the superior landlord (if any), or any other parties authorised by us:

- (a) we may enter the Property for all the purposes mentioned in clause 46

above;

- (b) we may erect and retain on or in the Property any advertisements, hoardings, signs or notices and retain any income arising out of them;
- (c) we may use any Amusement Machine on the Property for the purpose of advertising and retain any income from such advertising;
- (d) we may use or pass along any fire escapes within the Property benefiting any nearby property;
- (e) the right to install, operate, inspect, maintain, replace, substitute and upgrade any drinks dispensing equipment, Telecom Equipment and Cellar Monitoring Equipment and associated cables and equipment, and the right to connect into and use your electricity supply at your cost for these purposes. We also reserve all rights of entry and access with or without vehicles, plant, equipment, tools, appliances, scaffolding and materials for us and any Telecom Operator or the provider of the Cellar Monitoring Equipment or drinks dispensing equipment and their respective employees, agents and contractors which are required for the exercise of the rights reserved in this sub-clause 47(e);
- (f) we may use the Property to provide support and protection to any nearby property, and we reserve all rights of light and air over the Property;
- (g) we may give a third party rights over the Property provided that the grant of those rights does not materially prejudice your use and occupation of the Property for the Business;
- (h) we may carry out works to alter the layout of or rebuild any nearby property and use it for any purpose and grant permission to others to do so, even if this affects the access of light and air to the Property.
- (i) we may connect into any Pipes or install new Pipes for the benefit of any nearby property; and
- (j) you are not entitled to any implied rights and s.62 Law of Property Act 1925 is excluded.

48 Telecoms Equipment

You must enter into any agreements that we ask to allow the use of the Telecoms Equipment by a Telecoms Operator, even if it interferes with your rights, provided that we will not require you to enter into any agreement which will substantially adversely affect the Business or your occupation of the Property.

Section 10

Ending this Lease

- Our right to end the Lease
- What you have to do at the end of the Lease
- Compensation



49 Our right to end the Lease

We may end this Lease by re-entry or proceedings if:

- (a) you do not pay any Rents within seven days of them becoming due (even if not formally demanded);
- (b) you do not comply with any of your obligations under this Lease;
- (c) you become Insolvent;
- (d) if the Premises Licence is surrendered, suspended or revoked or a closure order issued or you are disqualified from holding any Licences, are convicted of any relevant offences (as defined in the Licensing Act 2003), or you prejudice the continuance of any of the Licences;
- (e) you are in breach of any additional grounds for re-entry contained in any Superior Lease; or
- (f) if you (or any one of you) dies.

50 What you have to do at the end of the Lease

50.1 At the end of this Lease you must:

- (a) vacate the Property and leave it free from any charges and in a condition that is in compliance with your repairing and decorating obligations in this Lease with the Trade Inventory on site and in good condition and free of charge;
- (b) reinstate any alterations that we have requested you to reinstate (repairing any damage caused);
- (c) ensure that all Rents and any other payments due to us or any third party are paid upto date;
- (d) deliver to us the original signed lease;
- (e) transfer the Premises Licence in accordance with clause 28.10; and
- (f) remove any registration at the Land Registry in relation to this Lease.

50.2 If you do not comply with these obligations 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.

50.3 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.

51 Compensation

You will not be entitled to any compensation under any statute at the end of this Lease.

Section 11

Guarantee Obligations

- Guarantor's Obligations
- Extent of Guarantor's Liability
- New Leases



52 Guarantor's Obligations

- 52.1 Your Guarantor agrees that if you do not fully perform your obligations to us during the Term, your Guarantor will when we ask:
- (a) pay to us any monies that you have failed to pay;
 - (b) perform the obligations which you have failed to perform; and
 - (c) reimburse to us any losses, damages and expenses that we have suffered due to your breach.
- 52.2 Your Guarantor must enter into any Consent to transfer the Lease (and to the extent permitted by the Landlord & Tenant (Covenants) Act 1995) any authorised guarantee agreement.
- 52.3 Your Guarantor must notify us if it becomes aware that you are experiencing financial difficulties which may prejudice the Business and it must notify us immediately if it becomes aware at any time that you are Insolvent.

53 Extent of Guarantor's Liability

- 53.1 Your Guarantor accepts liability under this Lease as if it were the tenant, so that we do not have to take any action against you before we ask your Guarantor to rectify the problem.
- 53.2 Your Guarantor's liability will not be reduced if:
- (a) we choose to give you extra time to perform your obligations or we waive any of your obligations;
 - (b) we refuse to accept payments from you where we reasonably believe that you are in breach of your obligations and we are entitled to end this Lease;
 - (c) you become Insolvent;
 - (d) we transfer our interest in the Property to someone else;
 - (e) we agree a variation to the Lease, but if the variation leads to your obligations being more onerous your Guarantor will only be liable for those additional liabilities if your Guarantor agreed to the variation (but your Guarantor will remain liable for the unvaried obligations in the Lease);
 - (f) we accept a surrender of part of the Property, and your Guarantor will remain liable for the remainder;
 - (g) any rent review is properly implemented;
 - (h) we have any security which we may enforce against you; or

- (i) there is anything else which would release your Guarantor from its liabilities unless we give consent to a release. If your Guarantor comprises more than one individual, we may release one individual without prejudicing our ability to enforce your Guarantor's obligations against the others.

54 New Leases

- 54.1 If we bring this Lease to an end for any reason (except for surrender by deed), or a liquidator disclaims the Lease, or you become Insolvent, or (if you are a company) you cease to exist (and any of those events shall be referred to as the "**Termination Date**") then we may ask the Guarantor within six months of the Termination Date to take a new lease from us of the Property on the following terms:
- (a) we will let the Property in the condition it is in at that time;
 - (b) the term will be equal to the period left on the Term;
 - (c) the rent will be equal to the rent at the Termination Date, ignoring any period of rent suspension or concession. The rent will be subject to review on the same terms as under this Lease; and
 - (d) the terms of the new lease shall be the same as this Lease, with any modifications required to reflect changes in our practice or industry practice, except that the Restricted Period will be calculated from the Start Date of this Lease not the new lease.
- 54.2 If we do not ask your Guarantor to take a new lease within six calendar months of the Termination Date, your Guarantor will remain liable for your obligations for a period of six calendar months from the Termination Date as if the Termination Date had not occurred.
- 54.3 The Guarantor must pay all our costs incurred in enforcing its and your obligations and any costs associated with the grant of a new lease under this clause.

Section 12

Understanding the Lease

- Definitions
- Interpreting the Lease
- Notices
- Release of information
- Arbitration



55 Definitions

In this Lease the following terms have these meanings:

- (a) **"Amusement Machines"** means:
- (i) any mechanical, electrical or electronic machine, quiz machine, video machine or other amusement or gaming machine;
 - (ii) all sound or audio visual production machines;
 - (iii) any other machine, device or apparatus for playing any game of amusement, skill or chance (including table games such as pool, table football etc); or
 - (iv) any terminal or any software associated with the operation of any such machine, device or apparatus

irrespective of whether such machines provide prizes or not and irrespective of whether payment is by way of money tokens or otherwise, but excluding any machine, device or terminal which is exclusively for domestic use in any private living accommodation at the Property.

- (b) **"Amusement Machine Contribution"** means a share of the net income from Amusement Machines and we will notify you in writing from time to time of the proportion to be paid to us.
- (c) **"Base Rate"** means the base rate from time to time of any UK clearing bank we may choose from time to time.
- (d) **"Beer"** means beer of any type or description including lagers and stouts.
- (e) **"Business"** means the business conducted from the Property for 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.
- (f) **"Cellar Monitoring Equipment"** means drinks flow measuring equipment installed at the Property either now or later together with all associated cables and equipment necessary to operate it.
- (g) **"Composite Barrel"** means 36 imperial gallons of Beer or cider or flavoured alcoholic beverage or 15.84 imperial gallons of wines, spirits or other alcoholic drink.
- (h) **"Consent"** means our prior permission to be given in writing.
- (i) **"Deposit"** means the amount that we are holding under clause 6.

- (j) **“Designated Premises Supervisor”** shall have the meaning attributed to it under the Licensing Act 2003.
- (k) **“Drinks”** means all beverages except tap water and milk.
- (l) **“Fixtures and Fittings”** means all fixtures, fittings, plant, machinery and equipment in or on the Property from time to time including boilers, Pipes, and equipment relating to heating, ventilation and air conditioning, sanitary ware, cellar cooling system, pumps, sewerage systems and tanks, sprinkler systems, electrical and gas installations (except portable equipment), wall and floor coverings, external lighting and signage, lifts and hoists, bar servery, back fittings, and any other fixtures fittings or equipment in or on the Property which do not form part of the Trade Inventory.
- (m) **“Independent Expert”** means a qualified surveyor experienced in the rent review of public houses.
- (n) **“Index”** means the All Items Index of Retail Prices published by the Office of National Statistics or any other appropriate index which we use to replace the Index if it ceases to exist.
- (o) **“Insolvent”** means:
 - (i) in the case of an individual, if a receiver or trustee in bankruptcy is appointed;
 - (ii) in the case of a company or partnership, if a receiver, liquidator or administrator is appointed (but not a voluntary liquidation by a solvent company except in relation to your obligations to hold and protect the Premises Licence in which case a solvent liquidation shall apply) or a statutory moratorium applies to it; and
 - (iii) in all cases:
 - (A) where the company or individual enters into a voluntary arrangement with creditors; or
 - (B) allows possession to be taken of goods (including stock or Trade Inventory) at the Property.
- (p) **“Insurance Rent”** means the fair proportion which we apportion to the Property to cover the sum that we incur:
 - (i) in complying with our obligation in clause 20;
 - (ii) in 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
 - (iii) complying with any insurance obligations that we have under any

Superior Lease.

- (q) **"Insured Risks"** means:
- (i) 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 such other risks as we choose to insure against;
 - (ii) loss of rent for a period of three years (including an estimate for future rent reviews); and
 - (iii) 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.
- (r) **"Interest"** means interest at 4% above the Base Rate (both before and after judgment) calculated on a daily basis from 7 days after the payment becomes due to the date on which payment is made.
- (s) **"Interim Review Notice"** means a notice that we may serve on you under clause 13 requiring a rent review.
- (t) **"Inventory Value"** means the value of the Trade Inventory to the Business that is agreed between the buying and selling parties, assuming that the buyer is simultaneously purchasing an interest in the Business. If the parties cannot agree upon a value, the matter will be referred for determination to an independent valuer experienced in this type of valuation.
- (u) **"Key Points"** means the summary of the main points of this Lease located directly after the Land Registry Required Clauses.
- (v) **"Land Registry Required Clauses"** means clauses LR1 to LR14 at the front of this lease.
- (w) **"Legal Obligation"** means any obligations relating to the Business, 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.
- (x) **"Licences"** means all licences, permissions, certificates and consents required for the Business to be lawfully conducted from the Property including a Premises Licence and Personal Licences for those conducting Licensable Activities at the Property, all consents required for Amusement Machines and any other licences, permissions, certificates and consents which we believe are necessary for the

Business.

- (y) **"Licensable Activity"** shall have the meaning attributed to it by the Licensing Act 2003.
- (z) **"Licensing Authority"** means the authority responsible for issuing Licences in the area in which the Property is located.
- (aa) **"Liquidated Damages"** means £150 per Composite Barrel.
- (bb) **"the Manager"** means a manager approved by us under clause 24.
- (cc) **"Nominated Supplier(s)"** means any one or more third party suppliers that we may choose to supply Tied Drinks to you.
- (dd) **"Notice Date"** means the date we serve an Interim Review Notice on you under clause 13.1.
- (ee) **"Open Market Rent"** as set out in clause 13.4.
- (ff) **"Our Price List"** means our current price list (or the current price list of any of our Nominated Suppliers) or any updated versions which we supply to you.
- (gg) **"Permitted Use"** means the use as a public house, 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).
- (hh) **"Personal Licence"** means a personal licence (as defined by the Licensing Act 2003).
- (ii) **"PIRRS"** means the Pub Independent Rent Review Scheme being the independent rent review resolution service sponsored by the Association of Multiple Licensed Retailers, the British Beer and Pub Association, the British Institute of Inn Keeping, the Federation of Licensed Victuallers Association and the Guild of Master Victuallers or any replacement scheme.
- (jj) **"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.
- (kk) **"Premises Licence"** means a premises licence (as defined under the Licensing Act 2003) relating to the Property.
- (ll) **"President"** means the President of the Royal Institution of Chartered Surveyors or his acting deputy.
- (mm) **"Property"** means the whole of the land and buildings (or any part of

it) described as “the Property” in LR4 of the Land Registry Required Clauses including all additions, improvements, Fixtures and Fittings, outbuildings, boundary features, access ways, gardens, car parks, play grounds and built upon areas but excluding the airspace above the land and buildings.

- (nn) “**Release Notice**” means a notice that we serve on you under clause 39 releasing the tie in relation to certain Drinks specified in that notice.
- (oo) “**Rent**” as defined in the Key Points.
- (pp) “**Rents**” means the sums referred to in clause 5 and any other sum payable to us under the terms of this Lease.
- (qq) “**Restricted Period**” the period starting on the Start Date and expiring three years later.
- (rr) “**Services**” means the services set out in clause 16.
- (ss) “**Service Charge**” means the amount that we charge you in relation to the Services in accordance with clause 8.
- (tt) “**Start Date**” as set out in the Key Points.
- (uu) “**Starting Deposit**” the amount set out in the Key Points.
- (vv) “**Superior Lease**” means any lease of the Property (or part of it) which is superior to this lease and any landlord under a Superior Lease shall be referred to as the Superior Landlord.
- (ww) “**Telecom Equipment**” means telecom apparatus as defined in the Electronic 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.
- (xx) “**Telecom Operator**” means any person, company or body providing or procuring the provision of any telecommunication services or facilities.
- (yy) “**Term**” the length of term as set out in the Key Points as extended either by your statutory rights or any renewal.
- (zz) “**Tied Drinks**” means all Drinks on Our Price List, and in default all Drinks except soft (non-alcoholic) drinks.
- (aaa) “**Trade Inventory**” all trade fittings, furniture and equipment which do not form part of the Fixtures and Fittings and other portable items on the Property for use in connection with the Business, including any items that you add to the Trade Inventory during the Term.
- (bbb) “**Trading Hours**” the hours during which we reasonably believe the

Property should be open for trade and we will notify to you of these from time to time. We will only ask you to trade during hours permitted by the Premises Licence.

(ccc) "VAT" means Value Added Tax or other tax of a similar nature.

56 **Interpreting the Lease**

When interpreting this Lease the following points apply:

- (a) if 'you' or 'we' includes more than one person or company, that person's obligations may be enforced jointly or individually;
- (b) any reference to "we", "us" or "you" includes our respective successors in title;
- (c) words implying one gender include every gender and words implying the singular include the plural and vice versa and words implying persons include firms, companies and corporations and vice versa;
- (d) where you agree not to do something this includes an obligation upon you not to allow that thing to be done or omitted to be done;
- (e) where we agree to do something or have a right to do something we can ask someone else to do it on our behalf;
- (f) if the consent of our mortgagee (if any) or Superior Landlord is required to enable us to grant a Consent to you, we will try to obtain the Consent if you pay the costs, but we will not grant Consent to you until the mortgagee's and/or Superior Landlord's unconditional consent has been obtained as required;
- (g) where we refer to a statute it includes any changes affecting it, and any regulations, instruments, orders, rules, notes or directions issued in relation to that statute;
- (h) where we refer to the end of the Term or the end, expiry or determination of this Lease it includes determination of this Lease by any method;
- (i) the word "including" does not imply any limitation in any way;
- (j) 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;
- (k) any reference in this Lease to "your obligations" refers to your obligations to us under the terms of this Lease or any side letters or other agreements that you have entered into with us;
- (l) the Schedule forms part of this Lease and we and you agree to perform our obligations and be bound by the matters contained in the Schedule;

and

- (m) no third party is entitled to any rights under this Lease under the Contracts (Rights of Third Parties) Act 1999.

57 Notices

- 57.1 Any notice must be served upon us at our registered office by special delivery.
- 57.2 We may serve a notice upon you or the Guarantor either by sending it by special delivery to the address that you last notified to us in writing, or by us leaving it at the Property.
- 57.3 If you or the Guarantor comprise more than one individual, it will be sufficient for us to serve notice on one of those individuals.

58 Release of Information

You agree to us releasing relevant information about you to appropriate competent authorities if we are asked to do so.

59 Arbitration

Where it says that any matter should be referred to arbitration it will be decided upon by an arbitrator under the Arbitration Act 1996. The arbitrator must be experienced in the licensed property industry. If we cannot agree jointly on the identity of the arbitrator either of us may apply to the President of the Royal Institution of Chartered Surveyors to decide. The arbitrator will decide who will be responsible for costs.

The Schedule

Title Matters

- 1 The matters contained or referred to in the registers of title number LA56789 so far as they affect the Property.
- 2 Any rights, reservations, easements and other matters affecting the Property at the date of this Lease or granted by us over the Property pursuant to clauses 47 or 48.

IN WITNESS of which this lease has been executed as a Deed but is not delivered until the date stated in LR1 of the Land Registry Required Clauses.

[NB – attach plan here]

Signature page for counterpart lease

SIGNED as a deed by **PHILIP DEWSBURY**)
in my presence:)

Witness signature
Witness Name (in Block Capitals)
Witness Address

Signature page for original Lease

Signed as a deed by)
YOUNG & CO.'S BREWERY, P.L.C.)
acting by:)

Director

Secretary/Director