

Copy

The Open House Lease

Dated: []

Between

Marston's PLC

As attorney for and in the name of

[Name of subsidiary owning pub]

and

[Name of Tenant]

relating to

[Name of Pub]
[Full postal Address]



Contents

Page

04 -13	Introductions and explanations
04	Land Registry Prescribed Clauses
07	Further details
09	Meanings of words and phrases
12	How to read this document
13	The letting
15 - 26	Your obligations
15	Rent
16	Use
17	Access
17	Repair and condition of the property
18	Alterations
19	Your insurance
19	Transfer
21	Other matters
21	Damage to the property
22	The tie
22	How you carry out your business
22	Licensing
24	Amusement and vending machines
25	General
25	Your inventory
26	Security deposit
26	QSS document
26	Staff
28	Our obligations
28	Not interfering
28	Insurance
28	Services
28	The tie
30 - 31	Ending the lease
30	How we can bring this lease to an end
30	How you can bring this lease to an end
30	What you have to do at the end of the lease
31	Outstanding obligations
33 - 35	General conditions
33	Serving notice
33	Arbitration
33	Accepting rent
33	Compensation
33	No implied rights
33	Entire lease
34	Releasing our liability
34	Our permission

	34	Other people
	34	Settling debts
	34	Releasing information
	35	Your guarantor
37 - 40		The first schedule
		The trading obligations
	37	Meaning of words and phrases
	37	Your buying and selling obligations
	38	Damages
	38	Advertisements
	38	Our supply obligations
	39	Your payment obligations
	40	General conditions
40- 42		The second schedule
		Rent review
	40	Review date
	40	Revised rent
	40	What we base our review on
	42	Appointing an arbitrator
	42	Interim payments
43 - 44		The third schedule
		The security deposit
	43	Interest
	43	Security
	43	If you break your obligations
	43	If you become insolvent
	43	Paying the security deposit
	43	Repaying you
	44	Selling the property
45 - 46		The fourth schedule
		Guarantee conditions
	45	Guarantee and compensation
	45	Circumstances which will not affect the guarantor's responsibilities
	46	New leases
	46	Obligations on letting the property again
	46	End of guarantor's liability
47 - 48		The fifth schedule
		Amusement and Vending Machines conditions
49		The sixth schedule
		Decorating fund
50		The seventh schedule
		Matter of ownership
51		Lease signature page
52 - 55		Index

The following Land Registry Prescribed Clauses LR1 to LR14 are set by the Land Registry and the Crystal Mark does not apply to them

Land Registry Prescribed Clauses

LR1. Date of lease

200_

LR2. Title number(s)

LR2.1 Landlord's title number(s)

[]

LR2.2 Other title numbers

[]

LR3. Parties to this lease

Landlord

Marston's Plc incorporated in England and Wales with company number 00031461 and registered office at Marston's House, Brewery Road, Wolverhampton WV1 4JT, acting as attorney for and in the name of [] incorporated in England and Wales with company number [] of the same registered office.

Tenant

[] [incorporated in England and Wales with company number [] and registered office at] [of]

[Guarantor(s)]

[] [of]

_____]]

LR4. Property	<p>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.</p> <p>Property known as [] the general boundaries of which are shown edged red on the attached plan and as further described in clause 1(r)</p>
LR5. Prescribed statements etc.	None
LR6. Term for which the property is leased	The term as specified as the lease period in paragraph 1 the further details section
LR7. Premium	None
LR8. Prohibitions or restrictions on disposing of this lease	This lease contains a provision that prohibits or restricts dispositions
LR9. Rights of acquisition etc.	<p>LR9.1 Tenant’s contractual rights to renew this lease, to acquire the reversion or another lease of the property or to acquire an interest in other land.</p> <p>None</p> <p>LR9.2 Tenant’s covenant to (or offer to) surrender this lease.</p> <p>None</p> <p>LR9.3 Landlord’s contractual rights to acquire this lease.</p> <p>None</p>

LR10. Restrictive covenants given in this lease by the Landlord in respect of land other than the property None

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

[None]

OR

[Those referred to or contained in paragraph [] of the seventh schedule]

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

See clause 3(b) and any referred to or contained in paragraph 2 of the seventh schedule

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

or

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

or

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

_____]

Further details

1 Lease period

For [10/15/20/25/30] years
starting on: [The start date]
and ending on:

2 Use allowed

The property must be used as a licensed public house selling alcoholic and non-alcoholic drinks and food of all descriptions which will be drunk and eaten on or off the property (or for any other use which we agree to in writing). If appropriate and legal, extra bedroom accommodation within the public house can be used for bed-and-breakfast accommodation. Any residential accommodation within the property must only be used as set out in this lease.

3 Rent

£ (For the first year of the lease.) [NOTE ENTER HERE THE HIGHEST RENT AND NOT ANY ABATED AMOUNT]

Every year we will increase the rent by:

- the percentage increase in the index since the previous year; or
- 5%;

whichever is less. We will ignore any decrease in the index.

We will also review the rent on the review dates set out below and on the dates described in paragraph 1 of the second schedule. We will review the rent in the way set out in the second schedule. The new rent agreed or decided upon by a valuer under paragraph 2b of the second schedule may be higher or lower than the rent you pay immediately before the review. However, the new rent will be no less than the rent you were paying on the date you entered into this lease.

Review dates under paragraph 2b the second schedule will be
day of
day of
day of
day of

You must pay rent plus the service charge and building insurance in 24 equal instalments each year on the 1st and 15th days of each month. Or, if we write and tell you, you must pay in 52 weekly instalments on the days of the week that we set out in the notice (the rent days). You must pay by direct debit or any other method we write and ask you to use. We can also change the rent days and how often you pay rent if we give you written notice.

4 The security deposit

£[] You must pay us this amount when you sign this lease.
[NOTE: 25% of the rent or £5,000 if higher]

5 Amusement and vending machines income share

Us 50% You 50% of the income (after deductions) received from the shared-income machines (as described in clause 1a)

6 Service charge

£[] for the first year of the lease period. We will increase the service charge for each following year by:

- the percentage increase in the index since the previous year; or
 - 5%;
- whichever is less.

If we think it necessary, we will also review the service charge to meet the cost of providing the services under clause 5c.

7 Insurance excess

£500 (for each claim).

If we think it necessary, we will review the level of insurance excess to reflect current market rates.

8 Decorating deposit

£[] each year, which will be used as set out in the sixth schedule. We will increase the decorating deposit by:

- the percentage increase in the index since the previous year; or
- 5%;

whichever is less. You must pay the decorating deposit in equal instalments on the same days as your rent.

9 Ending this agreement

You can end this agreement at any time during the first three months of the lease period by giving us six months' notice as set out in clause 6b. In working out the first three months of the lease period for the purpose of this clause and clause 6b, the three-month period will start on the start date, or if earlier, the date that you entered into any agreement to lease the property.

1. Meaning of words and phrases

a **Amusement and vending machines –**

any of the following machines which are on the property, which we categorise as follows.

Shared-income machines

- Amusement and skill-based machines, including those which provide prizes
- Quiz machines
- All video-based machines including mega-touch and on-line gaming machines
- All sound or audio-visual production machines
- All table games including pool, bar billiards, pin tables and bar football

Non-shared income machines

- Non-digital or on-line jukebox
- All children's rides and games
- All vending or dispensing machines
- Any machines used only for domestic purposes.

b **Business –**

the business carried out at the property for the use allowed.

c **Cellar-monitoring equipment –**

all equipment in the property used to monitor and meter the flow of drinks to drink-dispensing equipment and all relevant cables, valves, phone and information connections, and associated computer equipment.

d **Decorating fund –**

the money that you have paid us as a decorating deposit for this property less any money that we have already paid to you under the sixth schedule.

e **Details –**

the Land Registry Prescribed Clauses and further details set out at the front of this lease which form part of this lease. Throughout this lease the words set out in the details will have the meanings we have given to them in those details.

f **End date –**

the date this lease ends whether that is due to:

- the lease period coming to an end;
- either of us ending the lease; or
- anything else which brings the lease period to an end.

g **Guarantor or guarantors –**

the person or organisation (if any) whose details are set out in clause LR3 or any person or organisation appointed in their place or who acts as a guarantor for a new licensee when this lease is transferred.

- h Index –**
the most current ‘all items’ index figure of the retail price index published by the Office for National Statistics or any authority which takes over this duty. If the index no longer exists, we will use an equivalent index which we and you will agree to or, if we both cannot agree, an arbitrator will decide in line with clause 7b.
- i Insured risks –**
fire, lightning, explosion, earthquake, landslip, subsidence, heave, riot, civil commotion, aircraft, flying objects, storm, flood, water, theft, collision by vehicles, damage by malicious people and vandals and any other risks we give details of including the cost of clearing the site, professional fees, VAT, three years’ loss of rent and our losses resulting from losing any licences.
- j IT equipment –**
any computers, modems or other equipment installed for us or you to use to help operate or promote the business or in sales or ordering in connection with the business.
- k Lease –**
this lease.
- l Lease period –**
the term set out in paragraph 1 of the further details which starts on the start date and which includes any continuation of this lease whether by agreement, law or otherwise.
- m Licences –**
the premises licence and any other licences and certificates which apply to the property or the business at the date of this lease or which you need in connection with using the property.
- n Licensing authority –**
the licensing section of the local authority for the district in which the property is based.
- o Personal licence –**
a personal licence as set out in the Licensing Act 2003.
- p Premises licence –**
a premises licence as set out in the Licensing Act 2003 relating to the property and held in your name.
- q Nearby property –**
any property that we own which is near your property.
- r Property –**
the property as set out in clause LR4 which includes all fixtures and fittings and any residential accommodation at the property.

- s Our inventory**
trade fixtures, furniture, furnishings and equipment we have provided other than those items listed in your inventory.
- t Outbuildings –**
all buildings which are not part of the main public house and which are not used in connection with the public house.
- u QSS document –**
the quality service and standards document which we gave you before you signed this lease, which will also include any changes we make to it in the future.
- v Set rate –**
4% above the base rate of Barclays Bank plc (or any other reputable bank we want to use).
- w Start date –**
the start date of the lease as set out in paragraph 1 of the further details.
- x Telecoms equipment –**
any telecoms or associated equipment we or a telecoms operator or other media or communications operator would need or want including microcellular or antenna dishes, masts, cabinets, cables, clocks, broadband or similar connections and power supplies, including any upgrades or replacing the equipment and any telecoms connections the operators need for the cellar-monitoring equipment and the shared-income machines or other IT equipment.
- y We, us –**
the landlord whose details are set out in clause LR3. If we sell or transfer our interest in the property, ‘we, us’ will mean the person or organisation who is entitled to take back possession of the property immediately if this lease ends.
- z When the lease ends –**
any reference to the end of this lease or ‘expiry of the lease period’ will mean the date on which the lease ends (no matter how it has ended or been brought to an end).
- aa You, your –**
the person or organisation described as the tenant in clause LR3 and, if you transfer this agreement, the person who then pays, or is responsible for paying, rent to us.
- bb Your inventory –**
all trade fixtures, fittings, furniture, furnishings, glasses and glassware and equipment and other items listed in your inventory, together with any other items you have added to the inventory during the lease period.

2. How to read this document

- a Any condition in this lease which restricts or prevents you from doing anything includes an obligation for you not to allow anyone else to do the same.
- b When we refer to any law or legal regulation in this lease, it will include all acts of parliament, bye-laws, regulations, orders, plans, permissions and so on and any changes to them in the future.
- c If the term 'we' or 'you' includes more than one person or company, you can enforce our obligations against all of us jointly and against each of us individually. We may enforce your obligations against all of you jointly or against each of you individually.
- d The schedules and details are part of the lease.
- e If we have to do something, we may arrange for someone else to perform that obligation on our behalf.

3. The letting

- a We let the property to you for the lease period as affected by the matters of ownership set out in the seventh schedule, as long as you pay the rent and carry out all of your obligations in this lease.
- b We or any person we allow will have the following rights.
- We can enter the property for the purposes and on the terms set out in this lease.
 - We can put up signs, advertisements and hoardings in positions which do not negatively affect your business or hide any signs which you have put up according to and as allowed by this lease. We may also use the amusement and vending machines for advertising our products or other people's products. We will be entitled to any income you receive or are entitled to receive as a result of the hoardings, signs or advertisements being in place.
 - If we own any nearby property, we may use any sewers, drains, pipes, wires, cables or escape routes serving nearby property and running through, under or over the property to service the nearby property. We may also install other services if we need to.
 - We may use the property to support any nearby property and we may change, in any way, any nearby property even if this reduces the light to the property.
 - We may install and use on the property cellar-monitoring equipment, telecoms equipment and shared-income-machine operating, monitoring and programming equipment, as referred to in clause 4c1, and we may access the property to maintain, repair, replace and monitor the equipment.
 - We may give others rights over the property but we will not do so if those rights will greatly affect (in a negative way) how you use the property.

4. Your obligations

Page

15	Rent
16	Use
17	Access
17	Repair and condition of the property
18	Alterations
19	Your insurance
19	Transfer
21	Other matters
21	Damage to the property
22	The tie
22	How you carry out your business
22	Licensing
24	Amusement and vending machines
25	General
25	Your inventory
26	Security deposit
26	QSS document
26	Staff

4. Your obligations

a Rent

Amounts you must pay us

You must pay us the following rent, together with any VAT or other taxes which apply (if necessary).

- 1 The rent.
- 2 Amusement and vending machines income share - our share of the income you receive from shared-income amusement and vending machines under your obligation in clause 4m.
- 3 Service charge - the service charge we refer to in paragraph 6 of the further details.
- 4 Building insurance - the amount of insurance premium for the property to insure the property for the insured risks on the terms set out in clause 5b.
- 5 Insurance excess - the contribution we refer to in paragraph 7 of the further details for any repairs we carry out as a result of any damage caused by an insured risk.
- 6 Our costs - the cost of any work to the property for which you are responsible and which we do after you fail to.
- 7 Our other costs – our own administration and surveyors costs and expenses which arise internally and the costs and expenses (including VAT and any professional fees) which we pay to:
 - deal with any application you make for permission or approval, whether or not you receive permission or approval;
 - prepare and serve a notice that you have broken your obligations even if we do not get a court order;
 - prepare and serve schedules of work needed either during the lease period or to record your failure to give up the property in the state of repair we ask for under this lease when it ends;
 - get rid of any of your belongings which you leave at the property after this lease ends;
 - settle any other costs we have to pay as a result of you breaking your obligations under this lease; or
 - enter into this lease with you.(This is not a full list.)
- 8 Interest at the set rate on any of the payments shown here when any are more than seven days overdue. We will work out the interest from the due date.
- 9 All payments you owe us for specified drinks and other goods we supply to you under the conditions of the first schedule.
- 10 VAT.
- 11 The security deposit.
- 12 The decorating deposit – the decorating deposit we refer to in paragraph 8 of the further details.

You must pay all money you owe us under this lease as rent. You may not withhold or use any rent to pay any money we may owe you (set off) at the time the rent is

due or because you believe you have a claim against us. We will be entitled to use all means possible to recover these amounts from you as if they were rent.

Amounts due to others

- 1 You must enter into all contracts with utility companies and suppliers (of goods that you do not need to buy from us) in your own name and not in our name nor in the name of the pub. You must bring these contracts to an end when you leave the property unless we ask you not to do so. You must pay promptly any amounts you owe under these contracts to the relevant supplier promptly.
- 2 You must also pay the following costs to the suppliers when they ask you to.
 - All rates, taxes and outgoings relating to the property, including any which are set after the date of this lease. This will not include any rates or taxes we must pay as a result of the rent we receive or as a result of us getting rid of our interest in the property.
 - The cost of getting, renewing or continuing any licence or registration for using the property for the use allowed.

b Use

You must keep to the following conditions as to how the property and any part of it is used. You must not allow anyone else to break these conditions.

- 1 You must use the property only for the use allowed.
- 2 You must not do anything which might make any insurance policy covering the property invalid or which might increase the premium.
- 3 You must not hold an auction on the property without getting our written permission beforehand. We will not withhold our permission unreasonably.
- 4 You must not use the property for any activities which are dangerous, offensive or illegal or which are or may become a nuisance or annoy us or the owner or occupier of any property in the area.
- 5 You must not display any advertisements, signs or other items on the outside of the property, or which can be seen from the outside, without our written permission. We will not withhold our permission unreasonably.
- 6 You must not overload the floors or walls of the property.
- 7 You must make sure that any alterations to the electrical, drainage, plumbing or any other service installations keep to all statutory regulations and requirements at the time of the alterations.
- 8 You must keep to all laws and legal regulations, licences and registrations authorising or regulating how you use the property and how you carry out the use allowed. You must get, renew and continue any licences or registrations which are necessary.
- 9 You must not allow anyone to gain a public or private right over the property.
- 10 You must not allow any vehicles other than cars, light commercial vehicles and our vehicles to use the car park.
- 11 You must not interfere with or alter any cellar-monitoring equipment or telecoms equipment installed at the property.

c Access

- 1 You must give us, or anyone we authorise, access to the property (including the residential accommodation) for the following purposes.
 - To inspect the condition of the property, or how it is being used.
 - To inspect the cellar and the condition and temperature of the stock in the cellar.
 - To carry out any work including repairs and alterations which we have to or are allowed to carry out under this lease (including those which we need to do to a nearby property).
 - To make sure we keep to any law and legal regulations which affect us.
 - To view the property with a possible new buyer or, during the last six months of the lease period, with a possible new tenant.
 - To value the property.
 - To inspect, clean or repair any nearby property, or any sewers, drains, pipes, wires or cables serving any nearby property.
 - To make sure you are carrying out your obligations under this lease.
 - To put up signs, advertisements and hoardings as described in clause 3b.
 - To install, service, use, monitor, repair, maintain or alter any telecoms equipment and cellar monitoring equipment which we feel is necessary on the property and to connect wires and cables to that equipment using the electricity supply to the property. You must enter into any agreement that we ask you to allow telecoms operators to use the telecoms equipment even if it may interfere with your rights over the property. However, we will not ask you to enter into an agreement which will greatly affect, in a negative way, how you use the property.
 - To install and use equipment and wires and cables to operate, program and monitor shared-income machines.
- 2 If we need access, the following will apply.
 - We will give you three days' written notice if we need access, except in an emergency or where we have good reason to think you have not carried out your obligations under this lease. If this is the case, we will not give you any notice.
 - We will visit during normal business hours unless there is an emergency or if we have good reason to think you have not carried out your obligations under this lease.
 - We will promptly repair all damage we cause to the property and replace any goods that we damage in carrying out these rights.

d Repair and condition of the property

You must do the following.

- 1 You must repair any damage to (and if necessary replace), maintain in a good condition, and keep clean and tidy the following.
 - The whole of the property and all fences, boundary walls, gates or hedges.
 - Any forecourt or car park, drains, garden, play area, grounds and any other area within the boundary of the property.
- 2 You must repair any damage to (and if necessary replace), and maintain in a good condition, our inventory, the electrical wiring, plumbing, ventilation and heating systems (including any central heating and other boilers and all

radiators). You must also take all reasonable steps to prevent any damage to the property as a result of any problems with the electrical wiring or the plumbing system.

- 3 You must repair and maintain in a good condition (and if necessary replace) all drainage systems, watercourse and rainwater drainage systems and keep them clear and free-flowing.
- 4 You must maintain (in a windproof and watertight condition) all outbuildings, and you must make sure they do not become unsightly.
- 5 You must decorate the inside of the property every fourth year of the lease period and in the last three months of the lease period unless we agree otherwise in writing. You must decorate according to the standards shown in the QSS document, and in colours and types of finish we approve. You must decorate the outside of the property every fourth year of the lease period to the specification given to you by our surveyor. After finishing any decorating work needed under this clause, you may ask us to release the appropriate portion from the decorating fund under the terms of the sixth schedule.
- 6 You will not have to repair any damage caused by an insured risk unless the insurance company will not pay a claim because of anything you have done or you have failed to do. If this is the case, you will have to pay the claim or that part which the insurance company will not pay. However, if we repair any damage caused by an insured risk, you must pay us the excess.
- 7 If you fail to do any work which this lease says you must do and we give you written notice to do it, you must:
 - start the work within two months, or immediately in the case of an emergency;
 - get the work done as quickly as possible; and
 - allow us to do the work (which you will pay for) if you fail to do the work yourself.

e Alterations

- 1 You must not make any structural alterations, outside alterations or add anything to the property.
- 2 You must not make any other alterations without our written permission. If we decide to give you permission, you must:
 - get and keep to any permission you may need from any relevant authority and pay all charges involved;
 - keep to all laws and legal regulations which apply to any approved alterations;
 - get and follow the conditions of any permissions or variations given by the licensing authorities and other appropriate authorities;
 - apply to us with supporting drawings and two copies of a specification prepared by an architect or member of some other appropriate profession who will supervise the work throughout;
 - enter into any agreements we reasonably ask you to;
 - provide a copy of the contract for work for our approval (we will not withhold our approval unreasonably);
 - get our approval for the contractor you want to carry out the work (we will not withhold our approval unreasonably); and

- if we ask, reinstate, at the end of the lease period, all alterations and additions made to the property before the end date. You must pay any costs involved in this work and any costs involved in us inspecting the work.

f Your insurance

In relation to your insurance, you must do the following. You must also pay any costs involved.

- 1 You must keep any glass in the property insured for its full replacement cost and replace, according to building regulations, any glass which becomes damaged or destroyed.
- 2 You must insure and keep insured your inventory and stock for the full replacement value.
- 3 You must insure and keep insured all third-party risks including employer's and public liability insurance. You must make sure you have the insurance we reasonably need and any which you must have by law.
- 4 You must insure all licences that you hold and any loss, including your profit, that you may suffer as a result of your business being interrupted as a result of any of the insured risks or other reasons beyond your control.
- 5 You must use a respectable insurer and send us, at least each year, details of the insurance and evidence that you have paid the last premium owed.
- 6 You must make sure our interest is noted on all your insurance policies and tell us when you have done this.

g Transfer

- 1 You will not let the property (or part of it) to anybody else.
- 2 You will not mortgage or give a legal charge over the property without our written permission. We will not give you permission to mortgage or charge only part of the property.
- 3 You will not part with, or share possession or occupation of, the property. However, you may:
 - allow your family, or staff living with you rent-free, to live in the residential accommodation;
 - use the parts of the property for overnight bed-and-breakfast accommodation if this is legally acceptable; and
 - if you have our permission, allow your manager to use all or part of the property.

However, you must not give anyone who lives in or uses the property a legal interest in the property.

- 4 You will not transfer the lease (or part of it) during the first two years of the lease period. After that you will not transfer the lease without our permission. (We will not unreasonably withhold this or delay.) For the purposes of section 19(A) of the Landlord & Tenant Act 1927 we may need you to meet all or any of the following conditions. Any dispute as to whether or not you have met any of the conditions may be referred to arbitration by you or us in line with clause 7b.
 - a You must complete the transfer within three calendar months of us giving you our permission.

- b The proposed transfer must be of the whole property under this lease and not only part of it.
- c Before any transfer you must not:
- owe us any rent or other amounts under this lease;
 - have broken your obligations in this lease; or
 - have broken your specific obligations to repair the property.
- d In return for us not asking you to guarantee the obligations of the person you plan to transfer the property to (as we are entitled to do under the terms of section 16 Landlord & Tenant (Covenants) Act 1995), you must pay us:
- 10% of the amount you sell your business for; or
 - £3,000;
- whichever is greater. In agreeing to this, you and we agree not to enforce the statutory restriction on charging a premium for our permission for you to transfer the lease (as shown in section 144 Law of Property Act 1925).
- e The person you plan to transfer the lease to must meet the following conditions.
- He or she must:
 - be, in our opinion, of good character;
 - be able to fulfil your obligations under this lease;
 - hold a personal licence (unless that person is a company); and
 - have enough experience in the licensed trade. We will ask this person to come to an interview and go on suitable courses and produce references to show that they have done this. They must also pay any costs involved in doing this.
 - He or she must have never had court judgements registered against them, or been declared bankrupt, or been the subject of an individual voluntary arrangement or of a company voluntary arrangement, or made any agreement with their creditors.
 - He or she must:
 - pay the rent due under this lease;
 - carry out your obligations under this lease;
 - keep to all other conditions in this lease during the rest of the lease period;
 - pay an amount equal to the security deposit (plus an increase which will be the difference between the figure in the index for the month before the date this lease began and the figure shown in the index for the month before you made the transfer) or any other amount we decide is appropriate in line with the third schedule; and
 - use licensing lawyers we have recommended in dealing with transferring of the premises licence to him or her.
 - He or she must not brew beer to sell, or operate or manage more than 10 licensed premises.
 - He or she must provide evidence of their funding to show how they plan to pay you for the transfer and how they plan to fund the business in the future. We must be happy with this.
- f If you transfer to a limited company, as many directors as we reasonably ask (at least two) must enter into obligations with us on the terms set out in the fourth schedule with any changes we may reasonably need.

- g If you want to transfer to a limited company, they and any subsidiary, sub-subsidiary and holding company must not brew beer to sell, or operate or manage more than 10 licensed premises.
 - h If we reasonably need it, we may ask for a guarantor or guarantors we accept to enter into surety covenants with us on the terms set out in the fourth schedule with any changes we reasonably ask for.
 - i You must keep to any other conditions or any other requirements which we reasonably place on you in relation to the proposed transfer.
- 5 Within one month of every transfer, lease, mortgage or legal charge which takes place and is related to the property, you must write to our solicitors and give them any documents or proof they ask for and pay them registration fees (at least £50 for each item) and VAT.

h Other matters

You must:

- 1 immediately give us a copy of any notice or fixed penalty fines you or your staff receive relating to the property or its licences, any properties in the area or any activities carried out at any of the properties;
- 2 allow us, during the last six months of the lease period, or at any other time we agree with you, to fix a notice in a reasonable position on the outside of the property announcing that it is for sale or to let;
- 3 not apply for planning permission unless we give our written permission beforehand; and
- 4 (if you are a limited company) not become a subsidiary, sub-subsidiary or holding company of a company or individual that brews beer to sell or who operates or manages more than 10 licensed premises.

i Damage to the property

If the property is damaged or destroyed by any of the insured risks and as a result of that damage the property, or any part of it, cannot be used for the use allowed, the following will apply.

- 1 We will suspend the rent, or a fair part of it, until you can use the property for the use allowed.
- 2 If at any time it is unlikely that you will be able to use the property again within three years from the date of the damage, we or you can end this lease by giving one month's notice to the other during the three-year period. If this happens:
 - any insurance money will belong to us; and
 - our obligation to repair the damage under clause 5b will end.
- 3 If you give notice after the three-year period, it will not apply.
- 4 Any dispute arising under any part of this clause will be decided by arbitration.
- 5 You must not do or fail to do anything which might invalidate our insurance relating to the property. If you do, you must pay us all our losses and expenses.

j The tie

- 1 The first schedule of this lease contains specific obligations to buy goods from us which are meant to receive the benefit of the block exemption from Article 81(1) of the Treaty of Rome granted by EEC Regulation 2790/99.
- 2 The rent you pay is less than the open-market rent which you might reasonably be expected to pay under this lease if you were not under an obligation to buy specified drinks (as defined in the first schedule) from us.
- 3 You must carry out all your obligations shown in the first schedule. This does not apply to any obligations from which we may release you by giving you notice under clause 4j4. If we do release you from any of your obligations in the first schedule, you will still be liable for the other obligations.
- 4 We may decide to release you from any or all of your obligations under clauses 4j and 4m. As a result of this, we may choose to increase the rent as set out in the terms of the second schedule. If we do this, we will give you at least one week's written notice.
- 5 We may decide at any time, after giving you one week's written notice, to withdraw any release that we may have given to you under clause 4j4. If we withdraw any release, we will review your rent again as set out in the second schedule.

k How you carry out your business

- 1 You must carry out your business efficiently and in an orderly way within the property and in a way which keeps to the operating schedule attached to the premises licence. You must make the most of the trading potential of the property to maintain and extend the business. You must also maintain the licences and make sure the business has a good reputation with the licensing authorities, the police, the fire authorities and the public.
- 2 You must supervise how the business is managed.
- 3 You must live in the property unless there is no residential accommodation or we agree otherwise in writing.
- 4 You must supply, whenever the public reasonably ask, suitable refreshment other than alcohol and keep the property open to sell food (if your facilities are adequate) and non-alcoholic drinks at all reasonable times.
- 5 You must carry out the business in a polite and efficient way and must always operate the business in a professional way.
- 6 You must allow us and our agents to enter the property without notice to inspect the alcohol or food. We can also take samples if we pay you the percentage of the amount you paid for the bulk from which we take the samples. We can examine the casks and other containers in the property and take account of and inspect the stock records and make all tests we need. We will leave the records in the property.
- 7 You must not change the name of the property or the business, or carry on any business in any other name at the property, without our written permission.

l Licensing

- 1 You must hold the premises licence for the property at all times during the lease period and any other licences needed to allow you to carry on the business from the property.

- You must not carry out or allow any alterations which need permission from the licensing authority or fire officer unless you first get that permission (and permission from us) and you keep to any conditions placed on you by a fire officer or any other responsible authority such as the Environmental Health Department.
 - You must hand over to us, for safekeeping, the original premises licence together with the plans and the operating schedule. You must also give us copies of all other licences. We will give you a certified (signed) copy of the premises licence which you must keep at the property together with any other licences. You must also display a summary of the premises licence at the property as set out in the Licensing Act 2003.
 - You must pay for any application in relation to the licences.
- 2 When this lease ends, you must transfer the licences to us or someone we choose. We can also ask you to transfer the licences to us if we feel it is appropriate to protect the business. If you do not transfer the licences in these circumstances, we will consider you have lost them or deliberately withheld them. For the purposes of section 42 of the Licensing Act 2003, when we ask, you must sign all necessary notices and do anything else we need to transfer the licences to us or to someone we choose.
 - 3 If you refuse to transfer the licences or do not protect any of them, you agree that we are allowed to do everything needed to protect or transfer the licences or sign any notice or permission in your name.
 - 4 You agree that we can appeal, in your name, and at your cost, if the licensing authority tries to withdraw, review or restrict any of the licences. We can also appeal against any order made in relation to the property and to do everything needed in relation to the appeal.

m Amusement and vending machines

You agree to do the following.

- 1 You may only install shared income amusement and vending machines in the property provided by those suppliers we have chosen or otherwise approved.
- 2 You must not allow amusement and vending machines to be installed in the property without our written permission. If we give our permission, it will depend on the conditions set out in the fifth schedule of this agreement. In considering whether to give our permission, we will take account of the effect installing the machines will have on the character of the property, the nature of your customers and the principles of good management. If we cancel our permission by giving you written notice, you must immediately remove the relevant amusement and vending machines. If we give permission, you must hold any permit you need under section 34 Gaming Act 1968 before installing the machine. You must also keep to all laws and regulations which apply to the machines.
- 3 If the conditions of this lease relating to controlling and using amusement and vending machines cannot be enforced, we can give you one week's written notice to review the rent under the second schedule. You will then have to pay the new rent from the date the notice ends.
- 4 You must share with us the net income from the shared income amusement and vending machines in the shares set out in paragraph 5 of the further details. We work out the amount that you share with us after taking off any

licence duty, rental or VAT you must pay to the supplier. You must pay the rent, VAT and licence fees for the machines before you give us our share of the income. If the income does not cover these costs, you must pay any shortfall.

- 5 We may ask you to move any amusement or vending machine which we reasonably believe is having a negative effect on the income from our amusement and vending machines under this lease.
- 6 You may not move or stop operating any amusement or vending machine without our written permission and we will decide whether or not to grant this permission to you.

n General

You agree to do the following.

- 1 You must display on the property any advertisements and notices we give you and you must keep to your obligations set out in paragraph 4 of the first schedule.
- 2 You must keep to the conditions of all contracts relating to the property and how it is used. You must insure us against any liability which may arise under these contracts.
- 3 You must give us, within seven days of us asking, copies of your trading accounts and VAT returns and any other business records and information we reasonably ask to see.
- 4 During the lease period, you must not give any bill of sale of your goods to any person without our written permission. We will not withhold our permission unreasonably.

o Your inventory

- 1
 - At the start of this lease we may ask you to buy your inventory at a price equal to its value to the business. This value will be decided by the valuers you and we appoint. If we cannot agree on a valuer, you or we may apply for an independent valuer to be appointed by the President of The Royal Institution of Chartered Surveyors. The decision of the valuer will be final unless they have made an obvious mistake. The independent valuer will decide on any costs involved.
 - If you do not buy your inventory, at the start of this lease we may ask you to buy and pay for your inventory within 14 days of receiving our written notice at a price worked out according to the clause above.
 - Until you have bought your inventory, we will loan you your inventory and we may charge you for this. However, the inventory will belong to us until you have paid for it in full.
- 2 You must keep your inventory in good repair and replace any damaged, worn, lost or outdated items whenever we reasonably ask. You must test all portable electrical appliances every year and show us the test result certificates. You must not give anyone the right to take, and you must not get rid of, any part or parts of your inventory without our written permission. We will not withhold our permission unreasonably.
- 3 We can buy your inventory if we choose to when this lease ends, or use its value against any money you owe us. In either case we will work out the value in the same way as referred to in clause 4o1.

- 4 When this lease ends, if we ask, you must sell your inventory to the new tenant at a value we will work out in the same way as shown in clause 4o1 above unless we have already decided to buy your inventory under clause 4o3.
- 5 We may decide to buy your inventory at any time during the lease period by giving you written notice. Once we send you this notice we will own the inventory, but you must still perform your obligations in clauses 4o2 and 4f2. We will pay you the price for the inventory at the end date or take the price off any money you owe us. We will work out the price in the same way as set out in clause 4o1 based on the value of the inventory at the end date.

p Security deposit

You have paid us a security deposit to make sure you keep to your obligations under this lease. We will hold the security deposit on the terms set out in the third schedule.

q QSS document

You must carry out your obligations shown in the QSS document.

r Staff

- 1 You will own the business carried on at the property. You will be the employer of all staff who will transfer to you under the terms and conditions of employment they currently have. As a result, you must do the following.
 - You must display a notice showing that you own the business. It must include the address at which legal proceedings can be served on you.
 - You must immediately give all staff written notice that you are the new owner of the business and that you are their new employer. If you or the old licensee dismiss any existing employees, you are responsible for redundancy payments and compensation for unfair dismissal. You cannot pass responsibility for these payments to us.
 - At the appropriate time, you must give all new employees a statement of their terms and conditions of employment in line with section 1 of the Employment Rights Act 1996.
 - You must make sure that you keep to all laws, regulations, codes of conduct and practice in relation to the staff.
- 2 You will be responsible for all payments, costs, expenses, and outgoings for your staff (including all wages, bonuses, commissions, PAYE, National Insurance contributions and pension contributions) for the period which begins on the date shown on this document.
- 3 You will repay us, in full, any payments, costs and expenses we have to pay as a result of any claim or demand any member of staff makes as a result of your actions or failure to act. This applies whether the claim or demand arises during or after the lease period.

5. Our obligations

Page

- 28 Not interfering
- 28 Insurance
- 28 Repair and Services
- 28 The tie

5. Our obligations

a **Not interfering**

As long as you keep to the terms of this lease, we will allow you to use and enjoy the property without us or anyone under our control interfering.

b **Insurance**

- 1 We will keep the property (except those matters referred to in clause 4f) insured for the full rebuilding value to cover the insured risks. However, we can insure ourselves or get insurance from a subsidiary or group company of ours. If we choose to do this, we will assume that we have satisfied this obligation and that the property is insured on our usual terms of insurance.
- 2 We will take all reasonable steps to get any permission we need to repair damage or destruction. After we have received permission, we will repair the damage or destruction as soon as possible as long as you pay the insurance excess. However, we will not repair any damage or destruction if a claim is not paid out due to anything you have done or failed to do.
- 3 If you ask, we will give you a summary of the policy.
- 4 We will work out the insurance premium if we choose to insure ourselves or get insurance from a subsidiary or group company based on the full rebuilding value of the property. This will be a fair and reasonable price according to market rates (but not necessarily the best rate) at the time of insuring the property with a reputable insurer against the insured risks.

c **Services**

As long as you pay the service charge we refer to in paragraph 6 of the further details, we will provide the following services when they are reasonably needed. We will:

- clean, empty and maintain any septic tank;
- maintain, service, repair or replace any fire extinguishers and maintain, service or repair any lifts;
- carry out a safety check each year of any gas pipework;
- service any central heating boilers but charge the cost of any parts to you; and
- carry out any rating or property tax reviews for the property;
- maintain the cellar cooling equipment;
- carry out surveys if needed for monitoring radon gas and to keep to the control of asbestos regulations.

d **The tie**

We will keep to, and carry out, our obligations as set out in the first schedule. If we release you from any or all of your obligations under clauses 4j or 4m, we will be released from our obligations. If this happens, we may increase the rent as set out in clause 4j4 and the terms of the second schedule.

6. Ending this lease

Page

30	How we can bring this lease to an end
30	How you can bring this lease to an end
30	What you have to do at the end of the lease
31	Outstanding obligations

6. Ending this lease

a How we can bring this lease to an end

We may end this lease if any of the following events happen.

- 1 If you have missed a rent payment and it is more than seven days late.
- 2 If you have not kept to any of your obligations under this lease.
- 3 If you are declared bankrupt or an interim receiver or any other receiver is appointed over your property.
- 4 If you go into liquidation unless you are amalgamating or reconstructing the business (while able to pay your debts), or you have an administrative receiver or any other receiver appointed or you have an administration order made over the business.
- 5 If you are disqualified from holding any of the licences or convicted of any offence which might cause you to lose any of the licences or if you cause conditions to be applied to the licences which we feel may harm the business.
- 6 If you fail to pay any money you owe us on any account within seven days of receiving a written demand for payment.
- 7 If we become aware that before we granted this lease you gave us false information about you or your proposed business and we relied on that information when deciding to enter into this lease with you.
- 8 If you are abusive or violent towards, or physically or verbally threaten, any of our employees.
- 9 If you cannot pay your debts or if you enter into or make a proposal for any arrangement scheme or moratorium or compensation with any of your creditors.
- 10 If you close the premises or stop trading for more than 14 days without getting our written permission first.

If any of the above things happen, we may end this lease by entering any part of the property. If we do this, this lease will then end.

b How you can bring this lease to an end

You may end this lease during the first three months of the lease period by giving us six months' notice in writing. The notice must be sent as set out in clause 7a of this lease. You may not end this lease unless:

- 1 you perform your obligations under clause 6c of this lease;
- 2 you are up-to-date with your payments under this lease;
- 3 you keep to your obligations under the lease (up to the end date); and
- 4 your notice reaches us within the first three months of the lease period. We will not extend this timetable.

c What you must do at the end of the lease

- 1 You must return the property, our inventory and your inventory (if you have not bought it from us) leaving the property vacant and in the condition which would meet your obligations in this lease.
- 2 If we ask, you must remove anything that you fixed to the property and repair any damage which this causes.

- 3 If you leave anything on the property, we may sell it and if you do not claim the proceeds within six months of us sending you notice, we will keep the proceeds.
- 4 You must cancel any entry that you have registered against our title at the Land Registry.

d Outstanding obligations

When this lease ends, it does not cancel any outstanding obligation you may have either under this lease or because you have run the business from the property.

7. General conditions

Page

33	Serving notice
33	Arbitration
33	Accepting rent
33	Compensation
33	No implied rights
33	Entire lease
34	Releasing our liability
34	Our permission
34	Other people
34	Settling debts
34	Releasing information
35	Your guarantor

7. General conditions

a **Serving notice**

You must send all notices by first-class special delivery to our registered office or any other address we tell you about in writing. We will serve all notices on you by first-class special delivery to the address shown in the details set out in LR3 of the Land Registry prescribed clauses, or we may leave the notice at the property.

b **Arbitration**

Any matter which this lease says must be decided by arbitration will be referred to a single arbitrator under the Arbitration Act 1996 (or any act which replaces this). We and you may agree on the arbitrator, or either we or you may apply to the President of the Royal Institution of Chartered Surveyors to decide.

c **Accepting rent**

As far as the law allows the following will apply.

- 1 If we still accept rent or make a demand for rent when you have not carried out some or all of your obligations under this lease, it will not mean we have accepted the position in relation to your obligations. We may still ask you to carry out your obligations according to this lease.
- 2 If we accept rent from someone else, you may not assume that we have agreed to any transfer of this lease which has been done without our permission.

d **Compensation**

When this lease ends or when you leave the property, you are not entitled to any compensation or to any payment for goodwill or alterations you carried out.

e **No implied rights**

Nothing in this lease gives you any rights or privileges other than those we grant you. Section 62 Law of Property Act 1925 will not apply to this lease.

f **Entire lease**

- 1 This lease, the schedules and the QSS document make up the whole and only lease between us and you. In entering into this lease you are not relying on any statement, draft lease or other document, representation, warranty, promise or assurance of any nature relating to the property, the buildings, your inventory or the business. You agree that, before entering into this lease, you are relying on your own assessment of the business after carrying out your own inspection and taking advice before entering into this lease.
- 2
 - You do not have any right to damages against us arising out of or in connection with any statement or representation made by us before this lease was made (except in the case of fraud).
 - You do not have any other right against us arising out of or in connection with any statement or representation we made before this lease was made (except in the case of fraud).

- We do not have these rights against you either, except in relation to the circumstances in clause 6a7 of this lease.

g Releasing our liability

If we sell our interest in the property, you will not object if we ask to be released from our obligations under this lease under section 8 of the Landlord & Tenant (Covenants) Act 1995 or by a person who takes our place as a landlord or any future landlord.

h Our permission

Wherever this lease says that you need our permission or approval, you must get this. If we agree not to withhold our approval unreasonably, it will be reasonable for us to withhold our permission if what you want to do:

- 1 is likely to reduce the value of our interest in the property;
- 2 is likely to affect any business we, or occupiers of the nearby property, carry out;
- 3 goes against generally accepted principles of good management; or
- 4 may be dangerous, offensive or illegal or may cause a nuisance or annoy us or any owner or occupier of nearby property.
- 5 If we need to get permission from anyone else (for example, a mortgagee or a landlord) before giving you permission to do something, we will take all reasonable steps to get that permission (you must pay any costs involved). However, we will not be able to grant permission to you until we have that other person's permission.

i Other people

Nobody else will have any rights to enforce or to take any benefit from any of the conditions of this lease.

j Settling debts

- 1 We may use any money you have paid us, at any time during the lease period, to settle any outstanding debt that you owe us, even if you paid the money to us for another reason.
- 2 If you are entitled to a rebate of rates which becomes due after you have left the property (or after this lease has ended), you authorise us to receive that rebate on your behalf and use that money to pay off any debt that you still owe us (including the cost of any repairs needed to the property).

k Releasing information

Following the end of this lease (or you leaving the property if earlier), you must agree to us passing your forwarding address to utility companies (gas, electricity and so on) local authorities, the police, government organisations or anyone else that we believe has good reason to receive this information. You also agree to us providing any insurance details that we hold in connection with you or your business to anyone else who asks for this information after you have left the property. Your permission will apply whether the request for information is made during legal proceedings or otherwise.

I Your guarantor

- 1 The guarantor agrees to their obligations as set out in the fourth schedule.
- 2 If your guarantor dies, becomes bankrupt, cannot pay their debts or makes any proposal to their creditors, then within 20 working days of the death or other event, you must arrange to replace that guarantor. We must be satisfied with your choice and they must within that period of 20 working days enter into a deed with us in which the new guarantor agrees to the terms set out in the fourth schedule with any changes we reasonably ask for. You will be responsible for our own administration costs and any costs and expenses we may have to pay as a result of this.

Schedules

Page

37 - 40	The first schedule The trading obligations 37 Meaning of words and phrases 37 Your buying and selling obligations 38 Damages 38 Advertisements 38 Our supply obligations 39 Your payment obligations 39 General conditions
40- 42	The second schedule Rent review 40 Review date 40 Revised rent 40 What we base our review on 42 Appointing an arbitrator 42 Interim payments
43 - 44	The third schedule The security deposit 43 Interest 43 Security 43 If you break your obligations 43 If you become insolvent 43 Paying the security deposit 43 Repaying you 44 Selling the property
45 - 46	The fourth schedule Guarantee conditions 45 Guarantee and compensation 45 Circumstances which will not affect the guarantor's responsibilities 46 New leases 46 Obligations on letting the property again 46 End of guarantor's liability
47 - 48	The fifth schedule Amusement and Vending Machines conditions
49	The sixth schedule Decorating fund
50	The seventh schedule Matter of ownership

The first schedule

The trading obligations

1 Meaning of words and phrases

In this schedule the following expressions will have the meanings given next to them.

- a **Beer** -
a drink fermented from malt, sugar and other sources of carbohydrate using yeast with hop extract introduced as a flavouring agent.
- b **Non-beer drinks**
all drinks other than beer drinks.
- c **Our current price list** -
our current price list relating to public houses that we let, a copy of which we will supply to you on or before you enter into this lease. We may update this document from time to time and we will give you copies of the updates.
- d **Specified beers** -
all beer drinks set out in our current price list, or which we may specify, in writing, by type and brand. This applies no matter what the size, format or packaging in which they are supplied.
- e **Specified drinks** -
the specified beers and the specified non-beer drinks.
- f **Specified non-beer drinks** -
all the non-beer drinks set out in our current price list, or which we may specify, in writing, by type and brand. This applies no matter what the size, format or packaging in which they are supplied.
- g **We, us** -
includes our chosen suppliers.

2 Your buying and selling obligations

- a You must buy from us all beer and non-beer drinks, including the specified drinks which you want to sell in the property. You must not buy these from anyone else unless we have given you our written permission in line with paragraphs 2c and 5a of this schedule. The prices that you pay for the specified drinks we supply will be those shown in our current price list. You must not sell, or bring into the property, any beer or non-beer drinks, including the specified drinks which we have not supplied, unless you have our written permission.
- b You must store and sell the specified drinks in the same quality as that in which we supply them to you.
- c If you want to sell, or bring into the property, any beer and non-beer drinks, including the specified drinks that we do not supply or cannot supply, you must send us a notice under clause 7a of this lease. Your request must give all relevant details of the type and name of the specified drink. We will then decide whether to agree or refuse your request. If we agree to your request, we will write and tell you. You will only be allowed to bring these drinks into the property when you have our permission in writing.
- d If we give you at least seven days' written notice, we may withdraw any permission we have previously granted for you to sell any beer and non-beer drinks, including the specified drinks which we have not supplied or do not

supply. If you receive a notice, you must immediately stop selling any beer and non-beer drinks, including the specified drinks.

- e You must not bring on to, or keep on, the property any beer or non-beer drinks which are not meant to be sold at the property.

3 Damages

If you do not keep to your obligations in paragraph 2 of this schedule, you must pay us, within seven days of us asking, damages that we will assess at the time to represent our lost earnings for each barrel (or equivalent volume) which you have bought or received from another supplier breaking your obligations. You agree that this amount is a genuine pre-estimate of loss which we would suffer because you have broken your obligations. We will treat this money as a debt you owe us and we will charge interest, at the set rate, on any payment we do not receive within seven days. If you pay this money, it does not mean you or we are released from any other rights or obligations under this lease. This includes your continuing obligation to buy all beers and non-beers from us (as set out in this schedule).

4 Advertisements

You may not advertise, inside or outside the property, goods which we have not supplied without getting our written permission beforehand. We must agree to the type, position and size of the advertisement.

5 Our supply obligations

- a During the lease period, we will do our best to provide (at our current list price) the beer and non-beer drinks, including the specified drinks you need to sell in the property. If we cannot provide this service for 14 days, you can apply in writing to the Managing Director (at that time) of Marston's Pub Company at The Brewery, Shobnall Road, Burton upon Trent DE14 2BG (or any other person or address we let you know about in writing) to be released from your obligations in relation to the specified drinks which we cannot supply. However, this only applies for the period during which we cannot supply the relevant specified drinks.
- b If you apply to be released from your obligation under paragraph 2c of this schedule by giving us a formal notice as set out in clause 7a of this lease and within 14 days of us receiving your application you do not receive written notice to say differently, you can assume that we have confirmed that you are released from your obligations in relation to the specified drinks which we cannot supply. (This only applies for the period during which we cannot supply the relevant specified drinks.) As soon as you receive notice from us that we can supply the relevant specified drinks, your obligations to buy those drinks from us will apply again immediately.
- c When you and we sign this lease, we will give you our current price list for specified drinks which we are offering to supply to you. We will let you know about any price changes and updates by giving you our current price list.

6 Your payment obligations

You must pay for the following.

- a** You must pay, in cash, for all the specified drinks and other goods we supply when you place your order. We may specify another method of payment which you must use. Whatever payment method we choose, we will treat all payments as rent.
- b** You must pay all other money you owe us under the conditions which apply.
- c** You must pay interest, at the set rate, on any payment which is more than 21 days overdue.

7 General conditions

- a** For the purposes of this first schedule, you and we must act in good faith and not abuse any rights under this lease.
- b** Because the rent you pay is less than the open-market rent you might reasonably be expected to pay under this lease if you were not under an obligation to buy the specified drinks from us, we will be entitled to increase your rent in line with the second schedule if:
 - we cannot enforce any of the conditions in this lease relating to you buying specified drinks from us; or
 - we decide not to enforce your obligations to buy any of the specified drinks from us.

We must give you at least one week's written notice in line with the second schedule. You will pay this open-market rent from the date the notice ends.

The second schedule

Rent review

1 Review date

In this schedule the review date is each of the dates listed in paragraph 3 of the further details and is the date which is the end of at least one week's notice we can give you at any time under:

- a clause 4j4 of this lease to release you from any or all of your obligations under clause 4j or clause 4m; or
- b clause 4j5 of this lease which means you must buy certain products from us again after you have previously been released from this obligation; or
- c paragraph 7b of the first schedule or under clause 4m of this lease because we cannot enforce any or all of your obligations.

2 Revised rent

- a From each review date arising under paragraph 1a, or b or c above, the new rent that you will pay under this lease will be equal to:
 - 1 the rent that you are paying immediately before the relevant review date; or
 - 2 the best open market rent you have agreed with us or which has been decided on by the valuer under paragraph 3 of this schedule (or the arbitrator under paragraph 4 of this schedule) as at the relevant review date;whichever is greater
- b From each review arising on a review date listed in paragraph 3 of the further details, the revised rent will be:
 - 1 the rent you pay on the date of this lease; or
 - 2 the best open-market rent you have agreed with us or decided on by the valuer under paragraph 3 of this schedule (or the arbitrator under paragraph 4 of this schedule) as at the relevant review date;whichever is greater.

3 What we base our review on

- a When we have carried out the review, the rent will be an amount we agree with you. If we cannot agree the revised rent within two months before the review date, we may ask a valuer to decide on the review. The valuer must be a chartered surveyor who has at least five years' experience of valuing licensed premises. We and you must accept their decision. We and you may agree on the valuer. However, if we cannot agree on the valuer with you, we or you may apply to the President of the Royal Institution of Chartered Surveyors who will choose a valuer. The valuer will assess the reviewed rent so that the rent will be the best open-market rental value of the property at the review date (with vacant possession). The best open-market rental value of the property means the best rental bid that a good average tenant would pay in the open market after considering the profit they can make under the terms of this lease.
- b The valuer will assume the following.

- 1 The property will be let under the terms of this lease (other than the rent reserved) (including any changes which may have been made) except:
 - in the case of a review date under paragraph 1a of this schedule, the valuer will assume that the obligations from which you have been released under clauses 4j or 4m of this lease do not apply and that we are released from our obligations under clause 5d of this lease;
 - in the case of a review date arising under paragraph 1b of this schedule, the valuer will assume that the obligations we placed on you to buy products from us which we previously released, have been placed on you again; or
 - in the case of a review date arising under paragraph 1c, the valuer will assume that any obligations under clauses 4j or 4m which cannot be enforced have been deleted.
- 2 You have not broken any of your obligations under this lease.
- 3 You have not carried out any work which reduces the rental value other than anything you had to do under the terms of the lease.
- 4 You can claim back any VAT paid on top of the rent.
- 5 The property is fit for the allowed use and has the benefit of the licences.
- 6 The property is fitted out ready for the allowed use.
- 7 That you have the benefit of any discounts that you receive from us off our current price list and any discounts you can get on any beer and non-beer drinks that you do not have to buy from us under the first schedule.
- 8 That the tenant making a rental bid would not pay a premium to us in return for paying a reduced rent.
- 9 That if the property has been damaged or destroyed it has been fully reinstated.
- 10 That the lease period is the same as the lease period of this lease and that any introductory rent-free period, concession and other allowances which you may have received at the start of the lease period now no longer apply.
- c The valuer will not take account of:
 - 1 any increase in the rent as a result of an increase in the retail prices index referred to in the details;
 - 2 the fact that you are using the property;
 - 3 clause 4g4d;
 - 4 any other goodwill attached to the property because you have achieved a greater level of trade than a good average tenant would be able to achieve; or
 - 5 any increase in the value of the property due to authorised improvements that you have made or paid for, unless we told you to carry out those improvements.
- d The valuer will give each of us a reasonable chance to make written representation to them and to give one set of comments on each other's representations.
- e We will each pay half the costs of any valuer appointed under paragraph 3a of this schedule.

4 Appointing an arbitrator

- a** If by the review date (and we cannot extend this date) you and we have not agreed the rent and neither of us have chosen to appoint a valuer (as set out in paragraph 3a of this schedule) to decide the revised rent, either you or we may refer the rent review to a valuer to act as an arbitrator under the Arbitration Act 1996. The valuer will decide on the rent as set out in paragraph 3 of this schedule. The arbitrator must be experienced in handling rent reviews on licensed premises. If we and you cannot agree on an arbitrator, either of us may apply to the President of the Royal Institution of Chartered Surveyors to choose a suitable one. Once the arbitrator has confirmed that they will act, we and you must send our evidence to the arbitrator within six weeks and we will each have a further two weeks from receiving each other's evidence to comment on that evidence and give those comments to the arbitrator. The arbitrator must then give their decision within six weeks from the end of the period for sending in comments on evidence. The arbitrator must give us both detailed reasons for their findings and we must both accept the decision.
- b** The arbitrator will decide who will be responsible for the costs of the arbitration.

5 Interim payments

Until we have agreed the revised rent, you must continue to pay rent at the rate due immediately before the review. If the revised rent is more than the existing rent, you must pay us the shortfall once the revised rent has been settled, plus interest at 4% below the set rate.

The third schedule

The security deposit

1 Interest

We will place any part of the security deposit we do not use in a deposit account which earns interest at a rate we choose. The amount of the security deposit will be in our name and you may take each year on a date we will agree with you, any interest earned on the account. We will pay you any interest due when this lease ends.

2 Security

We will use the security deposit (and may use any interest earned) to make sure you carry out your obligations under this lease.

3 If you break your obligations

We are entitled to use some or all of the security deposit whenever we need to:

- a pay off any rent you owe or other amounts you have agreed to pay under this lease which are seven days overdue; or
- b cover the cost of any money you owe as a result of not keeping to this lease.

4 If you become insolvent

We can use the security deposit and any interest earned to pay off any amounts you owe or would have been due to us if:

- a you become bankrupt or make an arrangement with your creditors;
- b any of your belongings are taken to cover money you owe;
- c your trustee in bankruptcy disclaims this lease; or
- d you are no longer liable under this lease.

We will not treat this amount as a rent payment and it will not affect our rights in this lease. If the security deposit is worth more than any amounts you owe us, we will hold any extra in trust for you or your trustee in bankruptcy or with a liquidator as the case may be.

5 Paying the security deposit

Unless paragraph 4 above applies, if we have a reason to take any money from the security deposit, you must pay back to us, within seven days of the date on which we take the money, an amount equal to the amount we have taken. We will hold this payment as part of the security deposit.

6 Repaying you

When this lease ends or as soon as possible afterwards, we will repay the security deposit to you after taking off any amounts you owe us under this lease including damages for breaking any of your obligations. If we claim that you are legally responsible for paying damages for breaking any of your obligations, but when this lease ends we have not decided how much this has cost us, we will be entitled to keep the security deposit until we have decided how much you should pay.

7 Selling the property

If we sell our interest in the property while this lease is still in force, we will pass the security deposit to the new owner after taking off any amounts that we are entitled to take.

The fourth schedule

Guarantee conditions

1 Guarantee and compensation

- a The guarantor agrees that if, during the period of the lease period, you fail to pay the rent due to us under clause 4a or if you fail to carry out any of your obligations to us, the guarantor will:
 - 1 pay us any rent you owe;
 - 2 carry out those obligations you have failed to carry out; and
 - 3 fully compensate us for any losses and expenses we have suffered as a result of your failure to carry out your obligations.
- b In carrying out these obligations, the guarantor is agreeing to act as tenant under this lease and is not simply acting as a guarantor. We do not have to take any action against you for breaking this lease before we ask the guarantor to sort out the problem and compensate us for loss.
- c The guarantor agrees that if we sell our interest in the property, their obligations in this schedule will also benefit any person or company who takes our place as landlord or any future landlord.

2 Circumstances which will not affect the guarantor's responsibilities

- a We, you and the guarantor agree that if any of the following circumstances arise, they will not affect the responsibilities or liability of the guarantor under this schedule.
 - 1 If we choose to give you extra time to carry out an obligation or if we do not insist that you carry out any of the obligations.
 - 2 If we refuse to accept any money that you have paid to us as rent because we have good reason to believe that you have failed to carry out any of your obligations under this lease or any other circumstances have arisen which would entitle us to bring this lease to an end.
 - 3 If we sell or transfer or lease our interest in the property to someone else. (This will not apply if we have released you from your obligations under this lease.)
 - 4 If you are declared bankrupt or an interim receiver or any other receiver is appointed over your property.
 - 5 If you go into liquidation, unless you are amalgamating or reconstructing your business (while you are able to pay your debts), or you have an administrative receiver or any other receiver appointed or you have an administration order made over the business.
- b If we and you have agreed a change to the terms of this lease, the guarantor will still have to carry out the terms of this schedule in relation to the revised lease. If the revised lease is more demanding as a result of the changes we have agreed (except for rent increases allowed under this lease), the guarantor will be responsible for the more demanding terms only if they have agreed to those changes. However, they will still have to carry out the other obligations in the unchanged terms of the lease.
- c If the guarantor includes more than one person and we decide to release one or more of those people from their obligations under this schedule, all other guarantors will continue to be liable under this schedule.

- d If we and you agree that you will leave and return part of the property covered by this lease to us, the guarantor will still be liable under this schedule in relation to the part of the property that has not been returned to us.

3 New leases

- a If we bring this lease to an end for any of the reasons set out in clause 6a of this lease, or you are declared bankrupt or go into liquidation and your trustee in bankruptcy or your liquidator does not accept liability under this lease, your guarantor must accept a new lease of the property on the following terms.
 - 1 The lease period of the new lease will be equal to the period left on this lease.
 - 2 The rent will be the greater of the rent under this lease at the time we made the lease or the rent at the time that your liquidator or trustee in bankruptcy disclaimed this lease or the time we ended the lease. We will ignore any suspension or reduction in the rent that applies at that time. The guarantor must pay the rent from that date. We will review the rent in the same way and on the same terms as this lease. The guarantor will have to pay all rent and other amounts due under paragraph 4 of this schedule.
 - 3 The new lease will contain all the same obligations and terms as in this lease including the conditions for bringing the lease to an end. This only applies if we write and ask your guarantor to accept the new lease within three months after this lease has been brought to an end (or three months after your trustee in bankruptcy or your liquidator has disclaimed this lease as described above).
- b When we demand, the guarantor must pay us all costs that we have to pay in granting the new lease and must sign the new lease and deliver it to us.

4 Obligations on letting the property again

We may decide not to ask the guarantor to take a new lease as described in paragraph 3 above but decide instead to let the property again. In these circumstances the guarantor must pay us (when we demand) the reasonable costs that we have had to pay in relation to letting or trying to let the property again.

5 End of guarantor's liability

If we choose not to ask the guarantor to enter into a new lease of the property within six months of the date that this lease was brought to an end (or six months from the date that your liquidator or trustee in bankruptcy disclaimed this lease), we will release the guarantor from any further liability under this schedule except in relation to any claims or rights that have arisen already.

The fifth schedule

Amusement and vending machines conditions

Any permission that we give to you placing amusement and vending machines in the property will depend on the following conditions, as well as clause 4m of this lease.

- 1 You must rent all shared-income amusement and vending machines from one of our chosen suppliers. You can find details of these in our current price list as described in the first schedule.
- 2 We will arrange for the supplier to get and keep the gaming machines licence on our and your behalf and to take the cost of this from the gross income of the machines.
- 3 You must repay us any payments, costs and expenses we have to pay as a result of any action, claims or demands arising as a result of the machines being in the property or for your failure to keep to any relevant laws and regulations. This will include your liability to pay VAT.
- 4 You must allow the supplier's staff access at all reasonable times to carry out repairs, move the machines, service them and collect the cash. At most this will be every two weeks.
- 5 You must take all reasonable precautions to make sure the cash in any machine is secure while it is installed in the property, and make sure that the equipment is not damaged.
- 6 For our and your benefit you must make sure that all shared-income machines installed in the property stay switched on during all hours the property is open to the public.
- 7 You must immediately let the supplier know if a machine breaks down so that it can be repaired or replaced as soon as possible.
- 8 If a shared-income machine does not earn enough to cover your agreed percentage and to pay the rental due to the supplier, the amount you will receive will be what is left over, if any, after paying rental and the licence.
- 9 You must pay VAT on all machine takings. The supplier will take VAT from the gross income. You are responsible to HM Revenue and Customs for this amount.
- 10 You must keep a copy of the collection receipts the supplier has filled in and make them available to us when we ask.
- 11 We are entitled to change the shared-income machines to gain the best joint income and to say which machines should be in the property, based on information you give us.
- 12 We can, after discussing with you, replace who supplies the shared-income machines if we believe it necessary.

- 13 The permission we give you applies only to you, and you cannot transfer it to anyone else. This permission will end automatically when this lease ends or you no longer hold the premises licence.

The sixth schedule

Decorating fund

- 1 We will hold the decorating deposit in the same way as we hold the security deposit as in paragraph 1 of the third schedule.
- 2 You may apply to release money from the decorating fund once you have carried out all decoration inside and outside (as appropriate) under clause 4d5 of this lease plus any associated repair work.
- 3 To qualify for the money from the decorating fund you must:
 - send us a written notice as set out in clause 7a;
 - enclose with your notice details of the decorating work that you have carried out and suitable evidence of the cost of the work;
 - have already received our surveyor's approval that the decorating work that you have carried out is of the type and standard that you must carry out under this lease and represent fair value for the amount that you are taking from your fund;
 - send us your application so we receive it within three months of our surveyor giving you approval; and
 - say on your notice the amount that you would like released from the decorating fund. (This must not be more than the amount that you have spent on the decorating work you have carried out and must not include any VAT.)
- 4 Once we have received your notice asking us to release money from the decorating fund and you have kept to the requirements of paragraph 3 of this schedule, we will pay you an amount equal to the cost that you have spent on the decorating work (up to the maximum amount held in the decorating fund).
- 5 We will continue to hold any money in the decorating fund which we do not pay out to you under paragraph 4. You may ask us to release this amount to help pay your next decorating costs which arise under clause 4d5 of the lease.
- 6 If you do not carry out your decorating obligations under clause 4d5 of the lease, and we carry out the work ourselves under clause 4d7 of the lease, we may use any money left in the decorating fund towards the cost of the work.
- 7 If there is any money left in the decorating fund at the end of the lease, we will refund it to you after taking off all amounts that we need to carry out any outstanding work that you still must do under this lease.
- 8 If we sell our interest in the property, paragraph 7 of the third schedule will apply in relation to the decorating fund.

The seventh schedule

Matters of ownership

- 1 This lease is affected by, and has the benefit of, all those rights and reservations and other matters revealed on the registers of title number referred to in clause LR2.1 of the Land Registry Prescribed Clauses. However, this does not apply to financial charges.
- 2 The lease is affected by all rights, licences and other matters which currently exist in relation to using the property.
- 3 You will be responsible for any obligation to pay for or contribute to chancel (church) repairs which affect the property.

Copy of Open House lease agreement

By signing this document you and we accept the terms and conditions set out in this document.

(Individual Tenant)

Signed as a deed by [insert name] in the presence of:

Witness's signature

Name

Address

Occupation

(Individual Tenant)

Signed as a deed by [insert name] in the presence of:

Witness's signature

Name

Address

Occupation

Index	Page
Access	17
Accepting rent	33
Alterations	18
Amounts due to third parties	16
Amounts due to us	15
Amusement and vending machines	
• your obligations	24
• your share of proceeds	08
• conditions of our permission	46-47
• shared income machines	9, 24
• non-shared income machines	9, 24
Annual indexation	07
Arbitration	
• general	33
• rent review	42
Business	
• your obligations	22
• business information	25
• trading hours	22
Cellar cooling equipment	
• maintenance	28
Cellar monitoring	
• our rights	13
• your obligations	16
Change of control of your company	21
Change of name	22
Compensation	23
Damage to the property	21
Decorating	
• decorating deposit/fund	08,49
• apply for release from decorating fund	49
• your obligations	18
Ending the agreement	
• by us	30
• by you	30
• what you must do	30
• outstanding obligations	31
Entire lease	33
Expert	
• rent review	40
General conditions	33-35
Granting this lease	13

Guarantee	
• guarantor's obligations	45
• end of liability	46
• new leases	46
Insurance	
• your obligations	19
• our obligations	28
• suspending the rent	21
Interest	
• interest rate	11
• when we can charge interest	15
Inventory	
• your obligations	25
• our right to buy	26
Legal obligations	16
Licensing	
• your obligations	22
• permitted hours	23
• amusement machine licence	24
• end of lease	30
Market rent	40
Matters of ownership	50
Meaning of words and phrases	09
Mortgages	19
Notices	33
Other people	34
Our obligations	28
Our permission	34
Our rights over the property	13
Outbuildings	18
Planning permission	18, 21
Purchasing obligations	
• your obligations	37
• release of obligations	37
• our obligations	38
• payment	39
• damages	39
QSS document	26
Rates and other payments	15, 16
Releasing information	34
Releasing liabilities	
• our liability	34
• your purchasing obligations	37
Rent	
• accepting rent	33
• amount	07
• payment terms	15
• what constitutes rent	15

Rent review	
• review dates	40
• annual indexation	07
• market review	40
• deciding upon the rent	40, 41
• rent payable until review	42
Repairs	
• your obligations	17
Security deposit	
• amount	07
• maintaining the deposit	43
• using the deposit	43
• repaying you	43
Services	
• service charge	08
• nature of services	28
• our obligations	28
Settling debts	34
Sharing occupation	19
Staff	26
Telecoms equipment	13
Third parties	
• suppliers	16
• other people	34
Tie	
• your obligations	22
• our obligations	28
• release	22, 37
• rent review upon release	40
Trading hours	23
Trading obligations	22
Transferring the property	
• our requirements	19-21
• when this is permitted	19-21
Underletting prohibited	19
Understanding the agreement	12
Use	16
VAT	15
Your obligations	
• alterations	18
• amusement machines	24
• allowing access	17
• damage to the property	21
• decoration	18
• how to carry on your business	22
• insurance	19
• licences	22

• purchasing obligations	37
• QSS document	26
• Repair	17
• Security deposit	26
• Transfer	19
• Staff	26