

# Copy

## The Pathway Tenancy

Dated:

Between

**Marston's PLC**

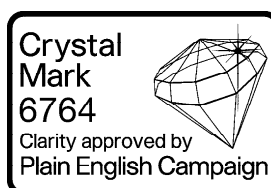
As attorney for and in the name of

co name Marston's Pubs Limited

and

in goes name

pub name & full address



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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**

**2010**

**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, Wolverhampton, WV1 4JT acting as attorney for and in the name of co name Marston's Pubs Limited incorporated in England and Wales with company number co number 05453367 of the same registered office.

**Tenant**

insert tenant name and address usually the pub or co name and info as enclosed

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

<b>LR10. Restrictive covenants given in this lease by the Landlord in respect of land other than the Property</b>	None
<b>LR11. Easements</b>	<b>LR11.1 Easements granted by this lease for the benefit of the Property</b>
	None
	<b>LR11.2 Easements granted or reserved by this lease over the Property for the benefit of other property</b>
	See clause 3b
<b>LR12. Estate rent charge burdening the Property</b>	None
<b>LR13. Application for standard form of restriction</b>	None
<b>LR14. Declaration of trust where there is more than one person comprising the Tenant</b>	If the Tenant is more than one person. They are to hold the Property on trust for themselves as joint tenants.

# Further details

## 1 Lease period

For the five-year period

Starting on: start date

and Ending on: start date+5 years-1 day

## 2 Use allowed

The property must be used as a licensed public house selling alcoholic drinks and non-alcoholic drinks and food of all descriptions which will be drunk and eaten on or off the property, or 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

£Rent for the first year of the lease.

- Each 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 may also review the rent on a review date in the way set out according to the second schedule.

You must pay rent plus service charge and building insurance in 24 equal instalments each year on the 1st and 15th days of each month (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

£Security Deposit

You must pay us this amount when you sign this lease.

## 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

£750 (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 also review the level of insurance excess to reflect current market rates.

**8 Decorating deposit**  
£Decorating fund 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 day 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 of 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 tenancy.
- l Lease period –**  
the term set out in paragraph 1 of the further details which starts on the start date and 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.
- 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 individually. We may enforce your obligations against all of you jointly or against each 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 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 telecoms equipment, cellar-monitoring 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

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## 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 in 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.
- 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 and keep in a clean and tidy condition:
  - the inside of the property, and all fences, boundary walls, gates or hedges; and
  - any forecourt (other than the car park), garden, play area, grounds and any other area within the boundary of the property and any equipment on those areas.
- 2 You must maintain any uncovered electrical wiring and plug sockets, plumbing and heating and ventilation systems (including any central heating or other boiler, and all radiators) and our inventory in good condition, so they

can continue to be used for their intended purpose. 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 replace any missing or damaged glass in line with building and safety regulations.
- 4 You must keep all drainage systems, watercourse and rainwater drainage systems clear and free-flowing.
- 5 You must maintain (in a windproof and watertight condition) all outbuildings, and you must make sure they do not become unsightly.
- 6 You must decorate the inside of the property before the end of the 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. 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.
- 7 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.
- 8 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 must not allow anyone else to occupy or use the property or live there, apart from your family or staff living with you rent-free. You must not transfer, let or mortgage the whole or any part of the property.
- 2 If you have our permission, you may allow your manager to use all or part of the property.
- 3 You may use the property for overnight bed-and-breakfast accommodation if this is acceptable legally.

## **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-subsubsidiary 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.

## I 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 hold a personal licence at all times, unless you are a company, in which case you must make sure that a suitably experienced person who holds a personal licence is responsible for how the business is carried out day-to-day.
  - You must, unless you get our written permission, not transfer, give back or allow to end any of the licences.
  - You must make sure that a suitably experienced person (who holds a personal licence) is named in the premises licence as 'designated premises supervisor' and is responsible each day for supervising any licensable activities carried out at the property. If that person is someone other than you, you must give us details of that person's name, address, age, experience and any convictions. We must approve that person. If that person leaves the business, you must immediately let us know and take all steps needed to find a suitable replacement and change the premises licence accordingly. You will not need our permission if you need to change the details of the 'designated premises supervisor' on the premises licence to allow the business to continue to run if the supervisor unexpectedly leaves. However, you must get our approval of the supervisor as soon as possible afterwards.
  - You must let us know straight away if the person who holds the premises licence becomes mentally incapable, dies, enters into a proposal for any arrangement scheme with any of your creditors, or becomes insolvent (or in the case of a company or partnership, if it is dissolved).
  - You must not allow anything to happen which may lead to any licences connected with the property or business to be withdrawn or in any way reviewed, restricted or surrendered (given up). You must not do anything which may mean you will be convicted of any offence relating to the property. This includes any matter relating to selling, supplying, displaying, storing or handling any products in or about the property.

- You must apply for, and do everything you can to keep, the licences for the property or the business which are in force at the start of this lease. You must also pay the fees for the licences as and when they need to be paid.
  - You must keep to any conditions attached to the licences and keep to any undertakings given to the licensing authority for the property or the business. You must also keep to legal regulations which apply to licensed premises.
  - You must not agree to any restriction in the terms of the licences and must not give any undertakings relating to the property or how it is used or apply for any variation to the premises licence without getting our written permission beforehand. If you are asked to give any undertaking, you must write and tell us immediately by special delivery post.
  - You must keep the property open for business for selling alcohol during the following minimum trading hours.  

Monday to Saturday:	11 am to 3 pm	Sunday:	12 noon to 3 pm
	5.30 pm to 11 pm		7 pm to 10.30 pm

If you want to open for less than the minimum hours shown above, you must get our written permission beforehand. You must display a sign showing the opening hours.
  - 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. 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.
- 2 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.
- 3 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.
- 4 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.
- 5 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

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## 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 Repair and services

- 1 You must tell us if repairs are needed to allow you to continue using the property. We will carry out, within a reasonable period of time from receiving your notice, only those repairs needed to:
  - the car park;
  - the structure;
  - the unexposed electrical wiring;
  - the roof and its coverings;
  - window frames (unless these are covered by your insurance);
  - outside doors; and
  - the drains and sewers between the point of connection to the public sewer and the outside wall of the building;to allow you to continue using the property. We will not repair any outbuildings.
- 2 We will decorate the outside of the building or buildings (but not any outbuildings) when we think it is reasonable. We will use colours and types of finish we decide.
- 3 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;
- 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

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30	How you can bring this lease to an end
30	What you have to do at the end of the lease
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## 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

When this lease ends you must do the following.

- 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 state and 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

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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 and 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 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

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# 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 terms and 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 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;
- b clause 4j5 of this lease which means that you must buy certain products from us again after you have previously been released from this obligation; and
- 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

From each review date the new rent that you will pay under this lease will be equal to:

- a the rent fixed for the year immediately before the review date as set out in the further details; or
- b the best open-market rent you have agreed with us or decided on by the valuer under paragraph 3 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. 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 have previously released, have been placed upon you again; or

- in the case of a review date arising under paragraph 1c, the valuer will assume that any obligations under clause 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.
- b 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 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
    - 4 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.
  - c 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.
  - d 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 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 3a 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 which 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 this lease or the rent at the time that your liquidator or trustee in bankruptcy disclaimed this lease or the time we ended this 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 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 (as appropriate) under clause 4d6 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 4d6 of the lease.
- 6 If you do not carry out your decorating obligations under clause 4d6 of the lease, and we carry out the work ourselves under clause 4d8 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.

# Copy of Pathway Tenancy

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

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