

RUNNING A PUB WITH US

Information guide

SCOTLAND



Helping and inspiring entrepreneurs
for more than 300 years

CONTENTS

1	INTRODUCTION	3	6	THE CONTENTS OF YOUR PUB	23
1.1	Foreword	3	6.1	Buying the Inventory When You Move In	23
1.2	About Belhaven	3	6.2	Selling the Inventory When You Move Out	23
1.3	Code of Practice – Scotland	3	6.3	Pub Partners Assisted Purchase Scheme	23
1.4	Who Does the Code Apply To?	3	7	WORKING TOGETHER	24
1.5	About Our Information Guide	3	7.1	The Role of the Business Development Manager	24
2	ENTERING INTO AN AGREEMENT WITH US	4	7.2	Business Development Manager Training	24
2.1	Our Tied Agreements	4	7.3	Other Support	24
2.2	Other Agreements	6	7.4	Tied Purchasing Obligations	25
2.3	Independent Professional Advice	6	7.5	Belhaven/ Greene King Supply Services	26
2.4	Applying for a Pub	6	7.6	Gaming Machines	28
2.5	The Information We Provide Prospective Partners	6	7.7	Marketing Support	29
2.6	Other Information You Must Consider	7	7.8	Business Rates Advice	30
3	OBLIGATIONS ON OUR APPLICANTS AND PARTNERS	8	7.9	Business Support	30
3.1	Preparation of a Sustainable Business Plan	8	7.10	Your Responsibilities Throughout the Agreement	30
3.2	Property Inspection	8	8	RENEWING YOUR AGREEMENT	31
3.3	Training	9	9	LEAVING YOUR PUB	32
3.4	Heads of Terms Letter	10	9.1	Leaving Early and Surrendering Your Agreement	32
3.5	The Pre-Agreement Meeting	10	9.2	Leaving by Selling Your Business (Assignment of Lease)	32
3.6	Payment of Deposits and Payment Terms	10	9.3	Transfer for Belhaven/ Greene King's Own Use	33
4	RENT	12	9.4	Change of Landlord	33
4.1	How We Calculate Your Initial Rent	12	9.5	The Exit Process	34
4.2	The Rent Assessment Proposal	13	10	COMPLAINTS	36
4.3	Shadow Profit and Loss Report Illustration	14	11	FURTHER INFORMATION	37
4.4	How We Calculate Your Rent at Rent Review	15	12	USEFUL CONTACT DETAILS	37
4.5	The Process for Reviewing Your Rent	15	13	GLOSSARY OF TERMS	38
4.6	Indexation	17			
4.7	What Happens if We Can't Agree Your Tied Rent?	17			
5	THE PROPERTY	19			
5.1	Repairs and Maintenance	19			
5.2	Safe Start	20			
5.3	External Redecoration	20			
5.4	Property Investments	20			
5.5	Dilapidations	21			
5.6	Buildings Insurance	22			

1: INTRODUCTION

1.1: FOREWARD

Our industry-leading reputation for excellent, real, genuine working partnerships with our Partners – some running more than one pub with us – has led us to develop a unique way of working which is demonstrated in this Guide. We believe our Partners choose an Agreement with Belhaven because they value the partnership with us and the support a Tied Agreement provides.

Our Partners tell us that they appreciate the relatively low level of capital required to launch their own business within a Tied Agreement. We believe they also recognise the lower costs and reduced risks associated with this type of arrangement. We believe you'll like working in partnership with us because we see everyone as an individual with different needs.

1.2: ABOUT BELHAVEN

Belhaven is a trading division of Greene King and operates pubs through Greene King Pub Partners, our specialist tenanted and leased division.

Greene King is the country's leading pub retailer and brewer, running c. 2,700 pubs, restaurants and hotels in towns, villages and city-centre high streets across England, Wales and Scotland. With a rich heritage of over 200 years, we brew award-winning beers and operate managed, tenanted and leased pubs from our headquarters in Bury St. Edmunds.

Our specialist tenanted and leased division, Greene King Pub Partners, operates c. 1,000 tenanted and leased pubs across England, Wales and Scotland. Our diverse estate ranges from traditional British pubs serving cask ale to high street bars, and pubs with Michelin stars. Our Partners are given comprehensive training and receive the support they need from our professional and experienced Business Development Managers (BDMs).

1.3: CODE OF PRACTICE – SCOTLAND

As a pub-owning business operating pubs in Scotland we are signatories to the voluntary Pub Sector Code of Practice Scotland (the Code). The Code sets out the minimum standards a Licensee can expect when entering into a relationship with a pub-owning business and whilst running their business. The Code is supervised by the Pub Governing Body (www.thepubgoverningbody.co.uk).

1.4: WHO DOES THE CODE APPLY TO?

The Code applies to all Licensees entering into or already operating a tied agreement with Belhaven, whether it is a Tenancy or Lease Agreement. It also includes Licensees who enter into a Belhaven Lease by way of assignment.

The Code does not apply to temporary agreements of one year or less. At Belhaven this will include Tenancies at Will (TAWs), Licences to Occupy (LTO) and one year agreements. The Code does not apply to agreements which are free-of-tie.

Please note that we use the word Partner and Licensee to refer to both a Tenant and a Lessee. There is a Glossary at the back of this guide explaining the terms we use in more detail.

1.5: ABOUT OUR INFORMATION GUIDE

Our Information Guide sets out important information you need to know about running a Belhaven pub and our ways of working with you. The contents of this document do not form terms of your Agreement and they are not intended to have legal effect. However, it is important that you read and consider the contents of this Guide in-conjunction with the Code when preparing to enter into an Agreement with us and when dealing with us after the Agreement has been granted.

2: ENTERING INTO AN AGREEMENT WITH US

2.1: OUR TIED AGREEMENTS

A Tied Agreement means a Tenancy or Lease Agreement which includes purchasing obligations.

When you take on a Tied Agreement with Belhaven, we provide you with a licensed public house and supply you with an appropriate range of beers, ciders, flavoured alcoholic beverages, wines, spirits and soft drinks. You will pay a little more for these products in exchange for a lower fixed Rent and access to a range of supporting services to enable you to get ahead of your competitors.

We have a range of pricing models available that enable you to maximise your business opportunity in the local market-place. Our Agreements offer standard terms, which we generally do not amend, however if your business plan requires a different approach, we would give due consideration to this and any details agreed would be reflected in your Heads of Terms letter. All Agreements will be fair, reasonable and comply with all legal requirements.

Principle agreements offered by Belhaven:

TITLE	STANDARD TENANCY AGREEMENT	STANDARD LEASE AGREEMENT
Term	5 years	10 to 25 years
Tie Information	You will be required to purchase drink products from Belhaven.	You will normally be required to purchase beer and cider products from Belhaven.
Premium	You will not be required to pay a premium.	A Premium may be payable in some circumstances.
Deposit	A deposit is payable equivalent to 25% of the Annual Head Rent.	A deposit is payable equivalent to 25% of the Annual Head Rent.
Repairs and Maintenance	<p>Belhaven is responsible for the structure of the building.</p> <p>You will have the responsibility to 'keep and maintain' the property.</p> <p>A Maintenance and Service Charge is payable, which covers most of your compliance and statutory obligations associated with the property.</p>	<p>You will be fully responsible for the repair and upkeep of the entire property under a 'Put and Keep' obligation.</p> <p>'Put and Keep' means that no matter what the condition of the property is at the start of the agreement, you must repair the property, put it into good condition and keep it in good condition at all times.</p> <p>You will be required to make a payment into a Repairs Funds to assist with planning for significant periodic expenditure such as external redecoration. You will be able to draw down on the fund when you are ready to undertake works.</p>

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TITLE	STANDARD TENANCY AGREEMENT	STANDARD LEASE AGREEMENT
Rent Reviews	The Rent is set at the start of the Agreement and is subject to the annual Retail Prices Index (RPI). The RPI is capped.	The Rent is subject to 5 yearly open market Rent Reviews and the annual Retail Prices Index (RPI). The RPI is capped.
Insurance	Buildings Insurance is provided by Belhaven and recharged to you. You will be required to obtain your own insurance policy to cover your business, employer's liability, public and product liability. For more information, take a look at our Guide to Insurance .	Buildings Insurance is provided by Belhaven and recharged to you. You will be required to obtain your own insurance policy to cover your business, employer's liability, public and product liability. For more information, take a look at our Guide to Insurance .
Right to Sell Your Business	You do not have any rights to sell your business under a Tenancy Agreement.	You have the right to sell your business (known as 'assign') after 2 years. See Section 9.2 , Selling Your Business, and our separate Guide to Buying and Selling A Lease .
Gaming Machines	It is not mandatory to purchase or rent gaming machines through Belhaven. See Section 7.6 , Gaming Machines.	It is not mandatory to purchase or rent gaming machines through Belhaven. See Section 7.6 , Gaming Machines.
Rights of Renewal	There is no statutory right to renew your Agreement under Scots law. Your Agreement will terminate at the end of its term if we or you serve notice. Take a look at Section 8 , Renewing Your Agreement.	There is no statutory right to renew your Agreement under Scots law. Your Agreement will terminate at the end of its term if we or you serve notice. Take a look at Section 8 , Renewing Your Agreement.
Ending Your Agreement	You have the ability to end the Agreement at any time with only 6 months' notice and payment of a Standard Notice Fee, known as a Break Sum, equal to 3 months' Rent.	There is no right to end the Agreement early, although depending on the circumstances, we may discuss potential terms of exit with you.
<p>Although our Standard Tenancy and Standard Lease remain our principle Agreements, we do regularly review the Agreements we offer to ensure they remain appropriate and competitive in the market-place and so over time we have modernised our Agreements. We also operate pubs acquired from other pub owning businesses with Agreements in place. This means that we have various Agreements in our estate that may have slightly different Terms and Conditions. You must always refer to your Agreement in order to confirm your obligations. If you are in any doubt, we strongly recommend that you seek independent legal advice from your Solicitor. Please note that we do not operate cooling off periods for any of our Agreements.</p> <p>Details of our current Tied Agreements can be found on our website at www.greenekingpubs.co.uk.</p>		

2.2: OTHER AGREEMENTS

MANAGEMENT AGREEMENT

We operate a Management Agreement, which is very different to a Tied Agreement. Our Management Agreement provides an alternative way to run a pub business without all the risk. You run the pub on our behalf, and we have the liability for the property, pay all of the running costs including stock. We also supply marketing, training and ongoing support. You'll be responsible for the staffing of the pub including staff wages, your liability insurances and Council Tax for the living accommodation. We'll pay you a minimum Management Fee so you have a guaranteed income and you can earn bonuses based on business performance and standards audits.

SHORT AGREEMENTS

A Short Agreement is defined as a Tenancy At Will, Licence to Occupy or a Tenancy Agreement of no more than 12 months in duration. These types of Agreement are used where we are in longer negotiations for a Tenancy or Lease Agreement, or where we are uncertain about the future of the pub, which will be made clear before the granting of an Agreement.

The Code does not apply to temporary agreements of one year or less.

2.3: INDEPENDENT PROFESSIONAL ADVICE

It is important to ensure you are fully aware of the legal obligations placed on you when entering into a Tied Agreement with us. You must take independent professional advice, such as legal and financial advice, from suitably qualified advisors, to ensure you are making the right choice when choosing to operate one of our pubs. When selecting an advisor to support you, we would encourage you to check that they hold professional indemnity insurance and that they are accredited by an appropriate professional association, such as The Law Society, RICS, IFA or CIMA, which you can rely on if something goes wrong. Before we grant an Agreement to you, we will require you to provide us with evidence from your advisors that you have taken appropriate advice which has been considered in the preparation of your sustainable Business Plan. See [Section 3.1](#) for more information.

2.4: APPLYING FOR A PUB

Applying to take on a Belhaven pub will require you to complete an online Application Form. When you are looking at a specific pub that you believe might suit your requirements, we will provide you with all the essential information you need, as detailed in [Section 2.5](#), to help you prepare your Business Plan. This information will be supplied to you by our Recruitment Team. Although our Business Development Manager may meet with you to discuss general opportunities, a formal meeting to discuss

a specific pub will only be conducted once you have prepared a sustainable Business Plan as described in [Section 3.1](#).

Your Business Plan will be scrutinised by our Business Development Manager and will be discussed in detail with you to understand your plans and affordability. At the formal meeting you will also be required to provide your proof of identity, proof of funding and your Pre-Entry Awareness Training (PEAT) certificate, see [Section 3.3](#).

Subject to credit checks following your credit consent, you will be invited to a final meeting with a senior member of our operations team who will further verify your business plan. If you are successful, our senior team member will confirm in principle your appointment at the pub, and a Heads of Terms letter, subject to contract, will be prepared and sent to you as described in [Section 3.4](#).

2.5: THE INFORMATION WE PROVIDE PROSPECTIVE PARTNERS

Before entering into an Agreement with Belhaven, we will provide you with all the information you need to support you in your decision making and will include:

- Details of the type of Agreement on which the pub is offered, including a specimen Agreement. For Tenancy Agreements, this will also include a copy of the Maintenance and Service Agreement as described in [Section 5.1](#).
- Details of a superior landlord, where applicable, with name and address details.
- A Rent Proposal, which will include a Shadow Profit and Loss Report and a Rent Assessment Proposal Overview, which sets out the reasonable assumptions we have made in calculating the Rent and includes a summary of trade volumes for products purchased from Belhaven/ Greene King during the last three years, and details of the last three years' worth of Service Charges, where available. If these details are not available, then we will explain why. It is noted that historic trading data is not a guarantee of future trading performance and the Shadow Profit and Loss Report is for illustrative purposes only and does not guarantee income or profit. For more information on how we set Rents, please see [Section 4](#).
- An illustration of the indexation rate impact on the Rent during the term of the Agreement of five years, or first Rent Review. For more information on Indexation see [Section 4.8](#).
- An estimation of the entry costs to include deposit, Fixtures and Fittings valuation (which will be confirmed on the day of change by an independent valuer), costs for preparing your Agreement, Belhaven's legal fees, Training Fund and Working Capital.

You may have to pay Stamp Duty Land Tax (SDLT) on completion of your Agreement. You should check this with HM Revenue & Customs or your legal advisor.

- A full description of the pub including:
 - (a) Full details of the Premises Licence and Licence conditions. The Premises Licence is held by Belhaven/ Greene King. The annual cost of this Licence with the local authority is re-charged to you. Any costs associated with any subsequent reviews or variations will also be re-charged to you. For more information, please refer to our **Guide to Charges**.
 - (b) Details of any enforcement action taken by any public authority during the previous 2 years, where known.
 - (c) Details of any foreseeable material changes to the commercial conditions in the pub's local areas, where known, to include details of any planned capital developments at Belhaven/ Greene King pubs within the vicinity, where statutory planning consent has been received and details are in the public domain.
 - (d) Details of any restrictions on the use of the pub, such as planning constraints, access to the premises etc.
 - (e) Details of any specific problems in the pub.
- A copy of the Schedule of Dilapidations issued to the outgoing Licensee. A Schedule of Dilapidations will have been prepared by an independent Chartered Surveyor. This confirms any repairs that the outgoing Licensee needs to complete before they leave.
- Details of any initial works that will be carried out prior to you entering into an Agreement, and who will be responsible for carrying out the works, either Belhaven/ Greene King or you.
- Where a significant investment of capital is to be made, an Investment Pack will be provided which will include the business rationale, design plans, details of the works, estimated costs of the works and a Shadow Profit and Loss Report to reflect the Rental Assessment of the opportunity. You will be required to enter into an Investment Agreement which will set out the details of the investment.
- A Safe Start pack, which will include a full set of current statutory test certificates covering:
 - (a) Gas for both domestic and commercial use.
 - (b) Asbestos.
 - (c) Electrical fixed wiring.
 - (d) Portable electrical appliances if they are owned by Belhaven/ Greene King.
 - (e) Fire alarm and emergency lighting.
 - (f) Fire Risk Assessment.
- An Energy Performance Certificate.
- Gaming machines information, see **Section 7.6**.
- Our **Guide to Insurance** which provides details of our Buildings Insurance.
- Demographic information relating to the pub.
- Additional information and guides including:
 - (a) A copy of the **Pubs Sector – Scotland Code of Practice**.
 - (b) Our **Running a Pub Information Guide**.
 - (c) A **Belhaven Price List**.
 - (d) Our **Guide to Charges**.
 - (e) **Guide to Lessee Repairing and Statutory Obligations** for full repairing lease agreements.
 - (f) Details of our Training services.
 - (g) Industry benchmarking reports such as The British Beer & Pub Association - **Guide to Costs For Tied Tenants and Lessees**.
 - (h) RICS* Guidance - The current edition of **The Capital and Rental Valuation of Public Houses, Bars, Restaurants and Nightclubs in England and Wales**.
 - (i) Business planning templates, including Business Plan, Profit and Loss, Cash-flow and Sensitivity Analysis available on our website www.greenekingpubs.co.uk under Running a Pub > Business Planning.

Where you are entering the pub by way of a Lease Assignment, we will provide the same level of information as listed, including details of an investment agreement, if one exists. For more information on Lease Assignment, please see **Section 9.2**.

If you request any further information we shall supply it subject to it being available. If we are unable to provide the information we will explain why.

* The Royal Institution of Chartered Surveyors (RICS) - RICS is the one of the world's leading professional bodies for qualifications and standards in land, property and construction. Visit their website at www.rics.org.

2.6: OTHER INFORMATION YOU MUST CONSIDER

You must consider your obligations under the Transfer of Undertakings (Protection of Employment) Regulations 2006 (TUPE) when taking on your new pub business.

You will have a responsibility to obtain information about the staff employed by the business and the outgoing licensee has a responsibility to provide you with all details and contracts of staff employed by the business including; name, address, date of birth, hours worked per week, rate of pay, National Insurance number, employment commencement date, holiday pay, details of staff on maternity/ paternity/ sick leave.

We strongly recommend you seek specialist employment advice to ensure you fully understand your obligations under TUPE.

3: OBLIGATIONS ON OUR APPLICANTS AND PARTNERS

3.1: PREPARATION OF A SUSTAINABLE BUSINESS PLAN

Before entering into a new agreement with us, you must prepare a Sustainable Business Plan. Your business plan must contain estimations of incomes and related costs together with projected profit and loss calculations including a sensitivity analysis.

You must take advice from suitably qualified independent professional advisors who understand the licensed trade, and you must ensure that you and your advisors have reviewed all the information provided to you, including the industry benchmarking reports, prior to preparing your Business Plan. See **Section 2.3** for your consideration when selecting an independent professional advisor.

We will require evidence that you have obtained proper independent advice from suitably qualified professionals in the preparation of your business plan before we are able to progress your application and grant an Agreement. This evidence can be provided by way of a letter from each of your advisors, financial and legal as a minimum, confirming that advice has been given to you.

For legal advice, we would expect your advice to be provided by a qualified Solicitor.

For financial advice, we would expect your advice to be provided by an appropriately qualified financial professional.

For property and valuation advice, your advice must be provided by a RICS qualified Surveyor.

For multiple operators, whose own business operation includes legal, financial, property and valuation advice in-house, we would require a company director to confirm in writing that an appropriate assessment has been made of the business opportunity when preparing the Business Plan.

We provide business planning templates including Business Plan, Profit and Loss, Cash-flow and Sensitivity Analysis templates as part of the information we provide to you. These documents are also available online at www.greenekingpubs.co.uk/belhaven under Running a Pub > Business Planning.

3.2: PROPERTY INSPECTION

You must ensure you have fully inspected the whole premises before entering into an agreement with us, including the private accommodation areas which you intend to live in.

A Tenant's repairing obligations in our Standard Tenancy Agreement are on a 'keep and maintain' basis. In simple terms, you will be required to hand back the property at the end of your Tenancy in no worse condition than you originally took it.

Our Lease Agreements are fully repairing and include 'Put and Keep' repairing obligations. This means that no matter what the condition of the property is at the start of the Lease Agreement, you must repair the property and put it into a good condition and keep it in that condition at all times. This means that even if repair work is needed at the start of the Agreement, it is your responsibility to carry out the repair. If any works are identified these will be recorded by way of a Schedule of Works, which will be provided prior to the granting of your Agreement. Your obligation to repair the property means repairs to all of the property. For further information, please refer to your Lease Agreement.

To ensure that you understand your repairing obligations under your Lease Agreement, you must arrange for your own full structural survey of the whole property, including outbuildings and grounds, to be carried out by a suitably qualified person. In addition, you should arrange for any associated supplemental specialist reports as recommended by your Surveyor. These are anticipated to include an electrical installation survey, gas installation survey, a video drainage survey and mechanical survey (lifts and hoists). Other specialist surveys/reports may also be necessary depending on the facilities and services at the property such as sewage treatment plant, refrigeration plant and equipment and air conditioning.

We have produced a **Guide to Lessee Repairing and Statutory Obligations** that provides detailed guidance on understanding your repairing and statutory obligations when operating a pub under a full repairing lease agreement and what you need to do to manage them. We strongly advise you read this before entering into a new Lease Agreement or purchasing an existing Lease Agreement by Assignment.

3.3: TRAINING

Training is vital to ensure the success of your pub. It helps with your business performance and supports your team retention. Whether you've already chosen a pub with us, or are still investigating your options, we have a wealth of knowledge and training options to get you ready to run your own pub. Once in your pub we offer a varied programme of ongoing training to support you in your business.

WHEN YOU JOIN US

All our Partners entering into a new agreement with Belhaven/ Greene King will need to complete a certain level of training. Whether it's our induction or a refresher on key topics of running a pub, this will ensure that you operate your business safely and within the law. It will also help you to focus on the goals and targets of your Business Plan.

ESSENTIAL TRAINING

- **British Institute of Innkeeping (BII) Pre-Entry Awareness Training (PEAT)** – Before meeting with one of our Business Development Managers to discuss the terms for a specific pub, or when agreeing to enter into a new agreement with us, you must complete PEAT. PEAT is taken online to confirm that you understand the obligations of entering into a Tenancy or Lease Agreement with a pub-owning business.

If, however, you meet one of the following conditions, you will not be required to complete PEAT, although we will require you to sign an Exemption Agreement confirming the condition you have met:

- (a) You are a multiple retailer with a number of other pub or bar premises.
- (b) You can demonstrate at least three years recent experience of running a successful tenanted or leased pub business.
- (c) You can demonstrate at least three years' relevant business management experience.
- (d) You have an existing successful lease or tenancy with us.

- **Greene King's 3 Day Induction Programme** – Day 1 – Welcome to Belhaven/ Greene King – developing the vision for your pub and making it a reality; Day 2 – Customer Segmentation and Market Insight, marketing tools and trends; and Day 3 – Financial Controls, driving profitability and making it happen!

This programme can be completed as a residential course or as individual modules. Please see our **Training Guide** for course details and costs.

- **Scottish Certificate for Personal Licence Holders (SCPLH)** – Anyone authorising the sale of alcohol to the public must hold a Personal Licence.
- **Cellar Management** – How to manage your cellar effectively to ensure consistent quality, high yield and customer satisfaction.
- **Level 2 Award in Food Safety online training module** – If you are preparing food, you and your team must have gained this award.
- **Greene King's Safe Start online training module** – This training is designed to guide you through your statutory property obligations and to advise you about both Belhaven/ Greene King's and your responsibilities before you move into your pub.

INVESTING IN YOU & INVESTING IN YOUR TEAM

We want to ensure you have the right skills to be successful in running your business and we'll agree what support will help you achieve your personal business goals. Your team needs to reflect your values and quality. We'll develop a Training Plan with you to support your team to create a motivated and successful workforce. We have various workshops, online training modules and in-pub training programmes to assist you. Take a look at our **Training Guide** for more information.

Any essential training is funded by the Training Fund* you pay before you enter your pub. Details of this fund can be found in our **Guide to Charges**. *With the exception of PEAT. This is purchased directly from the British Institute of Innkeeping.

In the case of multiple operators, the Partner should attend all training. However, in exceptional circumstances a Manager may be appointed to attend the training.

We recognise that it is a busy time leading up to taking on your new business, therefore, in exceptional circumstances, we may agree for you to attend our induction training programme once you have entered the pub. However, all other training must be completed before entrance to the pub.

3.4: HEADS OF TERMS LETTER

Once the terms of your Agreement are agreed we will provide an initial Heads of Terms letter outlining the principal elements of the proposal including the nature, scope and extent of your obligations. For Tenancy Agreements a copy of your Agreement will also be supplied. For Lease Agreements, we will provide a specimen copy of a Lease Agreement. Your actual Lease Agreement will be provided under separate cover from our Solicitors. You must seek independent professional advice from suitably qualified advisors before you sign your Agreement. See **Section 2.3**.

3.5: THE PRE-AGREEMENT MEETING

The Pre-Agreement Meeting is very important. Before you sign your Agreement and fully commit yourself, and prior to moving into the pub, a Pre-Agreement Meeting will be arranged. It is at this meeting that our Business Development Manager will undertake a final check with you to ensure that you have a clear understanding of all aspects of the Agreement, our and your responsibilities, the Code of Practice and all other terms of trading with us.

3.6: PAYMENT OF DEPOSITS AND PAYMENT TERMS

You will be required to pay a Deposit in the granting of an Agreement with us. This is usually 25% of the annual Head Rent. This Deposit will be retained by us for the term of your Agreement and will accrue interest based on the published base rate of Barclays Bank plc or any other bank we may nominate from time to time.

Before you take over your pub, your Business Development Manager will discuss your payment terms and any potential credit facility with you. If more favourable payment terms are entered into during the term of your Agreement, we may seek to increase the level of Deposit.

When you leave the pub, as long as you have kept to all your obligations under your Agreement and you have paid all monies due under the Agreement, we will repay the Deposit together with any interest that has accrued. See **Section 9.5**, The Exit Process, for more information.

If you become insolvent the Deposit will be applied to any outstanding arrears on your account.



4: RENT

4.1: HOW WE CALCULATE YOUR INITIAL RENT

We use the profits method of valuation, which is adopted throughout the industry.

We follow the current guidelines set by an independent professional body, the Royal Institution of Chartered Surveyors (RICS)* when making initial Rent Assessments, assessments for Rent Reviews and for Agreement renewals. We hold regular Rent Panel meetings at which all commercial Agreements including initial Rent Assessments, Rent Reviews and Agreement renewals are signed off by our Rent Panel members.

To calculate your Rent we assess the Fair Maintainable Turnover, gross profit, and associated operating costs to produce the Fair Maintainable Operating Profit for the pub. We then deduct an allowance for a return on capital invested in the business to produce what is known as the 'Divisible Balance'. The Rent payable is a percentage of this amount.

When assessing Fair Maintainable Operating Profit our assumptions are based on the performance of a Reasonably Efficient Operator (REO). This may differ from the actual performance of the pub depending on how it is being operated.

We review the current and previous years' trading performance of the pub and projections for the future. We will provide you with the last three years trading volumes of products purchased from Belhaven/ Greene King, and details of Service Charges during the last three years, where available. If these details are not available then we will explain why. It should be noted that historic trading data is not a guarantee of future trading performance.

We will visit the pub within at least three months prior to the Rent Assessment being undertaken. We will also assess the market for the pub including competition in the area as well as local demographic, economic and planning factors.

In assessing Fair Maintainable Expenses for running a pub we take into account actual costs where relevant, such as Rates payable, and we use industry benchmarking guidance including the British Beer & Pub Association Guide to Costs.

For all Agreements we will assess the anticipated repair and maintenance costs for the property that you should budget for.

This will reflect your repairing obligations as stated in your Agreement. For full repairing Lease Agreements the allowance will reflect the greater obligations for a lessee. In some cases we may negotiate a lower Rent with you for an agreed period to take into account the 'put and keep' obligations under a full repairing Lease. Where we have agreed that you will carry out works in consideration of a reduced Rent for a limited period, this will be recorded in a separate legal agreement such as an Investment Agreement, Works Agreement or side letter that will refer to the agreed Schedule of Works.

Products that are subject to a Tie will be assessed at tied wholesale prices and products that may be purchased free-of-tie will be assessed at their open market wholesale prices.

Our Rent calculations are generally based on operational costs relevant to an owner-operator. However, where the anticipated market for a pub comprises mainly of operators who would run the pub with a Manager an appropriate allowance may be made.

Please note that current and past performance of a pub is no guarantee as to future Fair Maintainable Turnover and operating profit. You must ensure you seek independent advice from suitably qualified advisors to ensure your Rent has been set correctly.

SEDIMENT AND OPERATIONAL WASTE

Our Rent calculations include allowances for sediment wastage (applicable for cask conditioned ales) and operational wastage for all draught products. These allowances are shown against each product category in our Shadow Profit and Loss Report that we provide as part of our Rent Assessment Proposal, see [Section 4.3](#) for an example.

During the conditioning process of cask beer a small amount of yeast sediment is created. Each year a brewer will agree with HM Revenue and Customs (HMRC) their sediment allowance, which is deemed unsaleable, to enable the brewer to calculate what duty is to be paid on the volume of cask beer that is saleable. Details of Duty paid volumes are viewable in the price list we provide to you and on labels affixed to the containers of Belhaven/ Greene King products.

As a 'live' product, the sediment allowance on cask beer does vary and will affect the number of pints you can serve from each container. The amount of yield from a cask beer container will be dependent on factors such as how the product is kept in the cellar, the cleaning of the lines, how the beer is served, as well as the small amount of natural yeast sediment.

Operational Wastage is product that is not saleable due to line cleaning. This will be dependent on the length, number and arrangement of dispense lines from the cellar to the servery and line cleaning systems in use at the premises.

* The Royal Institution of Chartered Surveyors (RICS) review their guidelines periodically, and we adopt any updates where applicable. Visit their website at www.rics.org for a copy of their guidelines. Alternatively visit the BII website at www.bii.org/industry-advice.



4.2: THE RENT ASSESSMENT PROPOSAL

For all new Agreements, Rent Reviews and Agreement Renewals, we will provide a Rent Assessment Proposal, which will contain:

- A Shadow Profit and Loss Report containing turnover, gross profit and cost assumptions and show how the Rent has been calculated (see example in [Section 4.3](#)).
- A Rent Assessment Proposal Overview which will include the following relevant information, where available:
 - (a) The last three years' trading volumes of products purchased from Belhaven.
 - (b) The last three years' Service Charges (insurance and maintenance and service charge).
 - (c) Reference to the information that has been considered and assumptions made when preparing the Rent Assessment.
 - (d) Written confirmation by one of our, Estates Managers, who are Chartered Surveyors, that the Rent Assessment Proposal has been prepared in accordance with RICS guidelines.

Where we do not have three years' trading volumes and service charge information we will explain why this information is not available and the assumptions that we have made. Our Shadow Profit and Loss Reports are prepared in good faith based on reasonable assumptions.

We will comply with any reasonable request for further information which is relevant to the negotiation of the Rent. If we are unable to provide the information requested, we will provide a reasonable explanation as to why it cannot be provided as soon as is reasonably practical.

4.3: SHADOW PROFIT AND LOSS REPORT ILLUSTRATION

Subject to Contract	Agreement Type		Lease Standard		Tie / Machine Tie		Beer, Cider & Minerals / No				
	Agreement Reason	Reason	Re-let	Operational	Retail	Wholesale	Total Sales	Total	Gross Profit	Gross Profit	Sales Mo. %
SALES	Composite Barrels Purchased	Composite Barrels Sold	Sediment Allowance %	Wastage Allowance %	Selling Price (inc VAT)	Cost per Barrel (ex VAT)	(ex VAT)	Purchased (ex VAT)	£	%	
Cask Ale	52.0	48.0	5.6 %	2.0 %	£3.80	£466.56	£43,820	£24,261	£19,559	44.6%	8.3 %
Cask Ale - Non GK	0.0	0.0	5.6 %	2.0 %	£0.00	£0.00	£0	£0	£0	0.0%	0.0 %
Brewery Conditioned Beer	0.0	0.0		2.5 %	£0.00	£0.00	£0	£0	£0	0.0%	0.0 %
Standard Draught Lager	30.0	29.3		2.5 %	£4.20	£529.92	£29,484	£15,898	£13,586	46.1%	5.6 %
Premium Draught Lager	20.0	19.5		2.5 %	£4.60	£639.36	£21,528	£12,787	£8,741	40.6%	4.1 %
Draught Cider	12.0	11.7		2.5 %	£4.40	£541.44	£12,355	£6,497	£5,858	47.4%	2.3 %
Draught Cider - Non GK	0.0	0.0		2.5 %	£0.00	£0.00	£0	£0	£0	0.0%	0.0 %
Draught Stout	15.0	14.6		2.5 %	£4.60	£584.64	£16,146	£8,770	£7,376	45.7%	3.1 %
TOTAL DRAUGHT SALES	129.0	123.1	2.9 Comp Brls	3.0 Comp Brls			£123,333	£68,213	£55,120	44.7%	23.4%
PPL (330ml)	1.3	1.3			£4.00	£476.67	£2,080	£900	£1,480	71.2%	0.4 %
FABs (275ml)	0.5	0.5			£4.00	£591.94	£1,040	£310	£730	70.1%	0.2 %
Packaged Cider (500ml)	2.4	2.4			£4.70	£466.32	£3,055	£1,112	£1,943	63.6%	0.6 %
Packaged Other (275ml)	0.0	0.0			£0.00	£0.00	£0	£0	£0	0.0%	0.0 %
TOTAL BEER SALES	133.2	127.3					£129,508	£70,235	£59,273	45.8%	24.5%
Postmix Minerals	1.9	1.9					£12,301		£10,120	82.3%	2.3 %
Packaged Minerals	10.2	10.2					£19,166		£15,022	78.4%	3.6 %
Wine	21.1	21.1					£49,558		£33,112	66.8%	9.4 %
Spirits	4.3	4.3					£22,256		£19,640	88.2%	4.2 %
TOTAL DRINKS SALES	170.6	164.8					£232,789	£70,235	£137,167	58.9%	44.1%
Food							£203,451		£134,626	66.2%	38.5 %
Crisps, Nuts And Confectionary							£2,080		£1,144	55.0%	0.4 %
Accommodation							£89,863		£89,863	100.0%	17.0 %
Other Sales							£0		£0	0.0%	0.0 %
TOTAL SALES							£528,182	£70,235	£362,800	68.7%	100.0%
Net Machines Income							£2,000		£2,000	100.0%	0.4 %
TOTAL INCOME							£530,182	£70,235	£364,800	68.8%	100.4%
EXPENSES							BBPA Guide - Town/country food-led 10k		% of Sales		
Total Staff						25.8%	£136,271		£153,105	29.0 %	
Business Rate						3.3%	£17,430		£17,748	3.4 %	
Water Rates									£3,000	0.6 %	
Heat/Light/Power						4.5%	£23,768		£24,000	4.5 %	
Premises Repairs/Maintenance						1.8%	£9,507		£10,000	1.9 %	
Equipment Repairs/Maintenance									£2,000	0.4 %	
Gardening Expenses									£1,500	0.3 %	
Buildings Insurance									£2,160	0.4 %	
Maintenance and Service Plan Charges									£0	0.0 %	
Licensing									£180	0.0 %	
Tenant Insurance						0.6%	£3,169		£2,500	0.5 %	
Entertainment						0.0%	£0		£1,000	0.2 %	
Sky / PRS / Virginia						0.7%	£3,697		£350	0.1 %	
Marketing/Promotion/Advertising						1.5%	£7,923		£2,000	0.4 %	
Print/Post Stationary									£900	0.1 %	
Telephone									£1,200	0.2 %	
Travel/Car									£1,500	0.3 %	
Waste Disposal/Cleaning/Hygiene						1.2%	£6,338		£9,000	1.7 %	
Third Party Booking Fee									£12,221	2.3 %	
Accountant/StockTaker/Professional Fees						0.7%	£3,697		£4,100	0.8 %	
Bank Charges/Credit Card Commission						0.7%	£3,697		£4,000	0.8 %	
Equipment Hire						0.2%	£1,056		£1,000	0.2 %	
Sundries/Consumables						1.7%	£8,979		£2,500	0.5 %	
Drinks Gas									£600	0.1 %	
Total Expenses						42.7%	£225,534		£256,164	48.5 %	
Net Operating Profit Before Rent (including Machine Income)									£108,636		
Less	Interest on Working Capital @ 8%								£5,632		
	Interest On Tenant's Improvements								£0		
	Net Machine Income (if tied on machines)								£0		
Total Adjustments									£5,632		
Divisible Balance (excluding Machines Income if tied on machines)									£103,004		
Fixed Rent (% of Divisible Balance)									50.5 %		
Assessed Fixed Rental Value									£52,000	9.8 %	
Operator's Retained Income (including Machine Income)									£51,004	9.7%	

1. This shadow profit and loss report is hypothetical. It is based on assumptions and does not guarantee future or present performance of the business. Operators must seek independent advice from a suitably qualified person experienced in the rental valuation of public houses in consideration of this shadow profit and loss assessment.

2. For industry benchmarking data please refer to the British Beer and Pub Association's 'Running a pub - A guide to costs for tied tenants and leases'.

3. For volume purchase, service charge history and an explanation of the assumptions made in preparing this shadow profit and loss report please refer to the Rent Assessment Proposal Overview provided with this report.

4. Composite barrels: 1 composite barrel is equal to: 26 imperial gallons of beer, cider or flavoured alcoholic beverages, 100 litres of table wine, 40 litres of spirits and fortified wine, 1,200 litres of past mix (CCSB products) ready to drink mixers and 200 litres of packaged mixers.

5. Total sales for draught beer and cider are calculated after the sediment and wastage allowances stated have been deducted. For an explanation of the assumptions made in assessing these allowances please refer to the Rent Assessment Proposal Overview referred to under note 3 above.

4.4: HOW WE CALCULATE YOUR RENT AT RENT REVIEW

Rents for all of our Rent Reviews may be reviewed upwards or downwards. Where our Agreements include upwards only Rent Review clauses these are not enforced and can be removed through the completion of a legally binding Deed of Variation at your cost. Alternatively, we provide Partners with the opportunity to convert to a new Agreement without an upward only Rent Review clause at no less favourable commercial terms, if terms can be agreed.

Our Rent Assessments will be conducted in accordance with the Rent Review provisions confirmed in your Agreement and RICS Guidance. These provisions usually specify that the reviewed rental should be the level of Rent that would be achieved if the pub was available to let at the date of the Rent Review on the terms and conditions in the Agreement. However, the actual legal Agreement should always be checked to confirm the process and assumptions that should be adopted for the Rent Review.

Products that are subject to a Tie will be assessed at tied prices and products that may be purchased free-of-tie will be assessed at open market prices.

4.5: THE PROCESS FOR REVIEWING YOUR RENT

Where you have an Agreement with us that requires a Rent Review, we will provide you with a Rent Assessment Proposal, as detailed in [Section 4.2](#), at least six months ahead of the review or renewal date.

The review will usually be settled by negotiation with your Business Development Manager, Estates Manager or Agent of the Company. Our objective is to agree a new Rent before the Rent Review date so that we can both plan for the future.

You should take independent professional advice from a suitably qualified agent or professional advisor with the necessary skills and knowledge in the valuation of pubs, before agreeing to the new Rent. When we issue the Rent Review Memorandum to you for signature, we shall remind you to take independent professional advice before signing and returning it to us. When the Rent Review Memorandum signed by you is received by us this is on the understanding that you have taken all necessary independent professional advice and you are in agreement to legally complete the Rent Review.

We will negotiate with either yourself or your agent if you prefer.

We will seek to comply with any reasonable request for further information relevant to the Rent assessment from you and/or your professional advisors. If we are unable to provide the information requested, we will provide a reasonable explanation as to why as soon as is reasonably practical after the request is received. Information which may be used in third party determination of Rent will not be unreasonably withheld and will be shared on request, subject to public policy, matters of law or appropriate confidentiality agreements.

If you disagree with our proposal, we will ask you to justify this with the support of your own profit and loss report.

OUR RENT REVIEW PROCESS

- We will notify you of the forthcoming Rent Review around twelve months before the review date.
- We will ensure that an Estates Manager, Business Development Manager or Agent of the Company arranges to meet you and inspect the property within at least nine months prior to the Rent Review date. At this meeting we will explain the process, collect information about your pub and its trading circumstances and give you the opportunity to put forward any factors that you believe we should take into account when preparing our assessment.
- No later than six months prior to the Rent Review, and within three months of the Property Inspection, we will provide you with a Rent Assessment Proposal as detailed in [Section 4.2](#).
- Wherever possible we aim to complete Rent Review negotiations in good time before the review date. We will confirm our agreement in a Rent Review Memorandum that will be signed by both of us to form a legally binding Agreement.

Where the Rent Review has not been agreed and either the Rent Review date has passed or where more than six months have elapsed since the day on which we provided you with the Rent Assessment Proposal, we will agree in writing with you how any recoverable Rent is to be paid. Where it is proposed to increase the Rent payable this will include the arrangements of how you will pay to us the amount of the increase applicable from the Rent Review date. Where it is proposed to reduce the Rent payable it will include the arrangements of how we will pay to you the amount of the reduction applicable from the Rent Review date.

PREPARING FOR A RENT REVIEW

To prepare for the Review, you need to research the local market to assess the trading opportunity for your pub and consider the Fair Maintainable Operating Profit for your business.

You should prepare your own Profit and Loss Report for the business, based on the Fair Maintainable Operating Profit. A Profit and Loss Template is available on our website at www.greenekingpubs.co.uk/belhaven under Running a Pub > Business Planning.

You may be required to provide your Certified Accounts to support this process. Some of our Agreements include a contractual requirement for you to provide management accounts, wet stocktake and VAT returns plus any other financial details when requested by us. The format of information required may also vary according to the type of Agreement you have.

Please note that the following are not considered Rent Reviews:

- An annual or other periodic indexation of Rent;
- A change in Rent in connection with the receipt of a corresponding benefit from us. This includes a Rent increase agreed in consideration of our undertaking or funding a Capital Scheme to refurbish or carry out alterations to your pub;
- A change in Rent in connection with the freeing of a product or service Tie;
- Any discussion in respect of changes in Rent which are carried out within a review of the business provided for under the terms of your Agreement.

If your agreement does not include periodic rent reviews, then you may at any time request a rent assessment following the conclusion of an agreed rental term.



4.6: INDEXATION

The Rent payable under both our Tenancy and Lease Agreements will be affected by annual changes in the Retail Prices Index (RPI). We use the 'All Items' RPI as our measure. Your Rent may go up or down on the first day of the month following the anniversary of its commencement. An RPI cap is applied, depending on your level of Rent and will be advised to you as part of the information you receive from us, which will also include a five-year illustration of the impact the indexation rate will have on your Rent.

You must seek independent professional advice from suitably qualified advisors on the effect of Indexation on your Business Plan and your income over the term of your Agreement.

4.7. WHAT HAPPENS IF WE CAN'T AGREE YOUR TIED RENT?

If it is not possible to reach an Agreement, your Tied Rent Review may be referred to an external assessment body. Before we reach this stage we would want to be satisfied that negotiations have been fully explored.

We treat rental disputes very seriously and all disputed reviews are considered by our senior management before referral to an external assessment body. You should seek independent professional advice from suitably qualified advisors to help you through this process.

PUBS INDEPENDENT RENT REVIEW SCHEME (PIRRS)

If we have reached a final offer and have been unable to resolve a Tied Rent Review, you may refer to the Pubs Independent Rent Review Scheme (PIRRS). PIRRS offers an accessible, independent, low cost Tied Rent Review resolution service and is supported by Belhaven/ Greene King. Capped fees enable Licensees and Landlords to resolve disputes in a fair and timely manner.

PIRRS can be accessed by the Tenant and the pub-owning business agreeing in writing to use the PIRRS process to resolve a Tied Rent dispute. The agreement of both parties is required to begin this process via the specific PIRRS form.

The decision of PIRRS will be final and we must both abide by it.

You should seek independent professional advice from a suitably qualified advisor to help you through this process.

Full details of PIRRS including the procedure and costs may be found on their website at www.pirrscheme.com.

THE DIFFERENCE BETWEEN ARBITRATION AND INDEPENDENT EXPERT DETERMINATION

At Arbitration, the decision is based on the evidence presented by the two parties. Both parties are entitled to make submissions and comment on each other's submissions. Either party may request a hearing, which they may both attend. The Arbitrator has the power to make an award for costs. This can be expensive for the party that loses. It is similar to a court process and similar rules apply to the admissibility of evidence and conduct of the process.

An Independent Expert will make an assessment based on their own expertise and knowledge. They may consider submissions made by both parties but are not bound by this evidence. An Independent Expert cannot make an award for costs and who pays is usually stated in your Agreement.

Both Arbitration and using an Independent Expert can be relatively expensive and time-consuming processes.



5: THE PROPERTY

As stated in **Section 3.2**, you must ensure you have fully inspected the whole premises before entering into an Agreement with us, including the private accommodation areas (if any) which you intend to live in.

You must ensure you seek independent professional property advice from a qualified surveyor to ensure you fully understand your obligations and have made appropriate considerations when preparing your Business Plan.

5.1: REPAIRS AND MAINTENANCE

Belhaven/ Greene King's Property Department supplies services to ensure that your pub looks its best, your customers are safe and you can manage your business more effectively.

TENANCY AGREEMENTS

Belhaven/ Greene King maintains the 'structure' of the building. You must repair, service and maintain the rest of the property in accordance with your Agreement. As part of your Agreement, you will receive a Maintenance and Service Agreement that details your responsibilities.

Our Maintenance and Service Agreement will take care of most of your compliance, servicing and repair obligations. We will charge you a regular fee (weekly or monthly) for this, based on the size and type of your pub. Please see our **Guide to Charges** for information. The Maintenance and Service Agreement explains what is covered and will be issued to you alongside your Tenancy Agreement. The cost of this Agreement is taken into consideration when we set the Rent for each pub and will be fully explained to you.

Any repairs or maintenance other than those which are our responsibility will be recharged to you in accordance with your Agreement.

LEASE AGREEMENTS

Our Lease Agreements are 'Put and Keep' with full repairing liability meaning that no matter what the condition of the property is at the start of the Lease Agreement, you must repair the property, put it into a good condition and keep it in that condition at all times unless we have committed in writing to complete agreed works to enable the Lease Agreement to complete. Your obligation to repair the property means repairs to all of the property. For some Leases, you will pay a monthly amount into a Repairs Fund that we hold on deposit to ensure that funds are set aside to deal with repairs and periodic redecoration. Funds will be released on application when these works are completed and payment to contractors is due.

Please take a look at our **Guide to Lessee Repairing and Statutory Obligations** for more information, which provides detailed guidance on understanding your repairing and statutory obligations when operating a pub under a Full Repairing Lease Agreement, and what you need to do to manage them. We strongly advise you to read this before entering into a new Lease Agreement or purchasing an existing Lease Agreement by Assignment and use it as a reference document throughout your time at the pub.

LOGGING A REPAIR

We operate a Property Helpdesk 24/7 365 days a year contactable through Publine. You can contact the Helpdesk to notify us of a repair which is our responsibility. We will confirm if the repair is our responsibility by reference to your Agreement and the Maintenance and Service Agreement.

Once responsibility for the repair is confirmed, a Property Helpdesk operator will instruct a contractor to visit your pub to carry out the repair. Depending on the nature of the repair and the time of day your call is logged, the contractor may conduct a temporary repair to make safe and then return at a later date to undertake a more permanent fix.

If the works required are of a more complex nature the contractor may be required to submit a quotation to Belhaven/ Greene King for approval of works or seek permissions to carry out the works from local authorities, adjoining building owners or statutory bodies. Once these approvals are in place the contractor will arrange with you directly a return to the pub to complete the work.

If the repairs are your responsibility and we have agreed to complete the works on your behalf, you will be re-charged for the works through your Trade Account.

REPAIR UPDATES

You can view the current status of your logged repair and its progress online at www.pubpartners.net. You can also view the statutory certification and planned testing dates too. Alternatively, you can call the Property Helpdesk, via Publine, where an operator will provide a progress update on your repair over the phone.

REPAIR ISSUES

If you are unhappy with the standard of workmanship, quality of the repair undertaken, or would like to recall the contractor back to your pub to complete a job, or to escalate any issues, you can do this by calling the Property Helpdesk via Publine. An operator will log the issue and, depending on the nature of the issue, will either make the necessary arrangements with the contractor to re-visit or escalate to a Property Surveyor for response to you.

BREACH OF REPAIRING OBLIGATIONS

If we believe you have failed to keep to your obligations to look after the property as set out in your Agreement, or the Maintenance and Service Agreement, our Agreements include a provision for us to serve a Repairs Notice on you, specifying all outstanding repairs. You will be required to put right the disrepair at the property within two months of our notice (or sooner if we tell you to). If you fail to carry out the repair in the time we give you, we may (at our discretion) carry out the repair work ourselves and you will be recharged for any costs or expenses we incur in meeting your responsibilities.

5.2: SAFE START

Safe Start is the process which ensures that every time we put somebody new into one of our pubs, the building and equipment which we provide is safe. This complies with Health & Safety at Work Act 1974. You will be required to complete our online Safe Start training module to ensure you understand both Belhaven/ Greene King's and your responsibilities prior to Change Day.

As part of the change process we will provide a full set of current statutory test certificates for new Tenancy and Lease Agreements. These cover:

- Gas for both domestic and commercial use.
- Asbestos.
- Electrical fixed wiring.
- Portable electrical appliances if they are owned by Belhaven/ Greene King.
- Fire alarm and emergency lighting.
- Fire risk assessment.

For Tenancy Agreements – we are responsible for testing and certification throughout your Agreement. See our [Maintenance and Service Agreement](#).

For Lease Agreements – you are responsible for all statutory compliance including testing and certification throughout your Agreement. In some instances, we will complete the statutory testing on behalf of the Lessee, however any remedial work required as a result of the testing will need to be completed by the Lessee.

For Lease Assignations – if you are assigning your business you will need to provide copies of current statutory certifications to us to make available to the Assignee (buyer) of your business. Your statutory certifications will be verified by a third party (Please refer to our [Guide to Charges](#)), and any outstanding certifications or remedial works identified will require completion by you. If you have not completed the certification, we will make appropriate arrangements to complete the certification and any remedial works, which will be recharged to you.

5.3: EXTERNAL REDECORATION

TENANCY AGREEMENTS ONLY

Belhaven/ Greene King is committed to maintaining the fabric of all our properties. The work generally includes redecoration of the pub's external windows and walls as well as maintaining external corporate lighting and signage. There is no charge for this service unless we need to repair something that is your obligation to maintain under the terms of your Agreement. The frequency of our redecoration cycle is every 6 to 7 years.

5.4: PROPERTY INVESTMENTS

During the term of your Agreement you may wish to invest in your business to enhance the trading opportunity at your pub. You should discuss your ideas with your Business Development Manager in order that we may consider your proposals and, if appropriate, agree the best route for you to progress the project. Throughout any project you will be supported by our Property Team.

We currently operate three ways in which you can invest and improve your business:

1. GREENE KING/ BELHAVEN'S CAPITAL DEVELOPMENT

We can invest in improvements to your pub if we believe that the investment will be appropriate and beneficial to the performance of the pub. A Rental Assessment will be made of the opportunity and you will be provided with a forecast Profit and Loss Statement for the pub, which will cover a period of two years, and will show the revised Rent required to support the investment.

Our contractors and designers will complete the work, managed by one of our Property Surveyors. We will apply for planning permissions, statutory consents and any licensing variations required, the fees of which will be included in the total cost of the project. We may ask you to upgrade or add to the Fixtures and Fittings in your business in line with works completed.

We would only embark on a Capital Development Project of this type with your full support and buy-in to the project. We and you will be required to enter into an Investment Agreement, which will include a description of the proposed investment, a list of the works to be completed including dates of completion and the estimated costs of works.

The Investment Agreement must be completed and signed prior to the commencement of any works.

You must seek independent professional advice prior to signing the Investment Agreement to ensure you understand the additional costs you will incur in your business as a result of the investment, and that you are clear on the obligations the Investment Agreement will place on you.

If in the event you decide not to proceed with the investment we reserve the right to re-charge the costs to you that we have incurred.

2. GREENE KING/ BELHAVEN'S CAPITAL BUYBACK

We have a facility called Capital Buyback which allows you to undertake development work locally and for us to pay you for the cost of the agreed improvement works on completion. We will only agree to a Capital Buyback where we feel it is in the best interest of both you and Greene King/ Belhaven.

The same process will apply as for our Capital Development option, with a Rental Assessment being made of the opportunity and the works being documented by way of an Investment Agreement, which must be completed and signed prior to the commencement of any works.

3. YOUR OWN CAPITAL DEVELOPMENT

Any investment you plan to make to improve your pub must be agreed and approved by us before the commencement of any work. Formal approval is given by way of a Licence to Alter and a Deed of Variation granting you permission to make Structural Alterations or Additions. You will be charged for this, please see our [Guide to Charges](#).

We will only allow you to invest in your pub if the opportunity is appropriate and beneficial to the overall performance of the pub. In choosing to invest in your pub yourself, you will be putting your own capital at risk if your anticipated improved business performance does not materialise. Allowance for your investment on improvements will be made at Rent Review. The details of how we deal with this are agreed for the specific investment and must be legally documented before you either enter into a contractually binding commitment with a contractor or start work. Our consent will be formally documented by way of the Licence to Alter.

IMPORTANT NOTE

It should be noted that verbal encouragement around developments at your pub does not constitute permission to make alterations. You must obtain written permission confirmed in a Licence to Alter prior to completing any works. Should you proceed with your own development without a Licence to Alter, any improvements which are attributable to your investment will not be disregarded at Rent Review and may be considered as a breach of your Agreement. Belhaven also reserves the right to request that any works completed without prior permission by way of a Licence to Alter be removed and the building put back to its original condition at your expense.

Before starting any work you will need to provide evidence that all statutory consents including planning permission, building regulation approval etc. have been granted. We will apply for all licensing variations and fees will be recharged to you. Please see our [Guide to Charges](#).

If you exercise a notice period clause or, in the worst case scenario, should you wish to surrender your Agreement, you will not receive compensation for the capital you have invested.

5.5: DILAPIDATIONS

A Schedule of Dilapidations is used to confirm the repairs you are required to complete under the terms of your Agreement. A survey of the pub will be conducted by a Chartered Surveying Practice in the preparation of a Schedule of Dilapidations, and you will be given reasonable notice of the survey.

The Schedule of Dilapidations will be sent to you and presented in a Scott Schedule format. The items of disrepair will be prioritised to help you understand the most important items that need addressing first. The cost for the Schedule of Dilapidations will be recharged to you, please see our [Guide to Charges](#).

EXAMPLE OF CATEGORISATION AND PRIORITISATION OF REPAIR ITEMS

CATEGORY	TIMESCALE	EXAMPLE
1 Urgent – to be completed straight away.	Immediate	Matters relating to statutory compliance or Health & Safety.
2 Work required to prevent further deterioration of fabric of premises or diminution in value of the reversion.	Immediate	Roof repairs; cleaning gutters to prevent water ingress, significant structural issues.
3 Items that will minimise future costs if addressed in a timely manner.	1-12 months	Repairing and repainting rotten timber; removal/control of vegetation to prevent damage to walls or roofs; redecoration where in poor condition/adversely impacting trade.
4 Matters of note that the Tied Pub Tenant should be aware of and allow to pick up as part of general maintenance plan.	On-going/before the pub is handed back	Repointing of brickwork; removal of vegetation; decoration of domestic quarters; re-instatement and making good of alterations.

TENANCY AGREEMENTS

A Schedule of Dilapidations will be arranged in the following circumstances:

- **Following your request to end your Agreement with us.** The Schedule of Dilapidations will be prepared to enable you to fulfil your agreement obligations.
- **Where your Agreement is coming to an end of its contractual term.** We will serve a Schedule of Dilapidations no later than six months before the end of your Agreement. We may be discussing details of a new Agreement with you in which case the Schedule of Dilapidations will form part of these discussions.
- **Where we give you notice to end your Agreement mid-term** (known as a 'Landlord Break Notice'). In some Agreements, we have a contractual right to end the Agreement mid-term by issue of a 'Break Notice'. The notice period will vary depending on what is stated in your agreement. When we issue such a notice, we will serve a Schedule of Dilapidations within 14 days of issue of the notice. If we are discussing details of a new Agreement with you, the Schedule of Dilapidations will form part of these discussions.

LEASE AGREEMENTS

We will arrange a Schedule of Dilapidations between 12 and 24 months before the end of your Lease and this will be completed by a Chartered Surveying Practice. This will confirm any repairs that you will need to complete before the end of your Lease. You will be required to either complete or meet the cost of any outstanding works before you leave. Our Lease Agreements are 'Put and Keep', which means that you are responsible for all repairs and maintenance to the property, including any repairs that were identified at the start of the Lease Agreement.

Each year we will send you a reminder of your repairing obligations. This is an opportunity for you to check your repairing, decorating and statutory testing obligations as set out in your agreement. In addition, around every 12 to 18 months a property inspection of your pub will be conducted by a Belhaven/ Greene King Property Surveyor and is designed to assist you in understanding your

obligations, and what action you should consider taking to comply with them. Details of the visits and any action discussed with you will be recorded and supplied to you for reference and will reflect issues that our property surveyor noted on the inspection day. This should not replace your own independent advice on any issues.

To further support your obligations, we will also arrange for interim Schedule of Dilapidations during the term of your agreement, which will occur every 5 years.

You must seek independent professional advice from a Surveyor familiar with the process for dealing with dilapidations for Full Repairing Leases.

DILAPIDATIONS DISPUTES

If you do not agree with the Schedule of Dilapidations, you must contact your Business Development Manager as soon as possible in writing. You will be required to detail your disagreements within the comments section of the schedule. You may wish to seek independent professional advice to help you.

A Chartered Surveyor, Property Surveyor or Agent of the Company will communicate with you on your queries. If we agree that part of the Schedule of Dilapidations is not attributable to you, this will be confirmed in writing. No charge will be made to your Trade Account for any items, repairs or redecoration that we have agreed to remove.

If we cannot agree on the level of dilapidations applicable to your pub, the dispute will be escalated to a senior member of the management team for review. Alternatively, and if you agree, we may appoint an external Chartered Surveyor to review the items in dispute in order to seek a resolution. The cost of appointing the external Surveyor will be split equally between both parties. Please see our [Guide to Charges](#) for details of this fee.

WHEN YOU LEAVE YOUR PUB

A Chartered Surveyor, Property Surveyor or Agent of the Company will undertake a further inspection of the property to sign-off the completed works in respect of your Schedule of Dilapidations. Any dilapidations that remain outstanding will be highlighted to you, and charges will be applied to your Trade Account.



5.6: BUILDINGS INSURANCE

We provide insurance to cover buildings, our fixed Fixtures and Fittings, our loss of Rent, our loss of profit and our loss of any other income. Our insurance is part of a Greene King group block policy covering all properties in the Greene King group including Belhaven. Greene King does not receive any commission or rebate in connection with our group block policy.

The cost of our insurance is recharged to you on a band basis, calculated on the size and style of your pub. This charge will be shown in the Shadow Profit and Loss Report we provide you.

In the event any insurable damage is caused to the property, we will promptly claim all insurance money from our insurers. The insurance money we receive will be used to repair, rebuild, reinstate or replace (as appropriate) the property (apart from loss of Rent and loss of income).

If you cannot use all or any part of the property for the business, as long as you, your agents, customers or any party authorised by you or permitted by you to be at the property have not done or failed to do anything which has caused our insurance cover to be lost, reduced or avoided you will not have to pay Rent (or only a fair part of it for the undamaged parts), from the date of damage until you can use the property again for the business. This suspension or reduction of Rent will last for a maximum period of three years from the date of the damage.

All insurance claims carry an excess which will be charged to you. Please see our **Guide to Insurance** for more information on our insurance policy details, excess charges and how to make an insurance claim.

INSURANCE PRICE MATCHING POLICY

We operate an Insurance Price Match Policy, giving you the ability to obtain your own quotes to price match against the insurance costs we charge you. In obtaining your independent insurance quotes you must ensure the policy is provided on a like-for-like basis and you must disclose your full claims history. The insurance company you use

must have a credit rating of no lower than A, as rated by the insurance rating services A.M. Best (www.ambest.com).

Any price match quote should be forwarded to insurancepricematch@greeneking.co.uk for verification and approval. Where a price match is approved, we will adjust your insurance charge to reflect the lower quote. You will still be required to continue paying Belhaven/ Greene King for the insurance we provide.

YOUR OWN BUSINESS INSURANCE

It is your responsibility to make sure that you and your business are insured. You should ensure that you have adequate cover to include the following areas:

- Property damage to your Fixtures & Fittings, contents, stock and wines/spirits/beers etc.
- The loss of your Personal Licence.
- Loss of your income through business interruption.
- Employer's liability (minimum £10 million).
- Public and products liability (minimum £5 million).
- New for old replacement.
- Loss due to neglect or lack of maintenance.
- Utilities (electricity, gas, water, telecommunications) during any closure.
- All associated business expenses during any closure.
- Personal and domestic contents.

We strongly recommend your insurance also covers:

- Money and goods in transit.
- Money held in gaming machines.

You must include Greene King as an 'interested party' on your policy. This means your insurer will make us aware if your policy lapses or expires. You will need to show us your policies when requested and do nothing to invalidate any insurance. We must be notified within seven days of any claim that you make.

6: THE CONTENTS OF YOUR PUB

6.1: BUYING THE INVENTORY WHEN YOU MOVE IN

You rent the pub buildings but you own its contents. When you take over a pub, you must buy the contents (known as the Fixtures & Fittings or Inventory and includes furniture, glassware, crockery etc) and any remaining stock. You don't have to buy the Inventory in the private accommodation.

An Independent Licensed Broker will decide on the valuation of the Inventory and will negotiate between the buyer and seller. In most cases, you will be buying the Inventory from the outgoing Licensee, but under some circumstances (for example, if the pub has been vacant or it has been managed by an Agent) you will be buying from Belhaven/ Greene King. The Broker will ensure that there are no Hire Purchase Agreements on Inventory items as it is illegal to sell an item that still has monies outstanding. You will be responsible for the cost of the Broker.

You cannot choose only certain items in the Inventory – it is sold to you as a whole package.

You will not need to pay for any Inventory items that are not working. These items will be identified by the Broker.

If you buy the Inventory from the outgoing Licensee, you will not need to pay VAT. If you buy the Inventory from Belhaven/ Greene King, we will need to charge you VAT.

6.2: SELLING THE INVENTORY WHEN YOU MOVE OUT

When you leave your pub, you will have the opportunity to sell your Inventory to Belhaven/ Greene King or (where someone is coming into the pub immediately after you) the new Licensee. You will be responsible for the cost of the Broker.

The Inventory may be worth less than you paid for it when you moved in, or it may be worth more if you have purchased additional Inventory items for your pub during the period of your Agreement.

Where we are purchasing back the Inventory from you, the balance is paid within 28 days, after deducting any outstanding debts and liabilities to Belhaven/ Greene King.

6.3: PUB PARTNERS ASSISTED PURCHASE SCHEME

Under certain circumstances, Belhaven/ Greene King can provide an Assisted Purchase plan to aid the payment of Fixtures & Fittings. This is usually used where you are buying Fixtures & Fittings after a major refurbishment project. Your Business Development Manager can provide you with more details on this scheme.



7: WORKING TOGETHER

7.1: THE ROLE OF THE BUSINESS DEVELOPMENT MANAGER

Your Business Development Manager is your personal business consultant, advising you on everything from pub investment plans to the latest initiatives and ideas. Business Development Managers have the ability to draw on the knowledge of other experts at Belhaven/ Greene King when discussing your needs and are your main point of contact with us. Part of their role will be to ensure that you are complying with the obligations under your Tenancy or Lease Agreement.

Your Business Development Manager will tailor the support you require. During the beginning of your Agreement and subject to your experience, your Business Development Manager will visit you more frequently to support you in your new business. We would usually expect a minimum of four structured in-depth business review meetings per year.

So that you are able to rely on the information we provide you, we will document discussions you have with your Business Development Manager.

We will provide you with a record of such discussions within the period of 14 days beginning with the day on which the discussion occurred. If you do not agree with any aspect of the record, you must respond to the Business Development Manager within the period of seven days beginning with the day on which the record was received.

On occasion you will have discussions with other representatives of Belhaven/ Greene King in relation to the areas listed, and where this occurs we will provide you with a record of the discussion within the same timescales.

Phone calls made to our Head Office support teams either through Publine or directly to an individual are exempt from the specific requirements of documenting discussions. However, we do operate our own internal recording systems to help us in the running of our business.

Please note that your Business Development Manager is entitled to complete property checks within your premises (including regular cellar visits and, on occasion, accommodation visits) to ensure that you are complying with the purchasing and property maintenance obligations of your Agreement.

We recognise how important your relationship is with your Business Development Manager, however, they may change from time to time. We will attempt to minimise any potential disruption where-ever possible.

7.2: BUSINESS DEVELOPMENT MANAGER TRAINING

We invest a lot of time and effort in training and monitoring the performance of each Business Development Manager. Our Business Development Managers will have completed a thorough four-week induction covering essential business to business training around the traditional landlord and tenant relationship, fair Rent setting, the key areas of Agreement compliance and covering business to consumer areas such as sales development and the customer journey.

We are committed to ensuring that all our Business Development Managers who have contact with you are properly trained prior to the completion of their induction. All our Business Development Managers are trained on the voluntary Code of Practice and will undertake annual refresher training.

We also support our Business Development Managers with academic qualifications. Our Business Development Managers have the opportunity to take part in many Belhaven/ Greene King programmes leading to qualifications at degree and post-graduate levels.

We are committed to the continuous professional development of our Business Development Managers. We continue to review their training and development as part of their performance. All of our training and development is tailored to meet the specific needs of our employees, depending upon their level of expertise, experience and stage in their career.

Business Development Manager performance is monitored regularly. Part of their key performance objectives are based on the retention of their Licensees, the profitability of their Licensees and their Licensees' feedback. Their performance is recorded through our formal Performance Development Review process, which all employees participate in throughout the year.

Business Development Managers will qualify for exemption from training if, in our opinion, they are qualified through prior training and/or experience. We will keep records of training and exemptions.

7.3: OTHER SUPPORT

There are a number of other professional people within the Belhaven/ Greene King organisation that provide expert help including our Operations Directors who are responsible for geographical regions, our Estates Managers who are RICS* qualified and provide expert Rent Assessment advice, our Property Team who can advise on investment schemes, our Cellar Service Team who are available to maintain and install your beer dispense equipment, our Credit Control Team who can assist you with managing your account and our Retail Audit Managers who provide support with Agreement compliance. We also have a Machines Manager who can advise you on maximising your opportunity from machines.

** Royal Institution of Chartered Surveyors.*

7.4: TIED PURCHASING OBLIGATIONS

Having chosen a Tied Agreement with us, you benefit from a lower Rent and a greater level of support than if you were a freehold operator or had a free-of-tie Agreement. Buying outside of the Tied Agreement is a breach of contract and therefore not permitted. We monitor compliance with the tie by way of:

- Use of flow monitoring equipment.
- Cellar inspections.
- Reviewing purchasing patterns.

If a breach of Tie occurs we will:

- Seek to recover compensation for our losses, known as Liquidated Damages, plus an Administration Fee, as detailed in our **Guide to Charges**; and/or
- Apply for a Court Injunction (alongside recovering the income lost to Belhaven/ Greene King); and/or
- Apply for Irritancy of your Tenancy or Lease Agreement.

Where we have used flow monitoring information, we will not pursue a claim for compensation for losses unless we have a second piece of evidence. We will request a meeting with you to understand the circumstances surrounding the alleged breach and will discuss the matter with you to determine if a breach has actually occurred.

Where a breach has occurred we will issue a Breach Notice to you, which will include details of the Liquidated Damages we will charge to your Trade Account.

If you disagree with the Notice you will have 14 days to appeal the Notice and provide evidence to support your appeal. A meeting will be held to discuss the breach with you. You may wish to be accompanied by a professional advisor at the meeting.

If the Notice is upheld on appeal, the Liquidated Damages, as well as the Administration Fee, will be charged to your Trade Account.

FLOW MONITORING – BENEFITS FOR YOU

Flow Monitoring Reports are available to you through your Business Development Manager at your regular business meetings. You will be given access via a secure website to view these reports at any time. This information can be very useful to you in the day-to-day management of your business. The information is regularly used by our Licensees to:

- Support Stocktake Reports.
- Effectively manage their range of products and understand their dispense 'hot spots' on their bar.
- Understand the product yields they are achieving.
- Analyse the busiest periods of trade and plan employee rotas to suit.
- Support a regular line cleaning regime to ensure quality delivery of all draught products and reduce wastage.
- Investigate employee misconduct through the invaluable data available.

FLOW MONITORING - HOW IT WORKS

Flow monitoring is installed in the cellar of your pub and measures the amount of draught beer and cider that is dispensed against the amount of beer and cider that is delivered. This measurement is completed by way of a flow meter installed in each of the beer lines. Flow monitoring procedures recognise and remove line cleans from this measurement. Each flow meter is individually calibrated.

Belhaven/ Greene King is responsible for the installation costs and maintenance of this equipment. We will be responsible for ensuring that the equipment we install meets all regulatory and legal requirements. During maintenance, it may be necessary to use your drinks products for calibrations and verifications. In such cases the stock used will be credited back to you at the average cost price per pint for the pricing in place as part of your Agreement. The only cost that you are responsible for is the electricity which powers the unit. Tests have shown that this equates to approximately £10 per year. If there is a discrepancy in flow monitoring figures, your Business Development Manager or another representative of Belhaven/ Greene King will discuss this with you at the earliest opportunity.

If a breach of contract has occurred by way of purchasing outside of the tie, and flow monitoring equipment is not in place, we reserve the right to install this equipment in order to protect us from any further breach of contract.

TAMPERED EQUIPMENT

If flow monitoring equipment is tampered with or damaged then any costs associated with the reinstatement of this equipment will be charged back to you. Where a maintenance call has been pre-arranged and then does not happen because of refused or no access, this cost will be charged back to you.

BREACH OF THE TIE

The data from the flow monitoring equipment, whilst significant, is only one element of the information required to establish a potential breach of the tie. Other elements of the process could also include the following:

- Product order history.
- Cellar inspections.
- Stock count.
- Best before and racking dates not tying up with stock ordering patterns.
- Identification of foreign product (keg beers and bottled products).
- Flow meter bypasses.
- Unauthorised dispense equipment.

CELLAR INSPECTIONS

Both your Business Development Manager, our Retail Audit Managers and other representatives of Belhaven/ Greene King may complete cellar inspections. These inspections will support you in the upkeep of your beer dispense equipment, as well as ensuring that tied products from a source other than Belhaven/ Greene King are not in evidence and that flow monitoring equipment is in working order. You are required to allow reasonable access for your Business Development Manager and other representatives of Belhaven/ Greene King to complete these cellar inspections.

7.5: BELHAVEN/ GREENE KING SUPPLY SERVICES

PRODUCT RANGE

We have a large range of products available to our Licensees; these include leading brands as well as more specialised and regional products. You have the freedom to choose from the list of products you want to sell in your business but there will be geographical restrictions due to depot availability. Your Business Development Manager will help and advise you with this choice.

As brewers we are very proud of our award-winning ales. Alongside our famous brands such as Belhaven Best, Greene King IPA, Abbot Ale and Old Speckled Hen, it is our policy to offer an extensive range of seasonal ales throughout the year. We also work closely with other UK brewers to offer and supply guest ales on a monthly basis. We do not permit you to stock a free-of-tie guest ale without prior written consent.

PLACING YOUR ORDERS

We offer an easy to use online ordering facility accessible 24-7 via www.pubpartners.net, where you're just one click away from ordering your favourite drinks all from your mobile phone, tablet or computer. This service is available to all Belhaven/ Greene King's Licensees and requires registration.

Alternatively, our Customer Sales Department operate a telephone ordering service, Monday to Friday, 8am till 4.30pm. We operate a 48 hour ordering cycle eg. order Monday for Wednesday delivery. Your order and delivery day will be confirmed by your Business Development Manager.

DELIVERIES

You will have a regular weekly delivery day (Monday to Friday inclusive) as part of our standard delivery service. There is no charge for a standard delivery.

If you place an order outside our standard delivery service, it will be classed as a non-standard delivery and you will be charged. Where possible, we will meet your requests for non-standard deliveries of key brands prior to your regular weekly delivery. If we are unable to meet your request we will advise you of alternative delivery arrangements. Please see our [Guide to Charges](#) for information on non-standard delivery charges.

THIRD PARTY PURCHASES

Under the terms of your Tied Agreement, you are not permitted to purchase Tied products from third party suppliers. However, we recognise that there may be exceptional circumstances where this may be required, including:

- If we have failed to supply you through adverse weather conditions.
- If we have failed to supply you due to product availability.

In these circumstances, wherever possible we will seek to provide alternative solutions of delivery. Where purchase from a third party is deemed necessary, you will be required to seek written permission from your Business Development Manager, which will usually be supplied by email.

If permission has been given to stock a product not available through Belhaven/ Greene King, we reserve the right to charge you. In all circumstances written permission will be required. Failure to obtain written permission may result in compensation for our losses, known as Liquidated Damages, plus an Administration Fee, as detailed in our [Guide to Charges](#).

OPERATING YOUR ACCOUNT

Before you take over your pub, your Business Development Manager will discuss your payment terms and any potential credit facility with you. Your payment terms will be agreed based on the level of your Deposit and whether you own your Fixtures & Fittings (either in part or in full).

Your property Rent charges and Trade purchases will operate as one combined account. For some older Agreements the Rent charges and Trade purchases are operated under separate accounts. Payments will vary depending on the Agreement. For all Agreements, Rent is charged weekly in advance. Trade purchases are charged within approx. 48 hours of delivery.

All charges are paid by Direct Debit unless alternative arrangements have been agreed. Any unpaid Direct Debits will incur a returned payment fee, known as a Bounced Direct Debit Payment in our [Guide to Charges](#).

A statement detailing all of your transactions will be available online, or sent to you on a regular basis, in line with your agreed trading terms. A VAT invoice for all relevant items charged to your account (including Rent) will be provided online or sent to you. Where copy invoices are requested, we reserve the right to make a charge.

In certain circumstances, it may become necessary to operate your account on a cash-with-order basis. This means that you are required to pay for your trade purchases before they are delivered and any outstanding Rent and associated charges at the same time.

There may also be times when we enter into a payment plan with you, the terms of which will be confirmed in writing. If you fail to maintain your agreed payment arrangements, we may take legal action to recover any monies owed to Belhaven/ Greene King.





7.6: GAMING MACHINES

We define gaming machines as entertainment equipment installed in your pub which may be: Skill with Prizes (SWP), Amusement with Prizes (AWP) (both known as Category C and D gaming machines), juke boxes, pool tables and other pay to play entertainment machines.

Our offer of a new Agreement will include details of a machines tie. Where a gaming machine tie is in place, we will supply through a machines supply arrangement with our nominated supplier and we will share the profits with you after the deduction of any taxes due, suppliers costs and sundry payments. The net machine income will be shared on a 50/50 basis. Details of the share arrangement will be documented in your Agreement.

Where we supply machines, we can support you with expert advice in addition to the following benefits:

- Value for money – our purchasing power ensures that rental fees are extremely competitive.
- Machine management – to get the most from your machines you need the right machine in the right place for the right price.
- Income management – needs to be constantly monitored to ensure earning potential is maximised.
- Security – checking that reported cash matches meters to keep losses to a minimum due to faulty machines and fraud.
- Keeping up to date – new machine features and products are continually changing, and you need to ensure you're up to date for your customers. We can help you with this.
- Keeping legal – we can help you with current legislation and keep you updated on future legislative changes.

Belhaven/ Greene King representatives will, from time to time,

check the origin of machines to ensure that the contractual obligations of your Agreement are being complied with.

There is a Management Fee charged to the machine supplier for rental AWP's, please see our **Guide to Charges**. The value of the Management Fee will vary by machine supplier and is only payable on Category C and D gaming machines. This fee covers the services of our specialist Machines Manager and a consultancy company who both process and verify the data and supply programmes and data to manage the process, to provide you with advice on request, to ensure that you have right gaming machines in your pub, and provide you with details of the optimum number and position of machines if you require. It also covers the management of our machines suppliers, which includes regular reviews to ensure that machine performance is maximised, that declared machine income agrees with the audit process, we are up to date with legislation, that machine opportunities are fully exploited, that information on new machines and gaming trends is provided and passed on to you, and to check that the right level of service is being provided to you. Suppliers will empty your machines every 7 - 14 days and you will receive your share of the profits and your tax liability from the supplier that day, unless you make other arrangements.

You may have to pay Machine Games Duty (MGD) if there are machines that give cash prizes on your premises. You pay duty on:

- slot and fruit machines, and other gaming machines; and,
- quiz machines and other 'skill with prize' machines.

You must register for MGD at least 14 days before you make your machines available to play. The simplest, quickest and most secure way to register is online at www.hmrc.gov.uk/machinegamesduty. Please note that failure to register may result in a penalty by HMRC.

7.7: MARKETING SUPPORT

Belhaven/ Greene King provides a comprehensive marketing support service, providing marketing advice, event ideas and promotional material to ensure you maximise your sales at every opportunity. Examples of the current services we provide include:

MARKETING MAGAZINE

Our regular marketing newsletter 'InnSight' provides ideas on how you can maximise the sales in your business, including all the latest products, promotions and drink deals as well as key date and event support such as Valentine's Day, Mother's Day, Summer, football tournaments etc.

SUPPLIER HUB

We use the buying power of the whole Belhaven/ Greene King estate to offer you preferential prices and offers for products and services needed to run your business. Our Buying Team works with key suppliers to secure deals on day-to-day essentials such as services and utilities, making sure you have access to a range of competitive deals from trusted suppliers. We have also secured great offers on products to help you increase footfall, and therefore revenue, in your pub such as coffee and entertainment. More information can be found on the Promoting Your Pub page at www.pubpartners.net.

PRINTING SERVICE

Available through www.pubpartners.net, our low cost online professional print service enables you to tailor your promotional material including posters, banners, flyers, tent cards and vouchers from a selection of templates. Design is completely free of charge so you can use your current design, or make-up a new logo or design at no charge, only paying for printing (we constantly review our print costs to ensure we remain competitive in the marketplace). Wine lists are free of charge for design and print, and we can help to put your wine list together too.

ONLINE SUPPORT TOOL

Secure online support is available at www.pubpartners.net, which offers a wealth of information. It's a one-stop shop for everything from booking training courses, placing your weekly drink and/ or food order to viewing your invoices and statements. You also have easy access to sales information to help you manage your pub more efficiently.

DIGITAL MARKETING AND SOCIAL MEDIA SUPPORT

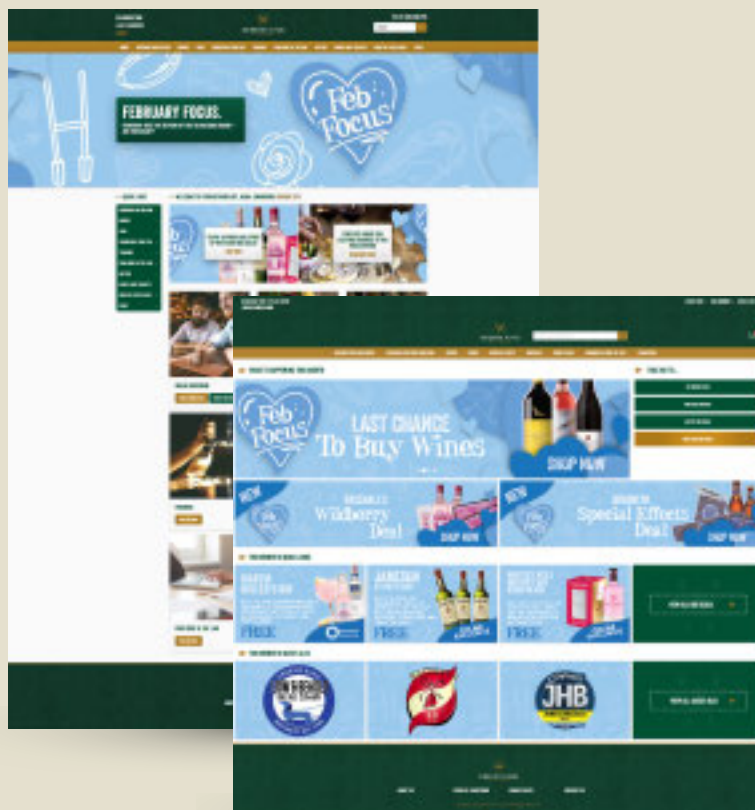
We believe digital marketing is as important as the signage outside your pub. We will offer help with your website as well as social media support including: Trip Advisor, Facebook, Twitter and your pub's presence on Google. Flexible solutions are available to suit your pub and market-place.

FOOD & SUPPLIES SERVICE

In partnership with Kuehne + Nagel (K&N) we've developed a one-stop-shop for all your catering needs. Using the buying power of Belhaven/ Greene King, we can ensure fantastic prices and great products to help boost your sales and increase your profit.

Whether you want specified menus or supply only we can accommodate your requirements through the three food options we have available at competitive prices.

- **Menus** – a ready-to-go support package where we've done all the work for you! A fully specified menu including allergen information and food order guides. Optional items can be added such as crockery and on-site training.
- **Menus Plus** – want to create your own menu but need help with design? Select the dishes you want from the large bank of dishes we have available to create your own bespoke menu tailored to your pub and customers. Optional items are the same as the 'menus' option.
- **Supply Only** – if you're confident about creating your own menu and just want to take advantage of our buying power only, then this option gives you the flexibility to do just that.



7.8: BUSINESS RATES ADVICE

We provide a free of charge Business Rates Advisory Service through a national ratings specialist company, who will act on your behalf to ensure that your rates are kept as low as possible. This service is free of charge, whatever the outcome, and confidential. All rates appeals must be made using this service. Please refer to your Business Development Manager for more information.

7.9: BUSINESS SUPPORT

If your business experiences difficulties that are beyond your control, we will work with you to help resolve them. Where financial assistance is requested, and in order for your Business Development Manager to understand the level of support that maybe required, you will need to provide the following information:

- Full disclosure of your Certified Accounts including Profit & Loss, Balance Sheet and VAT returns.
- Stocktake results.
- Bank statements.
- Your marketing and e-marketing plans.
- Disclosure of all debts and outstanding warrants on the business.

Your Business Development Manager will discuss with you the information you provide and assess what support, if any, is appropriate. Each case is reviewed on a pub-by-pub basis taking into consideration the unique circumstances of the individual case. We will confirm in writing the outcome of any request for business support.

7.10: YOUR RESPONSIBILITIES THROUGHOUT THE AGREEMENT

We will work with you to ensure our pubs are operated at the very highest standards. It is your responsibility to act in accordance with your Tied Agreement and Scots law.

If you don't operate within the terms of your Tied Agreement, the Premises Licence or the law, we can apply for Irritancy of the Agreement or a Court Interdict and we may claim for Damages. Examples of action which may lead to either of these outcomes are as follows:

- The pub loses its Premises Licence under your management.
- You become insolvent or bankrupt.
- You do not pay your Rent or Trade Account.
- You commit unlawful acts or receive any convictions for unlawful acts.
- You run the pub in such a way that restrictive variations are placed on the Premises Licence limiting the operation of the business.
- Structural alterations to your pub without a Licence to Alter from us.

You should also be aware of the following key points that apply to your Tied Agreement:

- Sub-letting – is not permitted. Additional income (eg. fishing rights etc) must be declared to us. Franchising of kitchen operations may be agreed with Belhaven/ Greene King's prior consent.
- Sharing of property or granting of rights – is not permitted (eg. siting of recycling services, mobile phone masts or car parking meters) unless otherwise agreed with Belhaven/ Greene King.

BREACHES OF THE AGREEMENT

Our Business Development Managers and other representatives of Belhaven/ Greene King will visit the pub regularly. One of their responsibilities is to ensure that you understand and comply with the terms of the Agreement. In the case of suspected breaches of the Tie please refer to **Section 7.4**. In relation to breaches of the repairing obligations please refer to **Section 5.1**.

If we believe that you may have committed a breach of the Agreement, then we will discuss this with you at a meeting. If the breach is capable of remedy then we will explain what we consider should be done to remedy the breach and the timescale for doing so. If the breach is not capable of remedy then we will discuss the implications of this with you. This may include the payment of damages or potential legal action to repossess the property. Any action considered will be dependent on the seriousness of the breach and will be confirmed in writing before the action is taken to enforce the Agreement.

NON-PAYMENT OF ARREARS

If you have not paid your Rent or Trade Account and have accrued arrears with us, you are in breach of your Agreement. We may agree an initial repayment plan which will be confirmed in writing and you must comply with the terms. Where you do not follow the plan we will normally seek Irritancy of the Agreement. Interest will be charged on arrears (please refer to your Agreement for details).

If we think that you have a real possibility of clearing the arrears we may agree a further repayment plan which will be part of a consent order. This will be an order approved by the County Court providing for repossession but suspended provided that you pay the arrears, interest, ongoing Rent and trade bills and all our legal costs. This usually occurs as a last resort following various interventions to resolve payment of arrears or breaches of the Agreement. It is important to understand that failure to comply with any consent order will result in repossession.

REPOSSESSION

If we seek a repossession order you will have an opportunity in those proceedings to ask the court to give you time to put right that which needs to be rectified, for example, payment of arrears or completion of necessary repairs. If you do not comply with the court order or if the court refuses to give you more time, then we will obtain a warrant of possession and the Sheriff will fix a date for your eviction from the pub.

Legal action to terminate an Agreement is subject to compliance with statutory and court procedures. The process will depend on the type of breach and Belhaven/ Greene King's solicitors will deal with the legal action on our behalf.

In the event you find yourself facing legal action with Belhaven/ Greene King we strongly advise you to obtain your own independent legal advice.



8: RENEWING YOUR AGREEMENT

There is no statutory right to renew your Agreement under Scots law. Your Agreement will terminate at the end of its term if we or you serve notice. We will serve notice no later than six months before the end of the Agreement. If neither party serves notice, your Agreement will continue for a further year on the same terms and conditions. This is known as Tacit Relocation.

- We will contact you around twelve months before the end of your Agreement to confirm this and discuss your intentions for a new agreement.
- We will ensure that an Estates Manager, Business Development Manager or Agent of the Company arranges to meet you and inspect the property within at least nine months prior to a new agreement and rent assessment proposal being undertaken. At this meeting we will collect information about your pub and its trading circumstances and give you the opportunity to put forward any factors that you believe we should take into account when preparing our new agreement and rent assessment proposal.
- No later than six months prior to the end of your Agreement we will provide you with the proposed new Agreement terms and a rent assessment proposal. If you accept the new agreement terms, a new Agreement will be issued for your signature. Wherever possible we aim to complete new agreement negotiations within three months of an Agreement expiry date.

9: LEAVING YOUR PUB

9.1: LEAVING EARLY AND SURRENDERING YOUR AGREEMENT

For a number of reasons, Partners may choose to terminate their Agreement early. Your right to do this will be dependent on the type of Agreement you have with us. It is important to check your Agreement to understand whether it includes any provisions that allow you to terminate your Agreement before its contractual expiry date and the process you must follow. These are often referred to as a 'Tenant Break Clauses' or 'Tenant Notice to Terminate Clauses'.

The surrender of an Agreement can be complex, especially where you operate via a limited company and therefore it is important that you take independent professional advice before making a request to surrender. Where we accept an early surrender, you will be required to sign a Deed of Surrender which will confirm the terms of exit and formalise the surrender of your Agreement.

Where your Agreement does not have a right to surrender your Agreement, in certain circumstances, we may agree that you can leave early. However, a Surrender Fee will apply and could cost you as much as one year's Rent but not less than six months' Rent. In exceptional circumstances, and at our discretion, for example ill health, we may consider a reduced amount. We will carry out our negotiations with you in a professional, respectful and sympathetic manner.

Where your Agreement permits you to break your Agreement with six months' notice, the standard Notice Fee of three months' Rent will be charged to your Trade Account on receipt of your Notice.

If you are intending to leave, you must place your Notice in writing to us using the postal address shown below. We strongly recommend you use a guaranteed delivery service.

Belhaven/ Greene King Pub Partners – Agreements Team
Abbot House
Westgate Street
Bury St Edmunds
Suffolk
IP33 1QT

Your Notice must be signed by all parties on the Agreement. It is important to note that your Notice Period will not be deemed as started until we have received a Surrender Notice that has been signed by all parties to the Agreement.

We will write to you to confirm receipt of your Surrender Notice and advise on what happens next.

9.2: LEAVING BY SELLING YOUR BUSINESS (ASSIGNATION OF LEASE)

If you have a Lease Agreement you have the right to sell on your Lease to a third party. This is known as assigning your Lease. You may not assign a Tenancy Agreement.

The Assignment process is explained in detail in our separate [Guide to Buying and Selling a Lease](#).

Assignment is the legal process for transferring your Agreement and business to another operator. Depending on market conditions this transaction may be subject to a payment being made to you for the Agreement/business, referred to as a Premium.

You will be required to complete a minimum of two years following the granting of a new Lease before you can assign your Lease. Older Agreements may vary so you must refer to your Agreement for details. You will not be permitted to Assign your Lease for the two years following a Belhaven/ Greene King Capital Development or Capital Buyback scheme.

CONTACT US WHEN YOU INTEND TO SELL

You will need to notify your Business Development Manager when you have found a buyer, also known as the 'Assignee'. We shall require this to be confirmed in writing so that we may start the process. Our Business Development Manager will guide you both through our process.

OUR APPROVAL OF THE BUYER

We will need to approve your buyer before they can complete the purchase of your Lease and business. We will require your buyer to prepare and provide a Sustainable Business Plan, as per [Section 3.1](#), and complete the British Institute of Innkeeping Pre-Entry Awareness Training and our induction training. We will meet your buyer to assess their Business Plan, business experience, competence and credit worthiness before deciding to give our formal approval.

We aim to provide our approval as soon as reasonably practicable after we have met your buyer and all information requested by us has been provided. We will not unreasonably withhold our consent. Our approval will be confirmed in a legal document called a Licence to Assign prepared by our solicitors. Please note this document does not transfer your Lease and business. You will need separate legal documentation to do this that is best prepared by a solicitor. Your buyer should also instruct a solicitor to deal with the legal process.

BUYER STRUCTURAL SURVEY

We will recommend to your buyer that they carry out their own structural survey and associated testing of services, plant and equipment in order to understand the repairing obligations they will be entering into.

DILAPIDATIONS

Before you leave, a survey of the pub will be conducted by a Chartered Surveying Practice in the preparation of a Schedule of Dilapidations. The cost of this survey will be charged to you, please see our [Guide to Charges](#). The Schedule of Dilapidations will confirm the repairs you need to complete and the certification you will need to provide before you leave. We usually arrange for a Surveyor to carry out an inspection shortly after we have received your notification that you wish to assign your Lease. We will then send the Schedule of Dilapidations to you. This will give you sufficient time to carry out the work and arrange the certification. In some circumstances the seller may agree with the buyer that they will undertake some or all of the work. Should this be agreed we shall require that the buyer commits to completing the work within a pre-agreed time period and pays a deposit equivalent to our Surveyor's estimate for the cost of the work. The deposit will be refunded to the buyer on completion of the work.

STATUTORY TESTING AND CERTIFICATION

The Schedule of Dilapidations will list statutory certificates and test reports that must be provided by you before completion of the assignation. You should check your records as soon as practical and where certification or test reports are needed, make the necessary arrangements for these to be provided by suitably qualified contractors. This will avoid potential delay to the assignation process. We refer you to the **Guide to Buying and Selling a Lease** and the **Guide to Lessee Repairing and Statutory Obligations** to help you confirm what is applicable for your pub.

We will require you to provide us with copies of valid statutory certification and test reports before our consent to the assignation is completed.

It is important to note that these documents are required because in certain circumstances Belhaven/ Greene King can have liability for the safety of customers and so we need to ensure that the pub is safe and you are complying with your obligations under your Lease. Any checking of the documents is for our own internal purposes and not for your benefit or for any prospective assignee of the Agreement and no reliance should be placed by you or them on this process.

We shall ask our externally appointed statutory compliance advisors to check your certification and confirm to you their opinion. We shall re-charge to you our consultant's fee whether or not the Assignation is legally completed. The current amount will be confirmed in our acknowledgement of your notification to us of your intention to Assign your Lease.

RIGHT OF REFUSAL

In certain circumstances, we may exercise our right to refuse the assignation of your Lease if, for example, we reasonably believe that the proposed person is unsuitable. You should refer to your Agreement for specific details.

INFORMATION YOU AND YOUR BUYER (ASSIGNEE) MUST PROVIDE US

When seeking approval from us to Assign your Lease Agreement, we will require you and your buyer to provide us with the following information:

- An Assignment Notice and accompanying information (you).
- A completed Application Form from the buyer (Assignee).
- A copy of the buyer's Personal Licence, or evidence of the DPS who holds a Personal Licence.
- Evidence of your buyer's experience including a copy of the BII Pre-Entry Awareness Training Certificate and completion of other necessary pre-entry training.
- Evidence that your buyer has received independent professional advice.
- Your buyer's Business Plan as described in **Section 3.1** of this guide.
- The source of your buyer's funds, with proof.
- Details of any loan for buying the Lease from you including any formal Loan Offer Letter.
- References and credit-check details.
- Payment of our legal costs.
- Any other information we think is reasonably necessary.

INFORMATION WE PROVIDE YOU AND YOUR BUYER

We will provide your buyer with the information detailed in **Section 2.5** with the exception of item 3, the Rent Proposal.

WHAT WE PROVIDE YOU

- You will receive a Licence to Assign to formally document the sale.
- Confirmation of costs.

OBLIGATIONS AFTER TRANSFER/ SALE

After you have left, unless we have agreed with you that certain payments shall be made by you after completion of the sale/transfer or you are acting as a guarantor of some or all of the buyer (assignee's obligations), you will have no further liability under the Lease Agreement on completion of the conditions attaching to our consent to transfer your interest in the Lease Agreement and the business.

INDEPENDENT PROFESSIONAL ADVICE

Assigning a Lease and sale of the business can be a complex process therefore we strongly recommend you take professional legal and property advice as you may have on-going liabilities after the Assignation/sale.

For more detailed information about assigning your Lease, please take a look at our **Guide to Buying and Selling a Lease**, available on www.pubpartners.net.

9.3: TRANSFER FOR BELHAVEN/ GREENE KING'S OWN USE

From time-to-time, Belhaven/ Greene King may decide to transfer pubs from its Tenanted and Leased operating model to direct management for its own use. If you are affected by our action, this will be discussed with you in advance of the proposed transfer date. Transfers will usually occur at the end of an Agreement or at Assignation of a Lease Agreement. Where we make an approach for a transfer during the term of your Agreement that is not due to an Assignation, a transfer may only be agreed with your consent.

9.4: CHANGE OF LANDLORD

On occasion we will sell an individual pub or a number of pubs in a joint sale. This means that the freehold of your pub will transfer to a new owner and the new owner will become your landlord. You will have the right to continue to operate your pub for the duration of your Tenancy or Lease Agreement.

We will advise you on any sale as soon as reasonably practicable and provide the name and address of the buyer once an exchange of contract has been undertaken. Sometimes we are unable to advise you of a change of landlord until after a sale has been completed due to the confidential nature of the sale. However, you will be advised of the situation as soon as we are able to do so.

Where we hold a Deposit, we will transfer that Deposit to the new landlord. The Deposit will be subject to the terms of your individual Agreement. Your range of products may be subject to change based on the supply contracts held by the new landlord.

Should an upward only Rent Review provision still exist in your Agreement, it will be removed as part of the sale by way of a Deed of Variation. This will be completed as part of the sale process at no cost to you.

9.5: THE EXIT PROCESS

Regardless of how your Agreement ends, we will ensure your departure is handled professionally, and that you leave everything in order for the next Licensee.

YOUR RESPONSIBILITIES LEADING UP TO THE DAY YOU LEAVE

- Put your intentions to leave in writing and send it to Belhaven/ Greene King Head Office as per **Section 9.1**.
- Assist with pub viewings by potential new Licensees.
- Repair and decorate the property in accordance with the obligations of your Agreement.
- Arrange valuation of your Fixtures & Fittings, prepared by a Licensed Property Valuer/Broker. You will be required to transfer title either to the new Licensee or to us. If you leave your pub at the end of the term of your Agreement and we have been unable to recruit a new Licensee, Belhaven/ Greene King will buy your Fixtures & Fittings at the full value agreed by our and your Brokers. If you are leaving your pub early (by agreement) you may have to pay our broker's fees as well as your own.
- Provide an undertaking that no items included in the Inventory are on lease or hire but are owned outright by you and that no items on the Inventory will be removed from the pub either before or on the Change Day.
- Confirm that all rubbish and non-Inventory items will be removed from the premises before or on the Change Day, otherwise we will make a charge for removal.
- Pay all debts and charges you still owe to Belhaven/ Greene King on the day you leave the pub.
- Give your consent to an application for a change in the Designated Premises Manager (DPM).
- Confirm that all utility suppliers and the ratings authority have been notified and final accounts requested and all outstanding bills have been paid.
- Provide full health and safety certificates relating to the pub.
- Provide the new Licensee with all details and contracts of staff employed by the business and who will transfer with the pub under the application of TUPE including: name, address, date of birth, hours worked per week, rate of pay, National Insurance number, employment commencement date, holiday pay, staff on maternity/paternity/sick leave.
- Assist in relation to Personal Guarantees – in cases where it is not possible for the amount owed to us to be cleared and Personal Guarantees have been given, we may require the guarantors to reach a financial settlement with us for any amount due.
- Pay any legal and Surveyors' fees, see our **Guide to Charges**.
- Ensure that you leave minimal operating stock on site for the incoming Licensee.

If you are leaving because your pub is being sold, the process will be arranged with your Business Development Manager.

AS PART OF THE PROCESS BELHAVEN/ GREENE KING WILL:

- Acknowledge your notification to leave, confirm the process and agree an exit/Change Day.
- Arrange a Schedule of Dilapidations survey with a Chartered Surveying Practice who will carry out an inspection of your pub, please see our **Guide to Charges** for survey fees. A Chartered Surveyor, Property Surveyor or Agent of Belhaven/ Greene King will inspect the work after you notify us that it has been completed. If there are any outstanding repairs or it is agreed that there is not enough time to carry out the work before the anticipated completion of the exit, you will be charged for the outstanding work requiring completion. This may vary if your pub is being sold.
- Arrange an Energy Performance Certificate survey which will be carried out by a consultant.
- Provide a Deed of Surrender, containing your final account details at the anticipated exit/Change Day, confirming the amount owed to us and how it has been calculated. You will be charged for the Deed of Surrender, please see our **Guide to Charges**.
- Release your Deposit and any other monies owing within 28 days once all debts, charges and fees due to us have been paid.

PRIVATE ACCOMMODATION

We expect the private accommodation to be in good decorative order and safe. Everything should be left clean and tidy. All personal possessions must be removed from the premises on or before your Exit/Change Day. If this is not completed, we will charge you for the removal and cleaning of the private accommodation.

An accommodation check will be made on the Exit/Change Day to ensure that you have left things in order for the incoming Licensee and that you have complied with your Schedule of Dilapidations.



RUNNING A PUB WITH BELHAVEN

10: COMPLAINTS

OUR COMPLAINTS PROCEDURE

We know from time to time things don't always go according to plan and there may be times when we disappoint you in some way. It is important that we know this so we can find out what went wrong and how we can resolve it to ensure it doesn't happen again.

TELL US ALL ABOUT IT

For us to fully understand your issues, we ask that you formalise your complaint in writing. Your complaint should include the facts as you see them. If it is in relation to our conduct under the Code of Practice, we ask that you reference the particular section your complaint refers to. If your complaint is not in relation to the Code of Practice, we ask that you clearly indicate this.

Send your complaint to us by email or post.

Email:

pubscore@greeneking.co.uk

– please title your email as 'Complaint'.

Post:

Belhaven/ Greene King Pub Partners – Complaint
Abbot House
Westgate Street
Bury St Edmunds
Suffolk
IP33 1QT

WHAT NEXT

We will acknowledge your complaint as soon as reasonably practicable, usually within two working days.

Depending on the nature of your complaint it will be assigned to either your Business Development Manager or a more senior member of the Operations Team, where a meeting will be arranged to hopefully resolve your complaint.

If your complaint is not resolved, or you are unhappy with any resolution offered you can request to escalate your complaint. Depending on who has first been involved with your complaint, it will be escalated to the appropriate senior member of Pub Partners, either a Senior Operations Manager or Director, or the Managing Director.

We will attempt to formally conclude your complaint within 35 working days of receipt of your complaint. Where complaints require investigation by other departments or individuals, we will advise you of adjusted response times, if required.

MUTUAL RESPECT FOR EACH OTHER

We welcome open and honest communication with you and will discuss any concerns and issues that you may have. Our Business Development Managers and other employees will act in a professional and responsible manner in their dealings with you. We do not tolerate aggressive or abusive behaviour towards any of our employees or partners. Both parties have the right to terminate any phone call, interview or visit that deteriorates to an unacceptable level.

OTHER WAYS TO RESOLVE ISSUES

If we've been unable to resolve your complaint through our complaints procedure you may choose to use the Pubs Independent Conciliation & Arbitration Service (the PICA-Service). The PICA-Service provides an independent service, available at low cost to Licensees, where disputes may be referred after pursuing remedies through the Company and failing to reach a satisfactory resolution, and is supported by Belhaven/ Greene King.

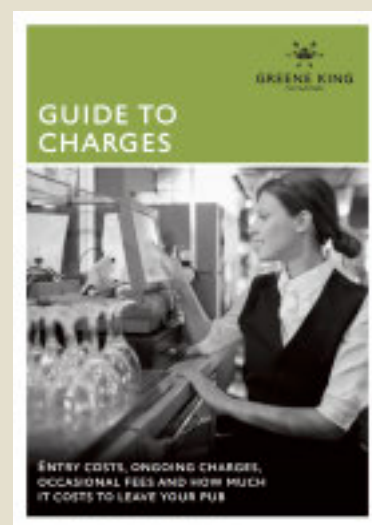
Irrespective of the terms of your Agreement you have the right to elect for a referral to the PICA-Service and we agree to be bound by the decision of the independent arbitrator delivered through PICA-Service. The acceptance of the PICA-Service does not forfeit your rights under your Agreement, nor can the acceptance of the terms and conditions prevent the parties seeking further redress through the courts.

Further information and details of the PICA-Service application process can be found at www.picaservice.com.

11: FURTHER INFORMATION

In this document we reference other guides which provide you with further information to help you. They will be provided as part of the information we supply to you.

- Guide to Charges
- Guide to Insurance
- Guide to Training
- Guide to Buying and Selling a Lease
- Guide to Lessee Repairing and Statutory Obligations



12: USEFUL CONTACT DETAILS

Belhaven/ Greene King Publine: **0345 608 0715**

Belhaven/ Greene King Partner Support Tool: **www.pubpartners.net**

Scottish Beer and Pub Association (SBPA): **www.scottishbeerandpub.com**

British Institute of Innkeeping (BII): **www.bii.org**

UK Hospitality (UKH): **www.ukhospitality.org.uk**

Association of Valuers of Licensed Property (AVLP): **www.avlp.com**

Federation of Licensed Victuallers Associations (FLVA): **www.flva.co.uk**

Pubs Independent Rent Review Scheme (PIRRS): **www.pirrscheme.com**

Pubs Independent Conciliation & Arbitration Service (PICA-Service): **www.picaservice.com**

Royal Institution of Chartered Surveyors (RICS): **www.rics.org**

Belhaven/ Greene King's Code Compliance Officer: **pubscore@greeneking.co.uk**

13: GLOSSARY OF TERMS

THIS GLOSSARY EXPLAINS THE TERMS USED IN THIS INFORMATION GUIDE

Agent of the Company

Any authorised representative on behalf of Belhaven/ Greene King.

Agreement

A legal contract between you and Belhaven/ Greene King leading to you operating a Greene King owned pub on a self-employed basis.

Assisted Purchase Scheme

A scheme Belhaven/ Greene King may provide to help you fund the purchase of Fixtures & Fittings for your pub.

BBPA

The British Beer and Pub Association.

Belhaven Pub Partners

The Scottish Leased and Tenanted pub division of Greene King.

British Institute of Innkeepers (BII)

The professional body for the licensed retail sector and a nationally recognised professional members' organisation.

Business Development Manager (BDM)

Your main point of contact, available to advise you in your dealings with Belhaven/ Greene King, support the development of your business and to ensure your obligations of your Agreement are being maintained.

Business Plan

A formal statement of a set of business goals. The Business Plan must outline the reasons why they are believed to be attainable and the plan for reaching those goals. It may also contain background information about the organisation or team attempting to reach those goals.

Capital Buyback

A facility that allows you to undertake development work locally and for us to pay you for the cost of the agreed improvement works on completion. Prior written agreement is required from us.

Certified Accounts

A set of accounts verified by a qualified Accountant.

Change Day

The name given to the day you enter or leave your pub.

Chartered Surveyor

A person who is a qualified member of the Royal Institution of Chartered Surveyors.

Court Interdict

This is an order of court prohibiting a party from doing a specified act. Breach of the interdict is a contempt of court which can result in a number of penalties (including imprisonment) at the discretion of the presiding judge.

Credit Consent

The authority to proceed with a check of your credit history.

Designated Premises Manager (DPM)

The person who has day to day responsibility for the running of licensed premises. Any premises where alcohol is supplied under a Premises Licence must have a DPM. They will be named in the Premises Licence, a summary of which must be displayed on the premises. A DPM must be a Personal Licence holder.

Divisible Balance

A calculation under Royal Institution of Chartered Surveyors (RICS) rental valuation methodology of the estimated operating profit prior to Rent.

Energy Performance Certificate (EPC)

EPCs tell you how energy efficient a building is and give it a rating from A (very efficient) to G (inefficient). We provide this certificate to you prior to you taking an Agreement with us.

Estates Manager

An Estates Manager advises on rental valuation, landlord and Tenant law and processes and general estate management. At Belhaven/ Greene King our Estates Managers are RICS qualified.

Fair Maintainable Operating Profit (FMOP)

The level of profit stated prior to depreciation and finance costs relating to the asset itself (and Rent if Leasehold) that a reasonably efficient operator (REO) would expect to derive from the FMT based on an assessment of the market's perception of the potential earnings of the property. It should reflect all of the costs and outgoings of the REO and an appropriate annual allowance for periodic expenditure such as decoration, refurbishment and renewal of trade Inventory. (RICS Guidance GN/67/2010 clause 2.4).

Fair Maintainable Turnover (FMT)

The level of trade that a reasonably efficient operator (REO) would expect to achieve on the assumption that the property is properly equipped, repaired, maintained and decorated (excluding VAT) (RICS Guidance GN/67/2010 clause 2.5).

Fixtures & Fittings

All items in the pub that are not part of the actual building.

Free of Tie

An arrangement where there is freedom to purchase all trade products from any available source.

Gaming Machines

Entertainment equipment installed in your pub which may be: SWP (Skill With Prizes), AWP (Amusement With Prizes or Category C and D gaming machines), juke boxes, pool tables and other pay to play entertainment machines.

Heads of Terms

A summary of the key commercial elements of your Agreement with us, including details of your Rent, Agreement term, Deposit payable etc.

Inventory

Another term used for Fixtures & Fittings.

Investment Agreement

An Investment Agreement will set out the details of any works that that will be carried out at your pub and will include details such as a description of the proposed investment, a list of the works to be completed including dates of completion and the estimated costs of works.

Irritancy

The legal process of rescinding an Agreement.

Lease

An Agreement where you take on a pub as a self-employed person and pay a Rent to Belhaven/ Greene King. You are able to sell on the goodwill for a premium if you choose to do so.

Licence to Alter

Legal document providing permission from Belhaven/ Greene King to make structural changes to your pub.

Licence to Assign

Legal document granting the permission to assign your Lease Agreement.

Licensee

Description of the relationship between Belhaven/ Greene King and the individual, individuals or company that hold a Tenancy or Lease Agreement at one of our pubs. For example, Licensee may refer to an individual, husband and wife or a Limited Company.

Maintenance and Service Agreement

The Maintenance and Service Agreement helps you take care of most of your compliance and statutory obligations and other essential maintenance requirements at your pub. It is charged in one simple weekly fee and is available for Tenancy Agreements only.

Personal Guarantee

An undertaking to be personally liable for any debts.

Personal Licence

The Licence you hold to run a pub that is given by the Local Authority Licensing Team. You will require the Scottish Certificate for Personal Licence Holders (SCPLH) Level 5 qualification before you can apply for a Personal Licence.

PICA-Service

A low cost dispute resolution service for Licensees.

Pre-Agreement Meeting

The meeting you attend with us before you sign the Agreement. This ensures you understand our and your responsibilities.

Pre-Entry Awareness Training (PEAT)

An online training module provided by the BII that must be completed by all new Licensees.

Premises Licence

The Licence that allows your premises to run as a pub. We hold this Licence.

Pubs Independent Rent Review Scheme (PIRRS)

An independent Rent review resolution service.

Put and Keep

The Licensee agrees to carry out repairs to those parts of the property that this clause applies to, regardless of the state of repair at the start of the Agreement.

Reasonably Efficient Operator (REO)

A concept where the valuer assumes that the market participants are competent operators acting in an efficient manner of a business conducted at the premises. It involves estimating the trading potential rather than adopting the actual level of trade under the existing ownership, and it excludes personal goodwill. (RICS Guidance GN/67/2010 clause 2.10)

Rent Panel

A regular meeting held to sign off initial Rent Assessments, Rent Reviews and Agreement Renewals. Our Rent Panel members include senior management and Estates Managers who are RICS qualified.

Rent Review Memorandum

Legal documentation detailing the Agreement reached at Rent Review.

Repairs Fund

A fund that is paid into monthly and held by Belhaven/ Greene King to help cover the costs of repairing and maintaining the pub. Applicable to Lease Agreements only.

Retail Prices Index (RPI)

The most common measure of inflation in the UK and which is used for Rent adjustments on our Agreements.

Royal Institution of Chartered Surveyors (RICS)

An independent, representative professional body which regulates property professionals and Surveyors in the UK.

SBPA

The Scottish Beer and Pub Association.

Schedule of Dilapidations

A list of items or work that you will be required to complete before you leave your pub with regard to maintenance, repair or redecoration.

SDLT

Stamp Duty Land Tax (SDLT) is generally payable on the purchase or transfer of property or land in the UK where the amount paid is above a certain threshold. You must seek independent professional advice to understand your SDLT responsibility.

Security Label

A label on a beer container provided by Belhaven/ Greene King that shows it has been supplied by us.

Shadow Profit and Loss Report

The format in which we supply our Rent Assessment. It is based on assumptions and does not guarantee future or present performance of the business. Prospective applicants must seek independent professional advice.

Short Agreement

A Licence to Occupy, Tenancy at Will or a Tenancy Agreement of no more than 12 months duration.

Structural Alterations and Additions

Physical alterations to the structure of the building eg. foundations, internal and external walls, floors, ceilings, staircases and roofs. Additions include extensions to the building eg. conservatory, dining area, function room or letting rooms.

Structure

Structure means the main structure of the property including load-bearing walls, foundations and roof structure only.

Tacit Relocation

This is a provision in Scots law which provides that a lease or tenancy of one year or more does not automatically terminate on the date stated but continues from year to year if neither party gives due notice of termination.

Tenancy

An Agreement where you take on a pub as a self-employed person and pay a Rent to Belhaven/ Greene King. You cannot sell on this Agreement.

Tenant

A Licensee who has a Tenancy or Lease Agreement with Belhaven/ Greene King.

Tie

A contractual obligation to purchase specified products from Belhaven/ Greene King or its nominated supplier as set out in the Agreement.

Tied Agreement

A legally binding document that details the obligation to purchase specified products from Belhaven/ Greene King or its nominated supplier.

Trade Account

A running statement of invoices and payments.

Training Fund

An amount you pay us so that you are able to attend mandatory and other training courses to help you run your pub.

TUPE

Transfer of Undertakings (Protection of Employment) Regulations 2006.

Ullage

The amount of liquid within a container that is lost, by leakage or deterioration of product, during delivery or storage.

Working Capital

The money you will require to keep your business going for example, money to purchase stock, pay staff and carry out immediate repairs.

MAY 2020



PUB PARTNERS PUBLINE

Telephone: 0345 6080715

WEBSITE

www.greenekingpubs.co.uk/belhaven

Belhaven/ Greene King Pub Partners, Abbot House,
Westgate Brewery, Bury St Edmunds,
Suffolk, IP33 1QT.
Telephone: 01284 763222.
Website: www.greeneking.co.uk

Belhaven is a trading division of Greene King Brewing
and Retailing Ltd and of Greene King Retailing Ltd,
both companies in the Greene King group.

Spirit Pub Company (Leased) Limited (5699544) is also
a member of the Greene King group.