

Stonegate Group

Stonegate Group
Charter on Dilapidations

July 2023

Stonegate Group

1. Charter Objectives

To provide all key stakeholders with clear guidance on what constitutes a dilapidations matter, when this will apply during the term of an agreement and what can be expected from Stonegate Group when dealing with these matters.

2. Stonegate Group Core Commitments – What you can expect

1. To provide simplicity in all Dilapidations dealings, free of legal jargon and aimed at providing clarity to all stakeholders.
2. To act fairly and professionally in all matters.
3. To apply a commercial approach to all Dilapidations issues, ensuring that the overriding objective is always to maintain the business premises in a condition so that they can be re-let quickly on similar commercial terms in the current market.
4. To act consistently in all matters, regardless of geographical location or personnel.

3. Dilapidations – What are they and when do they apply?

Dilapidations will arise at 3 specific points during the lifecycle of a Tenancy / Lease:

During the term of a Tenancy / Lease

Publicans will be expected to keep the business premises in a safe, compliant and maintained condition. The guidelines relating to these responsibilities will be those as set out in Heads of Terms and Tenancy / Lease repairing obligations.

Stonegate Group will always aim to assist Publicans through the lifecycle of their agreement to prioritise repairing obligations and ensure that the business premises is maintained in its optimum condition for the intended consumer market.

At the end of a Tenancy / Lease

Publicans must hand back the premises in good and tenantable repair and condition so that it is capable of being re-let on a similar commercial term, without lengthy time delays or expense resulting from the pending condition. In general terms, the Publican is responsible for repairing and maintaining the property, as set out in the Heads of Terms and Tenancy / Lease repairing obligations.

At the point when an agreement is due to expire, or an early exit arrangement has been agreed, Stonegate Group (or a nominated representative) will inspect the premises to ensure that it has been maintained in line with the terms of the repairing obligations. Repairs & maintenance requirements arising out of this inspection will be brought to the Publicans attention in the form of a Dilapidations Schedule, early enough to provide them with the opportunity to remedy these prior to their agreed exit date.

We will always endeavour to complete this inspection and serve the Dilapidations Schedule not less than 6 months prior to the end of the agreement term.

Stonegate Group 3 Monkspath Hall Road, Solihull, West Midlands, B90 4SJ stonegategroup.co.uk

Stonegate Group is Stonegate Pub Company Limited (FC029833) and its subsidiaries, including Ei Group Limited (02562808), Ei Publican Services Limited (06522972) (FCA 81623), Enterprise Managed Investments Limited (08805929), Unique Pub Properties Limited (03726292), and The Craft Union Pub Company Limited (09429990).

All Stonegate Group entities are registered in England & Wales at 3 Monkspath Hall Road, Solihull, West Midlands, B90 4SJ.

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Assignment of a Lease.

Should a Publican choose to sell (Assign) their interest in the business, the repaired condition of the premises will be an important factor. Stonegate Group (or a nominated representative) will inspect the premises to ensure that it has been maintained in line with the terms of the Lease repairing obligations. This process is to assist Publicans to market the Lease in a suitable condition to support them achieving the optimum market value. Furthermore, this will also ensure that the building is in a safe and compliant condition for the new occupants.

Issues arising out of this inspection will be brought to the Publicans attention in the form of an Interim Dilapidations Schedule, early enough to provide the opportunity to remedy these prior to the sale of their Lease.

4. Responsibilities & Protocols

The following responsibilities and protocols will be applied during all Dilapidations negotiations:

a) Timescales

We will always aim to inspect the business premises, assess any dilapidations due and agree this with the Publican several months prior to the end of an agreement or proposed Assignment. This will always be dependent on good communication between the parties. Publicans should therefore aim to provide Stonegate Group with the earliest possible notice of their proposed intentions. The backstop date for service of dilapidations at the end of an agreement will be 6 months.

b) Subscription to Publican Support Packages (Safety Management Scheme, Cellar Cooling, Heating & Boiler Maintenance – or any other future service package)

Where a Publican subscribes to the standard suite of Support Packages, and fully delivers any periodic maintenance remedials as directed by the cyclical inspection regime, we will waive all future dilapidations liability associated to these items of plant & machinery or systems.

c) Repairs & Maintenance Funds

On all new agreements, Stonegate Group will establish the level of Repairs & Maintenance Fund to be applied at any given premises, agreeing this with the Publican prior to the commencement of their agreement.

Where payments into the fund are diligently maintained at the pre agreed level, it is anticipated that the Publican will have a source of funding to maintain the premises in good and tenable repair. This will provide significant assistance in the management of future dilapidations liabilities.

d) Dilapidations charged to the Tenants Departure Statement

At the end of the agreement, any dilapidations not completed by the Publican on the day of change will be charged as a debt on the Tenants Departure Statement. The value of these items will be calculated at the true cost for Stonegate to complete these repairs using one of their own nominated contractors.

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Stonegate commit to ensure that any dilapidations sums recovered as a debt will be delivered in full to support the re-letting of the premises.

e) Sites where Significant Future investment is proposed

Where a site is earmarked for future significant investment, Stonegate will work with the Publican to ensure that any dilapidations superseded by these works are removed from the schedule of Publican requirements. This is known as “Supersession Works”

f) Sites where disposal for Alternative Use Development or Demolition is proposed

Where a site is earmarked for future Alternative Use Development or Demolition, Stonegate will work with the Publican to ensure that any unnecessary dilapidations liabilities are cancelled.

g) Dilapidations capped at true cost to re-let

The level of Dilapidations to be applied at any given premises, will never be greater than the sum required to re-let the premises on similar commercial terms in the prevailing marketplace.

h) Dilapidation of Tenants Fixtures & Fittings

In the event that Fixtures & Fittings are wholly owned by the Publican, Stonegate Group will not levy any dilapidations charges against these items.

In circumstances where Fixtures & Fittings are being rented from Stonegate Group as part of a Tenancy style agreement, we will inspect these items to ensure that they are being handed back in reasonable condition, fair wear & tear accepted. Dilapidations will only be charged against obvious signs of vandalism or malicious damage.

i) In the event of a dispute

Stonegate would always recommend that Publicans appoint their own professional property advice to assist them in dilapidations negotiations.

In the event of a dispute arising between parties over the level of Dilapidations to be applied, Stonegate Group will provide access to a recognised, independent dispute resolution service and will agree to pay 50% of the associated fees (not exceeding £500).