

Stonegate Fixed Term Tenancy FAQ's

How much will it all cost including any extras?

We'll agree the rent with you up front by considering all the terms of the tenancy and the potential profitability of the business. Once agreed, your rent, including VAT, will be paid weekly in advance by Direct Debit.

The rent will be adjusted each year in line with movements in the Retail Price Index (RPI) but in the event of very high inflation we will cap the annual increase at 6%. We will also always increase the rent by a minimum of 2% each year even if inflation is lower

When the tenancy starts, we will need a cash deposit from you to cover any unforeseen costs along the way. It's equivalent to 3 months' rent, we'll add interest over the years and if all's well at the end of the tenancy we will return to you. We might also ask for further money to obtain credit on trading terms. All rates and other bills including utilities will be down to you and you'll have to notify all suppliers of the tenancy change to avoid any confusion.

What can I use the property for?

The property must be used as a fully licensed public house, which means its main business is selling alcoholic and non-alcoholic drinks. You can also sell food to support the main business offer and, so long as your licence permits it, you can also offer takeaway services for drink and food.

What insurance will I need?

You will be required to arrange insurance cover for contents including trade inventory, stock, all fixed glass, the premises licence, and employer's liability. You must also insure against third party and public liability, loss caused by interruption to the business and any loss of money. It sounds daunting but there's lots of help and advice out there – just ask and we'll point you in the right direction.

What products can I buy out of tie?

You can choose to be free of tie on some of the drink categories in exchange for payment of an annual fee for each category of drinks. These include conditioned wines, spirits, minerals and flavoured alcoholic beverages for example. If you do this, it will stay in force through the whole tenancy.

Any tie release fees will be fixed at an agreed amount and reviewed each year in line with the Retail Price Index (RPI) and subject to the same minimum and maximum limits that apply to rent. This will be paid alongside your weekly rent.

In the event that we, or any other landlord, exercise the unilateral tie release clause in the agreement the entire purchasing obligation will fall away you would have the ability to purchase all drinks on the open market in exchange for paying the agreed Full Tie Release Fee.

What about drinks discounts?

The drinks price list and any discount structure will be agreed from the start and will continue throughout the term. We may update prices, discounts, and products from time to time. We'll take payment for tied products on the rent day in the week following your delivery by way of Direct Debit. To make ordering easier, less costly, and more efficient, we will ask you to place stock orders with us online and be invoiced to reflect this.

Can I use gaming machines?

These are often referred to as fruit machines, amusement machines, jukeboxes, pool tables and the like. So long as you obtain the necessary permits (and your machine supplier can usually help you with this) you will be able to operate such machines under the terms of your tenancy without the need to enter into any agreements with us and you will be able to retain all the machine income after the payment of supplier rent and duty – you are free to negotiate terms with a supplier of your choosing.

Do you use any monitoring equipment?

Yes. We use a system to monitor draught products and to keep this equipment working well, we just ask that you allow us or the experts' access to the premises to install, inspect and maintain Flow Monitoring Equipment.

What about Fixtures and Fittings?

Once we have agreed a valuation of the items included in what's called the 'loose trade inventory' you will have to repair and replace these items as necessary during the tenancy. If you own the inventory, then we may purchase it at valuation during or at the end of the term and offset the value against any money you may owe but you can't sell or charge the inventory to any third party. We will own Landlord's fixtures and fittings throughout the term.

Can I leave before the end of the 5-year period?

Yes, you'll be able to end the agreement during the first 6 months of the term, for any reason by giving us 6 months' notice. After this period there is no further option to break for either party for the remainder of the contractual term.

Can Stonegate Pub Partners terminate the tenancy?

No, we want to provide you with the certainty of a longer agreement so the only basis on which we would seek to terminate the agreement would be if you were in breach of the terms of your tenancy. We will only include a landlord clause by exception

Please can you explain my repairing obligations?

We are responsible for all repairs to the exterior, structure, and services. If you notify us as soon as you are aware of any required repairs, we'll get it sorted as soon as possible so that we can both avoid further damage. You will be responsible for all other repairs and day to day maintenance. This includes things like drains, pipes, toilets etc. You'll also need to keep all car parks, access ways, gardens, play areas, landscaping, or other areas safe for the public to access, well maintained, clean, tidy and weed free. You'll also need to maintain and repair the interior and the fixtures and fittings. To keep the pub looking attractive, we'll agree the timings for you to redecorate the interior of the property. This will need to be done as often as needed and we might ask you to do this in the last 6 months of the term. We will redecorate the exterior as often as necessary to keep it looking attractive and welcoming. To help spread the cost, we'll ask you to pay an agreed amount per week to be put towards your decorating 'fund'. If you leave, and the premises are in a good state of decoration and all other accounts are up to date then we'll pay the balance of this fund to you.

It's worth knowing that for your bigger plans you won't be able to carry out any structural alterations, but you may carry out non-structural alterations with our OK. It's worth bearing in mind we may ask that these alterations are reinstated at the end of the term. To keep you and the

property in a safe condition, we will deal with compliance testing for health & safety, lifting equipment and gas & electrical safety. To cover the cost, we'll ask you to pay a service charge, paid weekly in addition to your rent. You'll pay a service charge for the cellar cooling maintenance and for the heating system maintenance and it means it's all taken care of.

Will you need to see my accounts and stock reports?

To make sure that you're keeping the business running well we'll ask you to use and pay for appropriate third-party accounting and stocktaking services from properly qualified suppliers. We might ask to see copies of any documentation that they prepare for you to make sure everything being run well and so that we can advise and help if you need it. We may also ask to see copies of your VAT returns & annual accounts from time to time.

What training do you offer?

We have a 2-day induction for anyone that takes on one of our pubs, focusing on areas such as: Finance, Marketing & Social media, Quality in drinks and cellar standards to name only a few. Our learning & development team have developed a suite of e-learning modules, videos and pub principles guides to help you through the lettings process, preparing for the day you take over your pub and beyond. These can all be accessed via PC, laptop, or mobile device at a time to suit you