

A stylized landscape illustration. At the top, a bright sun with rays is in the sky. Below it, there are rolling green hills, a river with a small white boat, and a small house on a hill. In the foreground, there are various flowers like daisies and poppies, and a badger is walking through the grass on the right side.

Business Partnership Agreement Code of Practice



Version 1 - November 2010



Contents

1 - Warm Welcome.....	2
2 - Code of Practice.....	3
3 - Our Mission.....	3
4 - Our Values.....	4
5 - The Business Partnership Agreement.....	4
6 - Security of Tenure.....	6
7 - The Recruitment Process.....	6
8 - Pre Entry Awareness Training & Independent Advice.....	8
9 - The Information that you will be provided with about the Pub.....	9
10 - Additional Information that we will ask you to provide.....	11
11 - Initial Investment.....	11
12 - Rent.....	13
13 - Trading Review Notice.....	15
14 - Arbitration & Pub Independent Rent Review Scheme.....	15
15 - First Year Business Partner Support.....	16
16 - Ongoing Business Partner Support.....	17
17 - Area Managers.....	18
18 - Training.....	19
19 - Supply Agreement.....	20
20 - Beer Quality.....	21
21 - Ullage.....	21
22 - Breach of the Supply Agreement/Flow Metering.....	23
23 - Gaming Machines.....	24
24 - Payment Terms	25
25 - Building Repairs.....	25
26 - Capital Investment.....	26
27 - Insurance.....	27
28 - Licensing.....	28
29 - Termination of the Business Partnership Agreement.....	28
30 - Restrictive Covenants.....	31
31 - Badger Line.....	31
32 - Code of Practice Disputes.....	31
33 - Glossary of Terms.....	32

1 - A Warm Welcome

Hall and Woodhouse is one of the few remaining regional family brewers. My family has brewed award winning ales in the heart of Dorset and offered hospitality and a warm welcome at our pubs for over 230 years.

Becoming a Business Partner with Hall and Woodhouse offers an exciting opportunity to run your own business in one of our 180 traditional pubs across the South of England.

From the rolling Dorset countryside to coastal locations and idyllic West Sussex villages, we have traditional pubs in some of the best locations in the country. Whether you are an experienced pub operator looking for a new challenge or someone looking to take their first steps in running their own business we have something to suit all tastes.



As a company we are proud of both our ales and our pubs, we are also proud to have built fantastic working relationships with our Business Partners. Our Code of Practice outlines the standards we work to in establishing these relationships and I hope reading this will be the first step in an exciting journey that leads you to becoming a Business Partner with Hall and Woodhouse.

Best wishes,

A handwritten signature in blue ink that reads "Anthony Woodhouse". The signature is fluid and cursive.

Anthony Woodhouse
Managing Director



2 - Code of Practice

We are passionate about the importance of being open and transparent with our Business Partners.

This Code of Practice clearly outlines the key details of the relationship between Hall & Woodhouse and our Business Partners and aims to provide those people who are exploring the possibility of taking one of our pubs with clarity about the business relationship that they will have with us.

This Code of Practice follows the pub industry Framework Code of Practice developed by the British Beer and Pub Association, BII and the Federation of Licensed Victuallers Associations. It has been accredited by BII Benchmarking and Accreditation Services Ltd (BIIBAS) and is not capable of being unilaterally altered. Any future revisions will be carried out in consultation with BIIBAS.

If you become a Hall & Woodhouse Business Partner, Hall & Woodhouse will be bound by the contents of this Code of Practice for the duration of the business relationship that we have with you.

3 - Our Mission

Our aim is to be:

“The **Pub Company of choice** in the South, **passionate** about running **great pubs** that deliver **financial success** for our **Business Partners** and ourselves.”



4 - Our Values

We have adopted five values that are at the heart of the work that we undertake and the relationships that we have. We will never knowingly do anything that will compromise these values.

- **AMBITION** – We have a strong desire to do things better.
- **DEDICATION** – Getting something done as well as it can be done – with pride and passion. Once we have set our minds to achieve something we will do it to the best of our abilities.
- **INTEGRITY** – Doing the right thing. We will, simply, do the right thing, be honest and open and stick to our word.
- **KINDNESS** – Treating others as they would like to be treated.
- **TEAMWORK** – Working collaboratively with others in order to achieve our goals.

5 - The Business Partnership Agreement

The Business Partnership Agreement is a legally binding document that defines the business relationship between you and Hall & Woodhouse. The agreement will be produced following our formal offer of a pub to you and needs to be signed prior to you taking on the pub. You will not be allowed to take occupation of the pub until the Business Partnership Agreement is signed.

The key terms of the Business Partnership Agreement are:

- An agreement of **3 years** in duration.
- Protected under the terms of the Landlord & Tenant Act 1954 giving you the right to renew at the end of the term (The only exception to this would be where the Business Partnership Agreement is for a property where Hall & Woodhouse do not own the freehold).
- There will be **no open market rent review** on renewal.
- Rent increases or decreases by RPI on the anniversary date each year.
- The supply agreement is for all draught and packaged beers, ciders, wines, spirits, flavoured alcoholic beverages (FABs) and minerals but does not include teas, coffees and food and other dry goods.

- Gaming machine (AWPs, SWPs and pool tables) income will be shared **67% to you and 33% to Hall & Woodhouse**. All equipment must be sourced from a nominated supplier.
- Repair of the pub is a shared responsibility between you and Hall & Woodhouse and you will be required to put and keep the pub property in good repair and condition. Further information about can be found in 25 – Building Repairs.
- In the first 12 months, you will be required to engage Hall & Woodhouse's approved accountants and stock takers. You will be required to pay for the services that they provide and they will provide Hall & Woodhouse with copies of the information that they provide to you.
- There is no break clause within the agreement. However, Hall & Woodhouse is considerate to unforeseen circumstances and will take a view on a case by case basis. If we make the decision to allow you to terminate your Business Partnership Agreement, the notice period will be 6 months.
- You will be set an annual barrelage target, which will be the same for each year of the Business Partnership Agreement. If you exceed your annual target, you will receive £1,000+VAT.

The Business Partnership Agreement can be raised in the name of a sole trader, a partnership or a limited company. This gives you the flexibility to set up your business in a format that is most beneficial to you. If you decide to operate your business as a limited company, you will be required to act as a personal guarantor of the Business Partnership Agreement and will not be able to change the control of the limited company without the written agreement of Hall & Woodhouse.

At Hall & Woodhouse's discretion, we may issue a 1 year version of the Business Partnership Agreement. The key differences between the two agreements are as follows:

- Excluded from the Landlord & Tenant Act 1954 meaning that there is no automatic right to renew the agreement
- The agreement can be terminated by either party upon giving written notice, without a reason needing to be given. The timing of which will vary but will be contained within the agreement.

All other key terms remain the same.

6 - Security of Tenure

The 3 year Business Partnership Agreement is protected by the Landlord and Tenant Act 1954. This means that you have the automatic right to renew your agreement when your existing agreement ends.

There are limited circumstances where we do not have to renew your agreement. These are governed by the Landlord and Tenant Act 1954. For example, if we decide to manage the pub ourselves or to incorporate the site into a development scheme. You may be entitled to compensation if we do not grant you a new agreement.

Please note that in those few instances where Hall & Woodhouse do not own the freehold of the pub or where we issue a 1 year Business Partnership Agreement, the agreement will not be protected under the Landlord and Tenant Act 1954. This means that you will not have the automatic right to renew your agreement when it expires.

7 - The Recruitment Process

The recruitment of talented Business Partners and matching their abilities and passion to the right pub is key to our mutual success. Our recruitment process is designed not only to assess the suitability of potential Business Partners but also to allow them to develop and grow the plans that will make their pub 'Great'.

All applicants will be required to hold a current personal license and to complete our application form either online or by hand. This allows us to collate all of the necessary information to process your application, including conducting a credit check, before you meet with one of our dedicated Area Managers, giving both parties more time to talk to you about your passions, motivations and what plans you have for running a great pub.



Once you have met with an Area Manager and you have both agreed that you are happy to proceed with your application, we will ensure you are matched to a pub that meets your skills and requirements in terms of location, retail offer and the level of your available investment. You will then be asked to put together a Business Plan for your chosen pub.

We will also provide you with information to help you put your Business Plan together (9 – The Information that you will be provided with about the pub).

By producing this Business Plan, you will formulate and grow the ideas that will make your pub great – who your customers are, what you want to be known for and what your product range is. There are also financial elements to consider as well. You will need to produce a cash flow forecast and a profit & loss account for your first year. Running a great front of house business does not guarantee success. Only with good financial controls will you be able to operate a great business as well as a great pub.

In the production of your Business Plan we would recommend that you make use of industry benchmarking reports including the ALMR (The Association of Licensed Multiple Retailers) Benchmarking Survey (visit www.almr.org.uk) and we strongly recommend that you should seek professional legal and business advice.

Once complete, you will meet again with the Area Manager responsible for the pub to review your Business Plan.

The final stage of the recruitment process is to meet the Badger Pubs Director to discuss your Business Plan. Following the successful conclusion of the meeting, we will write to you with a formal offer for your chosen pub. This offer letter will include details of the:

- Length of term
- Annual Rent
- Deposit amount
- Gaming machine split
- Supply Agreement

Enclosed with this offer will be:

- A full copy of your Business Partnership Agreement
- The Maintenance Obligations Guide
- The Beer Quality Standards

Only once Hall & Woodhouse have received your signed acceptance of the formal offer will a hard copy of your Business Partnership Agreement and associated documents be sent to you for signing.

Approximately two weeks prior to the date on which you take occupation of your pub, we will arrange for you to meet with your Area Manager for a **Pre-Change Meeting**. At this meeting, your Area Manager will:

- discuss the practicalities for the forthcoming change.
- collect from you your signed Business Partnership Agreement.
- collect the monies for the deposit, training fee and change of DPS fee.

From start to finish, the recruitment process will generally take between three and four months. However, these timescales are very much driven by our ability to match you to a pub where we believe you have the opportunity to succeed and also by the time it takes for you to produce your Business Plan.

8 - Pre Entry Awareness Training & Independent Advice

Prior to being offered a Business Partnership Agreement, you must obtain accredited pre-entry training which will enable you to evaluate and understand the agreement that you are seeking to enter into.

We would recommend that you source this training from the British Institute of Innkeeping who offer their Pre-Entry Awareness Training (PEAT) course as an e-learning package that takes approximately 2 hours to complete. PEAT covers topics including business planning, financial matters, taxation, the different types of agreements available, the 'tied' pub model, rent calculations and the legal consequences of breaching an agreement. Upon successful completion of this course, you will receive a BIIAB certificate which will enable you to demonstrate that you have completed the pre-entry training.

In addition to the pre-entry training, we would strongly recommend that you take independent professional and legal advice, at your own cost, when producing the Business Plan for your pub, before entering into a Hall & Woodhouse Business Partnership Agreement and, if required, during the course of the agreement. The professionals that you use for this advice must be able to demonstrate that they

have the necessary experience in dealing with pub clients and you will be required to demonstrate that you have taken this advice.

Any financial advisors that you use should ensure that you are made aware of the effects of changes to the Business Plan and should provide you with a financial health warning.

At Hall & Woodhouse's discretion, the above requirements may be waived if it is believed that the Business Partner has sufficient experience and achievement to rely on their own judgement or where the applicant is a company of sufficient standing.

9 - The Information that you will be provided with about the Pub

During the recruitment process for your chosen pub, Hall & Woodhouse will provide you with the following information. This information will allow you to make informed decisions about the pub and help you to complete your Business Plan:

- **Complete letting details** including details of the following:
 - The pub itself and its location.
 - The type of trade including an estimate of the wet/dry split.
 - The domestic accommodation.
 - Number of letting rooms.
 - Number of covers.
 - Number of car park spaces.
 - Volume information for the previous 3 years trade broken down by beers & ciders, wines, minerals, spirits and flavoured alcoholic beverages and goods supplied by Hall & Woodhouse where available.
 - Details of the current gaming machine 'share' at the pub and, if available, information on the gaming machine turnover in the last 3 years.
 - Rateable Value of the site.
 - Desired applicant profile.
- The **shadow profit & loss** account demonstrating the Fair Maintainable Trade of the business from which the marketed rent has been calculated.
- **Energy Performance Certificate** and **asbestos survey**.
- Floor plans of the site.
- An estimate of the **value of the Fixtures & Fittings** prepared by an independent valuer.

- An estimate of the **value of the Stock, Glassware and Loose Catering Effects**.
- The **annual Buildings Insurance Premium** for the property.
- A **breakdown of all the other costs involved** in taking on the pub.
- A **copy of the Premises Licence** for the pub, including any conditions attached as well as details of any enforcement action in relation to the Premise Licence taken in the last 2 years and any formal correspondence from the licensing authority that Hall & Woodhouse is aware of.
- **Details of any material changes in commercial conditions** within the area of the pub, including any capital developments planned at any Hall & Woodhouse pub within the area and how these changes may impact on the business opportunity.
- **Details of any restrictions** on the uses to which the premise may be put (e.g. planning constraints on types of trading and/or hours).
- A copy of the current **Business Partnership Agreement Price List** (including information about any known forthcoming changes).
- A **sample Business Partnership Agreement**.
- We will ask the outgoing Business Partner to provide recent trading figures but cannot guarantee that these will be available.
- We will ask the outgoing Business Partner to provide the required details for the members of staff that will move into your employment under the Transfer of Undertakings Protection of Employment. This is the Act that protects employees when a Business Partnership Agreement transfers from one Business Partner to another.

Any reasonable request for additional information that you feel will help you in your application for the pub will be supplied if available. If we are unable to provide any of the requested information, we will tell you and confirm the reason why it is not available.

10 - Additional Information that we will ask you to provide

As well as Hall & Woodhouse providing you with information, there is a legal requirement to obtain certain information from you. In addition to completing our application form and a Business Plan for the pub, you will need to provide the following during the course of the recruitment process:

- Proof of identity (e.g. passport, driving licence or birth certificate).
- 2 proofs of current address (e.g. bank statement, utility bill, mortgage statement – both dated within the previous three months).
- Proof of amount of available funds (e.g. bank statement).
- Copy of your Personal Licence.

11 - Initial Investment

Every Hall & Woodhouse Business Partner will be required to make an initial investment in their pub business. The initial investment consists of the following:

- **Deposit of £7,500.** These monies are lodged with Hall & Woodhouse, in our general account, for your duration as a Business Partner. Interest will be earned on the deposit being calculated at the Bank of England base rate and paid twice yearly in June and December. You will be issued a deposit statement every six months which will detail the amount of interest earned as well as the tax deductions that we make on your behalf in relation to the interest earnings. You will also be issued with a tax voucher at the same time as the statement.
- **Purchase of the Fixtures & Fittings*.** The ingoing Business Partner may purchase the Fixtures and Fittings (e.g. tables, chairs, carpets, pictures etc) at the pub from the outgoing Business Partner on the day of change or from Hall & Woodhouse if we own them. The value of these Fixtures and Fittings will be agreed between independent valuers who are appointed to act on each party's behalf. You must pay for the cost of the valuer that you appoint. Hall & Woodhouse may consider providing a loan to a Business Partner for the balancing cost of the Fixtures & Fittings provided that they have contributed at least £7,500 to the purchase price.
- **Purchase of the stock, glassware and loose catering effects*.** The ingoing Business Partner will be required to purchase the stock, glassware and loose catering effects at the pub from the outgoing Business Partner on the day of change. The value of these items will be agreed between independent stock

takers who are appointed to act on each party's behalf. You must pay for the cost of the stock taker that you appoint.

- **Working capital*** – a minimum of £5,000. You will require an amount of cash to support your business through the first few weeks of trading.
- **Training Fee** of £650+VAT. This fee covers the provision of:
 - 2 day Hall & Woodhouse Induction Programme.
 - 3 day BII Introduction to Licensed Retail Operations course.
 - 1 day Chartered Institute of Environmental Health Level 2 Award in Food Safety in Catering.
- **Change of Designated Premises Supervisor fee.** This fee is payable to our licensing solicitors, Horsey Lightly Fynn, who will make the application for you to become the Designated Premises Supervisor at the pub on your behalf. Included in this cost is the fee payable to the appropriate local authority for processing the application.

Summary of initial investment:

Item	Cost	Comments
Deposit	£7,500	
Fixture & Fittings*	Min £7,500	Potential for balance to be funded via a loan from Hall & Woodhouse
Stock, Glassware, Loose Catering Effects*	£2,500-£5,000	Depending on size of pub and style of operation.
Working Capital	Min £5,000	
Training Fee	£650	
Change of DPS Fee	£190	
Total	Min £23,340- £25,840	

* The amount required for the purchase of the Fixtures & Fittings and stock & glassware, as well as the working capital will depend on the size of the pub. The Area Manager will be able to approximate these figures for you when you have agreed on the pub you wish to apply for. The exact costs will be determined on the day you take on the pub by independent valuers and stock takers.

12 - Rent

The rent for your property will be based on the Fair Maintainable Trade of the business. This is the level of profit that we believe that the business is capable of delivering if being operated correctly and in a proper manner by an average competent person. It is from this profit that the rent of the business will be calculated. The guidelines for rent assessment are established by the Royal Institution of Chartered Surveyors (RICS) and applied to all Business Partnership Agreements. Hall & Woodhouse will keep its rent assessment guidelines under review and will take into account any future legislation or court ruling and will comply with any future guidance.

To calculate the Fair Maintainable Trade, a competent person (normally the Area Manager for the pub) will produce a written shadow profit & loss account for the business that will provide estimates of the:

- Sales broken down into wet, dry accommodation and sundry income.
- Gross profit % in relation to wet (based on the current Business Partnership Agreement Price List) and dry turnover.
- Operating costs broken down into employee, actual rates payable, repairs, premises costs, heat & light and general expenses.

Please note that as the Business Partnership Agreement does not feature Open Market Rent review upon renewal, it is important that the initial rent for your property is set correctly.

This information provided in this shadow profit & loss account will allow you to take proper professional advice upon the terms conditions and effects of the Business Partnership Agreement being offered.

For clarity, gaming machine income is not used in the calculation of a business's Fair Maintainable Trade and therefore not used in the calculation of rent for that business.

On the first and second anniversary of the commencement of the agreement, the rent will increase or decrease by the prevailing rate of the Retail Price Index. You will be advised in writing of your new annual rent in the month preceding the anniversary date of the agreement.

As you enter the last year of your 3 year Business Partnership Agreement, Hall & Woodhouse will send you a written notice advising you whether it intends to offer you a new Business Partnership Agreement. As the Business Partnership Agreement is protected by the Landlord and Tenant Act 1956, only in certain circumstances will you not be offered a new agreement. These circumstances are detailed in Section 6 – Security of Tenure.

Where we notify you that we are willing to offer you a new agreement, we would ask you to inform us in writing whether you want to renew your agreement or not, no later than 6 months prior to the expiry of your current Business Partnership Agreement.

If you inform us that it is your intention to renew your agreement, **there will be no open market rent review.** A new 3 year Business Partnership Agreement will be issued to you where the rent for the first year of the new agreement will be set at the year 3 rent of your previous agreement, increased or decreased by the prevailing rate of the Retail Price Index.

If you decided not to renew your agreement, please see 29 – Termination of the Business Partnership Agreement for more details.

If at any time you feel that the rent being charged is not reflective of the Fair Maintainable Trade of the business due to material changes in the trading environment, you may ask for it to be reviewed. Such major changes could be closure of local businesses or the construction of a bypass around the location of your pub. Your request will be considered by, at their absolute discretion, the Hall & Woodhouse Rent Panel who will ask you to provide financial and business information that supports your request.



13 - Trading Review Notice

If the government introduces legislation in relation to the Supply Agreement, Hall & Woodhouse may, at its own discretion, issue you with a Trading Review Notice. This will trigger an open market rent review. This would allow for a revised shadow profit & loss account to be produced from the Fair Maintainable Trade of the business reflecting the increased gross profit % that could be achieved from being able to buy wet stock from outside of the Supply Agreement. From this shadow profit & loss account, a revised rent will be set.

For the purpose of clarity, any open market rent review will follow RICS guidance on 'goodwill disregard' where any goodwill attached to the premises attributable to the tenant having achieved a greater level of business than the average competent person and the effects of any tenant's improvements (not including decorations) will be disregarded in the assessment of the Fair Maintainable Trade of the business.

If the open market rent review cannot be agreed by the rent review date, the annual rent payable prior to the rent review date will be charged until such time that the review is agreed:

- If the agreed rent is in excess of the current rent, you shall pay Hall & Woodhouse the difference between the two plus interest at the Bank of England Base rate.
- If the agreed rent is lower than the current rent, Hall & Woodhouse will pay you the difference between the two plus interest at the Bank of England Base rate even if your Business Partnership Agreement does not make reference to this.

14 – Arbitration & the Pub Independent Rent Review Scheme

If a rent review cannot be agreed after final offers have been made, you may seek independent arbitration or refer the matter to the Pub Independent Rent Review Scheme (PIRRS). PIRRS offers an accessible, independent, low cost rent review resolution service. Capped fees enable resolution of disputes in a fair and timely manner.

Upon agreeing to resolve a rent review dispute via PIRRS, Hall & Woodhouse and the Business Partner will be required to renounce any right to arbitration or referral to the original final offers by signing a deed of variation. The Business Partner **or**

Hall & Woodhouse must then contact the PIRRS administration team to request the PIRRS information pack and application form. Business Partners will be asked to begin proceedings by completing their PIRRS application form and selecting their preferred independent valuer from those nominated by the PIRRS Board.

The decision of the arbitrator or PIRRS will be deemed as final. If rent is set by arbitration then the arbitrator will decide who is liable for the costs but if the rent is set by PIRRS, the costs will be shared equally. Any other legal fees incurred by either party will be their own responsibility to pay.

Full details of the PIRRS can be found on their website: www.pirrscheme.com

15 - First Year Business Partner Support

During the first 12 months of your Business Partnership Agreement, you will receive a level of support that will provide you with the foundations from which to build a 'Great' business.

- Your Area Manger will:
 - conduct full business review meetings with you at the end of months one, three, six and twelve. These meetings will be minuted and you will receive a copy of these minutes detailing agreed discussion points and actions.
 - see you a minimum of six times during your first six months and at least once every eight weeks during the second six months. The visits in addition to the full business review meetings may just be 'pop-ins' but will give you the opportunity to benefit from their experience in the industry.
- Open Book Accounting and Stock taking. You will be required at you own expense to use accounting and stock taking services during the first 12 months. We strongly believe these disciplines underpin the financial stability of your business. The accounts and stock taking figures will be shared with Hall & Woodhouse. This means that when you are spending time with your Area Manager, they can focus on helping you to drive your business rather than fact finding about your financial results. We have a list of approved accountants and stock takers but if you want to use your own accountant or stock taker, you can.
- A complimentary mystery customer visit will be carried out after you have been in the pub for four months. Designed to provide advice and guidance on

how your customers view your business, this can be an invaluable tool for you and your staff.

- Your Property Surveyor will visit within your first eight weeks at the pub to complete your first Annual Property Inspection. During this visit they will discuss with you your and Hall & Woodhouse's maintenance responsibilities, carry out a site inspection and condition survey as well advising you of any planned maintenance that will be completed at the pub in the near future.

16 - Ongoing Business Partner Support

At the end of your first 12 months, your Area Manager will agree with you the frequency on which they will visit to conduct business reviews with you. If you feel that you require further or less support as your agreement progresses, your Area Manager will happily increase or decrease the frequency of these visits. However, they will conduct a business review with you not less than twice a year and visit no less than once every three months.

Ongoing support and advice is also available in the following areas during your first and subsequent years as a Hall & Woodhouse Business Partner:

- Marketing – bespoke house promotions, brand promotions, POS and merchandise.
- Badger Times – bi monthly publication with news from the estate, hints & tips and product promotions.
- Property Expertise – our surveyor will conduct an Annual Property Inspection with you. This will include an inspection and condition survey of the pub, inspection of all statutory certification and required compliance. They will also manage any planned maintenance that occurs in your pub.
- Telesales & Distribution – providing Business Partners with an update on product information and their weekly trade delivery.
- Technical Services – carrying out planned preventative maintenance visits on a four month cycle to inspect/service the beer dispense equipment and providing a responsive repair service.
- Hallmark – the Hall & Woodhouse sign of quality is awarded to those houses meeting exacting standards in customer service, food and drink quality and house keeping.
- Legislation – Periodic updates on relevant legislative changes.

- Badger Ales – The provision of award winning cask and bottle ales. Badger cask ales are only supplied to Hall & Woodhouse pubs.
- Beer Quality advice from our Beer Quality Ambassadors during their four monthly visit to your pub.

Hall & Woodhouse also retain the services of a number of third party specialists whose expertise is available to Business Partners at no additional charge. The services provided include:

- Competitive buying via Leisure Supply Group.
- Advice on business rates from G.L. Hearn.
- Advice on gaming machines via Leisure Machines Solutions.
- Advice on utility providers and tariffs by Nationwide Energy Consultants.

17 - Area Managers

Your Area Manager will be your main point of contact with Hall & Woodhouse and will work closely with you to develop your business for the benefit of you and Hall & Woodhouse.

As your Area Manager will be working with you to develop your business, it is important that they have the correct experience and expertise to provide the required level of support. All of our Area Managers will have a minimum of 5 years experience in the licensed trade industry or have been educated to degree level and through their recruitment process, will have been assessed as having the correct skills to effectively support your business.



To ensure that their skills and knowledge remain up to date, they will from time to time undertake appropriate BII or accredited training courses to ensure that they are always best placed to provide you with the support that you require. As a minimum, all Hall & Woodhouse Area Managers will have taken the BII Award in Beer and Cellar Quality.

18 - Training

We expect our Business Partners to undertake a comprehensive training programme prior to commencing their Business Partnership Agreement at their pub to learn the necessary tools and techniques to make a success of their business.

- Hall & Woodhouse Induction Programme (2 days). The morning of Day 1 provides Business Partners with an introduction to Hall & Woodhouse and with the afternoon and evening sessions dedicated to helping you to develop the plans that will make your business great. On Day 2, Business Partners will undertake the BII Award in Beer and Cellar Quality.
- BII Introduction to Licensed Retail Operations (3 days).
- Chartered Institute of Environmental Health Level 2 Award in Food Safety in Catering (1 day).

If you successfully complete the above courses within three months of taking on your pub, you will receive two complimentary 9 gallon casks of Badger First Gold, which is one of our award winning cask ales. This is worth in excess of £145.

The Hall & Woodhouse Induction Programme is mandatory unless you have already run a pub with us. All training needs to be completed before taking on your pub but exemption from attending the other courses may be afforded to those Business Partners where we are satisfied that they have:

- already completed and passed these courses.
- suitable industry experience.

Ongoing training is available for you and your staff via our online training service. You will be able to train your staff in the comfort of your own business by purchasing training credits from Hall & Woodhouse. Your Area Manager will assist you in identifying the training needs of you and your team.

19 - Supply Agreement

You will be required to purchase all of your draught and packaged beers, ciders, wines, spirits, FABs and minerals and from Hall & Woodhouse. A full list of the products available to you will be provided in the Business Partnership Agreement Price List. The supply agreement does not include tea, coffee or food.

As an independent family brewer, the supply agreement is fundamental to our business and it allows us to provide the enhanced level of support that Hall & Woodhouse Business Partners receive compared to a free trade pub. The supply agreement also allows us to invest in the pub estate and further develop our product range for our mutual benefit. We believe passionately in the quality of our cask ales and uniquely within the industry, we only sell them in our own pub estate. We believe this gives our pubs a point of difference and consequently, we do not allow guest beers to be purchased from third party suppliers.



The products that you order from Hall & Woodhouse will be delivered free of charge on a set day each week with the order day being two working days prior to that. If you require an additional delivery in any given week, this can be arranged but at your own cost or alternatively, product can be ordered for you to collect from the Brewery. The cost for a special delivery would not normally be in excess of £150+VAT and would usually be significantly less.

You will be set an annual barrelage target (multiples of 36 gallon units of products covered by the Supply Agreement) for the three years of your agreement for the purchase of draught and packaged beers, ciders, wines, spirits and minerals. In each year that you exceed this target and are not in breach of your Business Partnership Agreement at the time you exceed your annual barrelage target, you will be sent a cheque for £1,000+VAT.

20 - Beer Quality

Hall & Woodhouse are passionate about beer quality and are dedicated to ensuring that the perfect pint is served every time.

Hall & Woodhouse Beer Quality Ambassadors will make appointments (giving a minimum of three days notice) to visit your pub three times a year. During these visits, they will score your pub against the Beer Quality Standards that form a part of the Business Partnership Agreement. By offering advice and guidance, they will help you to maintain an outstanding standard of beer quality which will be of benefit to your customers and, in turn, both of our businesses.

In the unlikely event that your business does not meet the required Beer Quality Standards, a Beer Quality Ambassador will return within four weeks to undertake an unannounced audit.

Maintaining the cellar at the correct temperature is an integral component of ensuring the beer is served in the best possible condition. All of the beer raising equipment, including the remote cooler, is owned and will be maintained by Hall & Woodhouse. However, the cellar cooler will form a part of the Fixtures & Fittings of the pub and will be owned and need to be maintained by the Business Partner.

21 - Ullage

In the unlikely event that you receive product from Hall & Woodhouse and you have concerns about the quality of that product, you may contact Telesales to make an Ullage Claim.

Telesales will ask you to provide the following information and will arrange for the product to be collected during your next delivery. At the point the product is collected, you will be required to sign an Ullage Label confirming the reason for the return of the product and the amount collected.

Information required by Telesales:

- **Hall & Woodhouse Brewed Keg Beers**
 - Product name
 - Reason for the return
 - container size

- Label number
- Tank number
- Rack date
- Best before date
- **Hall & Woodhouse Brewed Cask Beers**
 - Product name
 - The reason for the return
 - Container size
 - Label number
 - Tank number
 - Gyle number
 - Rack date
 - Best before date
- **Third Party Draught Products (e.g. Guinness or Weston's Stowford Press)**
 - Product name
 - Container size
 - Best before date
 - The reason for return
- **All other products**
 - Product name
 - Number of items
 - The reason for return

For draught products, providing less than 3 gallons have been removed from the container, a credit for a full container will be given if:

- The container is within shelf life date on the date the ullage was logged with Telesales.
- And there is no evidence of adulteration.
- And the Hall & Woodhouse Ullage Label has been completed correctly.
- And the original Hall & Woodhouse labels are intact.

For containers with more than 3 gallons removed, no credit will be given except where the container is unbroached but has leaked, in this case full credit will be given.

Once the product is returned to Hall & Woodhouse, if the reason for the return of the product is confirmed, the appropriate credit will be made to your Trade Account.

If the above criteria cannot be met but a quality problem is suspected, there is a integrity issue with the container or dispense of the product is impaired, this should be reported to Technical Services who will investigate and authorise a credit if justified.

Please note that ullage cannot be claimed for cask rack bright products.

22 - Breaches of the Supply Agreement/Flow Metering

In instances where a Business Partner is suspected of buying products covered by the Supply Agreement from suppliers other than Hall & Woodhouse or where a Business Partner has failed two or more Beer Quality Audits, Hall & Woodhouse reserve the right to install flow metering equipment at the pub.

The Business Partner will:

- be able to view all dispense and line cleaning information relating to their pub at any time via an on-line account.
- keep the flow metering equipment switched on at all times.
- in no way tamper with the flow metering equipment.
- not receive any allowance for any product or electricity used in the installation, ongoing calibration and operation of the system.
- allow access to the flow metering equipment to any Hall & Woodhouse approved contractor given 24 hours notice.

Hall & Woodhouse will:

- not impose any penalty for loss of profit from products monitored by flow metering equipment unless a variation between dispensed and delivered volume is confirmed by the provider of the flow metering equipment as having been caused by product being purchased from outside of the Supply Agreement.

If Hall & Woodhouse can demonstrate beyond all reasonable doubt (e.g. photographic evidence, witness statement or flow metering information) that products covered by the Supply Agreement have been purchased by a Business Partner from a supplier other than Hall & Woodhouse, we consider this to be a serious breach of your agreement and we reserve our right to take appropriate action as a result of the breach, which may include seeking to forfeit your Business

Partnership Agreement. In addition and without affecting any other rights we may have, we may invoice the Business Partner for the total volume of product purchased outside of the Supply Agreement at a rate of £150+VAT per composite barrel.

23 - Gaming Machines

Hall & Woodhouse Business Partners are required to source all of their gaming machines (AWPs), quiz machines (SWPs) as well as pool tables from a list of nominated suppliers, the number and positioning of which should be in keeping with the pub in general and as such to maximise their benefit to the business.

You will pay a weekly rent to the suppliers for these machines from which Hall & Woodhouse will receive a fixed royalty.

All other machines, such as juke boxes, are free of tie and as such, Hall & Woodhouse receive no royalty from these machines.

Once the monies owed to the supplier of the machine (e.g. rent and duty) have been paid, the remaining income from the machine will be shared with Hall & Woodhouse. **You will receive 67% of this income with Hall & Woodhouse receiving 33%.** If there are insufficient funds in the machine to cover the monies owed to the supplier, then the shortfall will payable by the Business Partner and Hall & Woodhouse, split as per the income share for that machine.

A representative from your chosen nominated supplier will visit periodically to collect the cash from your machines. Once the monies owed to the supplier have been deducted from this cash, they will give you 67% of the remaining amount and remove from site the balancing 33% which they will pay to Hall & Woodhouse.

All required Gaming Licences and Permits will be applied for and paid by your chosen nominated supplier of gaming machines.

Hall & Woodhouse retain the services of Leisure Machine Solutions, as consultants, to provide Business Partners with free advice on how to maximise the benefits of gaming machines in their business.

24 - Payment Terms

The agreed annual rent will be invoiced weekly in advance and you will receive 7 days credit on your drink purchases from Hall & Woodhouse.

If you wish to, you may elect to pay for your goods in advance of their delivery and your weekly rent by cash at any branch of Nat West or by credit/debit card by ringing your Credit Controller.

All trade invoices will be collected by Direct Debit from your nominated bank account on the Friday following the date that they fall due with rent invoices being collected every Thursday. You will be charged an administration fee of £25 for any Direct Debit requests that are returned unpaid.

At the discretion of Hall & Woodhouse, the number of days credit offered or the period of rent invoiced may be changed.

If your account falls into arrears, you should contact Hall & Woodhouse as soon as possible to discuss the arrears. We will agree with you a repayment plan for the arrears amount, which we will confirm to you in writing. Once we have received your signed acceptance of the repayment plan, interest will not be charged on the overdue amount.

25 - Building Repairs

Hall & Woodhouse and their Business Partners share the responsibility for the maintenance of the pub. Broadly speaking, the division of responsibility is such that Hall & Woodhouse are responsible for structural repairs and the exterior of the building with the Business Partner responsible for minor and internal repairs. The Business Partner will be required to **put and keep** the premises in good and substantial condition, for those repairs that are their responsibility, for the duration of the agreement. This means that when you take on the pub, you will be required to put items into repair if they are in disrepair and then must keep them in repair for the duration of your time at the pub.

A full breakdown of the repairing responsibilities is available on request and will also be provided to you in the Business Partner's Handbook which you will receive when

your Business Partnership Agreement is sent to you. We would recommend that you inspect the pub property prior to accepting the offer for the pub.

Hall & Woodhouse operate a 24 hour, 7 day a week Maintenance Help Desk through which all maintenance issues are logged. This ensures that each call is tracked from start to completion and that each Business Partner receives an efficient and timely maintenance service.

Every 12 months, Hall & Woodhouse will conduct an Annual Property Inspection with you. This will include an inspection and condition survey of the pub, inspection of all statutory certification and required compliance in areas such as gas, electrics and fire risk assessments, all of which are a Business Partners responsibility. This inspection will highlight and remedial works that you are required to complete in order to meet the repairing obligations of your tenancy agreement.

26 - Capital Investment

Hall & Woodhouse is committed to improving the quality of its' pubs through a programme of capital investment. Any proposed alterations to your pub would be quantified in terms of the benefit to you and Hall & Woodhouse and agreed by both parties before any commitment is made to undertake the works. For clarity, these works are separate to those that Hall & Woodhouse must undertake to meet it's repairing obligations under the terms of the Business Partnership Agreement.

Hall & Woodhouse would manage any investment works from conception through to completion, including obtaining any required planning and licensing approvals. Hall & Woodhouse will also pay for all works in the first instance.

You would be required to:

- Complete a revised Business Plan to reflect the investment works and the anticipated benefit to your business.
- Purchase from Hall & Woodhouse any additional Fixtures and Fittings that form a part of the investment works within an agreed timeframe.
- Agree that a rent review will take place which will reflect the revised Fair Maintainable Trade of the business following the completion of the investment works. The works would not commence until the revised rent has been agreed between the Business Partner and Hall & Woodhouse.

27 - Insurance

Hall & Woodhouse arrange buildings insurance for each of their pubs to provide cover for those items that are Hall & Woodhouse's responsibility under the repairing obligations of the agreement. Each Business Partner is recharged an annual premium for the buildings insurance based on the rateable value of the business and will be advised the current annual premium for the property during the recruitment process and each subsequent year.

We are confident that this premium is lower than that which could be obtained by the Business Partner if they insured the building themselves. If however, you are able to obtain a like for like buildings insurance quote from a reputable insurer where the premium is lower than that which you are being charged, Hall & Woodhouse will 'price match' this quote.

The policy covers all risks of physical loss or damage to the building as a result of fire, lightning, explosion, earthquake, landslip, subsidence, heave, riot, civil commotion, aircraft, flying objects, storm, flood, water, theft, collision by vehicles, damage by malicious people/vandals but excluding terrorism.

Business Partners are not able to make claims against this policy for items that are their responsibility under the repairing obligations of the agreement.

Business Partners are required to obtain the below insurances at their own expense from reputable insurer:

- Contents - which should provide cover for all contents at the pub including items of Fixture and Fittings (including those which Hall & Woodhouse retain ownership of) and personal effects in the commercial and domestic areas of the premises.
- Stock, glass and cash in gaming machines at the premises.
- Thirty party public and employer's liability insurance.
- Business interruption/suspension insurance.
- Theft for money in the safe.
- Personal assault – injury, theft & loss of earnings.
- Fidelity – cover against theft by employees.
- Loss of licence – will not cover if caused by neglect.
- Personal Accident

You will also need to demonstrate on an annual basis that the above insurance covers are in place.

28 - Licensing

Hall & Woodhouse hold the Premises Licence for each of their pubs (a certified copy of which will be provided to you). The annual Premises License renewal fee will be paid by Hall & Woodhouse and will be recharged in full to the Business Partner for the pub along with an administration fee for managing the payment process.

The Business Partner will be required to nominate a personal licence holder as the Designated Premises Supervisor for their pub. Licensing specialist Horsey Lightly Fynn will facilitate the process of registering the nominated individual as the DPS for the site. The Business Partner will be responsible for paying Horsey Lightly Fynn for this service.

As a Business Partner, you must run your pub in accordance with the Licensing Act 2003 and in line with any conditions of the current Premises Licence.

If the Business Partner wishes to make an application to vary the Premises Licence they must first discuss it with their Area Manager. If the Area Manager is happy for the variation to be applied for, the application will be made by licensing specialist Horsey Lightly Fynn and all costs associated with the variation of the licence, including those costs charged by Horsey Lightly Fynn are to be paid for by the Business Partner.

29 - Termination of the Business Partnership Agreement

We hope that you will spend many years running a profitable business at your Hall & Woodhouse pub but there will be times when Business Partners decide to move onto the next stage of their careers.

As you enter the last year of your 3 year Business Partnership Agreement, Hall & Woodhouse will send you a written notice advising you whether it intends to offer you a new Business Partnership Agreement. As the Business Partnership Agreement is protected by the Landlord and Tenant Act 1956, only in certain

circumstances will you not be offered a new agreement. These circumstances are detailed in Section 6 – Security of Tenure.

Where we notify you that we are willing to offer you a new agreement, we would ask you to inform us in writing whether you want to renew your agreement or not, no later than 6 months prior to the expiry of your current Business Partnership Agreement.

If you inform us that it is your intention to renew your agreement, **there will be no open market rent review**. A new 3 year Business Partnership Agreement will be issued to you where the rent for the first year of the new agreement will be set at the year 3 rent of your previous agreement, increased or decreased by the prevailing rate of the Retail Price Index.

If you state that your intention is not to renew your agreement or if you do not state that it is your intention to renew your agreement by six months prior to the expiry of the current agreement (although you may still inform us of your intention to renew after this date), the following will happen:

- A dilapidations schedule indicating where remedial works need to be completed in order to meet the repairing obligations of your Business Partnership Agreement will be produced. Hall & Woodhouse will charge you for the cost associated with the production of this schedule and will aim to give you the dilapidations schedule three months before your agreement expires in order to give you enough time to complete any works. If you believe that the dilapidations schedule you receive is not reflective of the works that need to be completed to meet your repair obligations at the pub then you should contact your Area Surveyor in the first instance. If you are not satisfied with the outcome of that discussion, you may refer the matter via the Badger Line (31 – Badger Line). If any works remain outstanding on the day that you leave the pub, we will complete these outstanding works and deduct the cost of doing so from your deposit.
- The recruitment process for a new Business Partner will be started and the pub will be advertised accordingly (as a minimum, it will be advertised on www.badgerpubs.co.uk as a vacancy).

And you will be required, as a minimum, to:

- Grant access to the property for potential Business Partners, given suitable notice.

- Provide the previous three years trading information to assist potential Business Partners in producing their Business Plan for the pub.
- If requested, on the day you leave the pub, sell the stock, glassware and loose catering effects as well as all Fixtures and Fittings that you own to the next Business Partner at the pub. If the pub is to remain empty after your departure, Hall & Woodhouse is not obliged to purchase these items from you but may at it's own discretion decide to do so.
- Transfer free of charge to Hall & Woodhouse any interest or rights that you have in any website or email address relating to the pub.
- Provide Hall & Woodhouse with a forwarding address for you.

All monies owed to you, less those owed by you to Hall & Woodhouse, will be paid to you no later than 28 days after you have left the pub. Although the interest that you earn on your deposit is calculated every 6 months, when you leave the pub, it will be calculated up to the day that you leave and will be included in the above payment to you.

Following your departure from the pub, you will not be permitted to operate another public house, restaurant, bed & breakfast or letting room business within ten miles of the pub for a period of two years. However, at their discretion, Hall & Woodhouse may agree to requests from Business Partners who wish to operate a business within the exclusion radius or timescale.

There is no formal break clause in the 3 year Business Partnership Agreement but Hall & Woodhouse is considerate to unforeseen circumstances and will take a view on a case by case basis. However we will be under no obligation to accept an early surrender. If you wish to terminate your agreement prior to it's expiry date, you must submit your request in writing to the Director of Badger Pubs. If we make the decision to allow you to terminate your Business Partnership Agreement, the notice period will normally be 6 months.

If you are operating under a 1 year Business Partnership Agreement there is the ability for either party to give written notice as specified in the agreement.

30 – Restrictive Covenants

In certain circumstances, Hall & Woodhouse may make the decision to sell one of its pubs. Hall & Woodhouse reserves the right to sell the property with a restrictive covenant which would prevent the property from being used as a public house in the future. This covenant would help to protect the future trading potential of other Hall & Woodhouse pubs in the area.

31 - Badger Line

Hall & Woodhouse operate the Badger Line as a route through which Business Partners can report an issue in the unlikely event that it remains outstanding despite previous attempts to reach a resolution. Issues can be logged via phone or email (01258 486006 or badgerline@hall-woodhouse.co.uk) and will be handled through to resolution by a dedicated member of our Commercial Team.

Following the response from the Badger Line, if you are still not satisfied that the matter has been resolved, you can refer it to the Director of Badger Pubs.

Following the response from Director of Badger Pubs, if you are still not satisfied that the matter has been resolved, you can refer it to the Managing Director of Hall & Woodhouse, whose decision will be final.

32 - Code of Practice Disputes

If you believe that Hall & Woodhouse has not adhered to this code in its dealings with you and, having failed to obtain resolution via the Badger Line, you may contact BIIBAS. BIIBAS will pass on this information to Hall & Woodhouse and use its good offices to ensure, as far as possible, that there are no misunderstandings, or personality issues, that are standing in the way of a more fruitful dialogue between Hall & Woodhouse and you or your representative.

33 – Glossary of Terms

Average Competent Person	A person that is capable of operating a pub in such a way that enables the business to deliver the level of profit anticipated in the Fair Maintainable Trade.
AWP	Amusements With Prizes – Fruit machines giving customers the opportunity to win prizes through games of chance.
BII	British Institute of Innkeeping (www.bii.org)
BIIBAS	British Institute of Innkeepers Benchmarking and Accreditation Services – The subsidiary of the BII that accredits this Code of Practice (www.biibas.com)
Composite Barrel	1 Barrel = 36 gallons of beer, lager, stout, cider 1 Barrel = 108 litres of minerals including postmix concentrate 1 Barrel = 23.8 gallons of spirits 1 Barrel = 66 litres of wine
DPS	Designated Premises Supervisor – Nominated by the Premises Licence, a Personal License holder who is in day to day control of the premises.
Energy Performance Certificate	An independently produced report that rates the energy efficiency of the property.
Fixtures and Fittings	Items at the pub such as tables, chairs, carpets, bric-a-brac, cookers, fridges, microwaves, fryers etc.
FMT	Fair Maintainable Trade – The anticipated profit that a pub business will generate if operated by a average competent person. It is from this profit that the rent for the pub will be set. This method of assessment does not penalise successful operators nor financially support poor operators.
Freehold	The pub is owned and operated by the licensee and is free to source all of the products sold at the pub from whichever suppliers they choose. They will have full day to day control of the site and retain all profits generated.

Lease	The pub is owned by a pub company but rented to an individual operator for them to run their business from. The operator's agreement will usually be for longer period of time (e.g. 13 year) and they will be required to purchase some, if not all, of their drink products from the pub company. The operator will be responsible for employing their own staff, paying their own costs but will retain the profit generated from the site for themselves. The repair of the pub will be the responsibility of the operator but they will have the ability to assign the lease to another operator and charge a premium to the assignee for doing so.
Loose Catering Effects	Items at the pub such as cutlery, crockery and cooking utensils.
Managed	The pub is owned and operated by a pub company. All staff on site are employed by the pub company who decided on the retail offer for the site, pay all costs associated with running the pub and retain all profits.
Personal Licence	Issued by a local authority, it allows the holder to sell or authorise the sale of alcohol in accordance with the terms of the Premise Licence of the premises at which the sale is taking place.
PIRRS	Pubs Independent Rent Review Scheme (www.pirrscheme.com)
POS	Point Of Sale – Media that are used to support or promote products such as drip mats, bar towels or tent cards.
Premises Licence	Issued by a local authority, it authorises the premises to be used for one or more licensable activities such as the sale of alcohol by retail or the provision of regulated entertainment.
Rack Bright	Cask conditioned beer that has been dropped bright at the Brewery before being racked into casks.
RICS	Royal Institution of Chartered Surveyors (www.rics.org)

Shadow Profit & Loss Account	A financial statement that provides estimates of the sale, gross profit, operating costs and net profit of a business. It will be produced by a competent person and will be the basis of the FMT of the business. It is for illustrative purposes only and is not a guarantee of future incomes for the operator of the business.
SWP	Skills With Prizes – Quiz Machines giving customers the opportunity to win prizes through games of skill. The more skilled the customer, the greater chance of success.
Tenancy	The pub is owned by a pub company but rented to an individual operator for them to run their business from. The operator's agreement will usually be for shorter period of time (e.g. 3 years) and they will be required to purchase some, if not all, of their drink products from the pub company. The operator will be responsible for employing their own staff, paying their own costs but will retain the profit generated from the site for themselves. The repairing obligation for the pub will be shared between the pub company and the operator.
Ullage	Beer which does not meet the required specification and is not fit for sale.

ADDENDUM TO HALL & WOODHOUSE LTD CODE OF PRACTICE ON TENANCIES

GENERAL PROVISIONS

This addendum provides additional provisions to our Company Code of Practice which incorporate the changes that have been made to the “UK PUB INDUSTRY FRAMEWORK CODE OF PRACTICE for Tied Tenanted and Leased Pubs” published in January 2010 and revised in December 2011. The revisions have been agreed by the British Beer & Pub Association (BBPA), the British Institute of Innkeeping (BII) and the Federation of Licensed Victuallers Associations (FLVA).

The latest version of the UK Pub Industry Framework Code Revision 5, herein after referred to as the “IFC” can be found on our website: www.hall-woodhousepartnerships.co.uk/support

And on the British Beer & Pub Association website:

<http://www.beerandpub.com/documents/publications/industry/Framework%20Code%20-%20FINAL.pdf>

LEGAL STATUS OF THE INDUSTRY FRAMEWORK CODE (IFC)

The provisions of the IFC will be incorporated into all new agreements for tied tenancies entered into as from the 31st March 2012.

The IFC is offered to all Business Partners that have an existing agreement with us. This constitutes an open and unlimited offer from Hall & Woodhouse Ltd. Such Business Partners will be entitled to the benefits of the IFC and be subject to the obligations incurred on accepting and signing an agreement with the Company.

You do not need to do anything more after accepting the offer but if you want a deed of variation to formally incorporate this offer into your agreement, it can be provided at your expense.

You are not obliged to accept this offer and in the absence of a signed agreement giving effect to the provisions of the IFC a Business Partner can avail themselves of the benefits at any time by invoking the open and unlimited offer to accept the Company’s Code. This can be initiated in the following ways:

- ⇒ by expressing an interest to accept the offer and signing an agreement to that effect
- ⇒ through the action of the Business Partner by way of a complaint lodged with PICAS
- ⇒ through a Court action with the intention of placing reliance on the provisions of the IFC.

In the case of new agreements (from 31st March 2012) the IFC will be binding on the Company and the Business Partner and used in the pursuance of a claim of non-compliance. The IFC will have the same legal effect on existing agreements, once accepted in one of the ways as described above.

The IFC now provides for the establishment of the Pub Independent Conciliation & Arbitration Service (PICAS) in addition to the Pub Independent Rent Review Service (PIRRS). PICAS will provide an independent Panel to which complaints about our company compliance with the IFC, the provisions contained within our own Code and our relationship with you can be referred, if you have not received a satisfactory resolution to any difficulty that may have arisen after referral through our

own disputes procedures. This service will be available as from the 1st March 2012. Details will be made available to you.

BUSINESS PARTNER PRE-ENTRY REQUIREMENTS

All prospective Business Partners must complete the Pre-Entry Training (PEAT) before signing an agreement with us and at least 2 weeks before we enter into any substantive discussion with you about signing an agreement. *This is to ensure that you are able to fully appreciate the substance and nature of the agreement to take on a tied pub with us.*

You must also demonstrate you have taken proper independent professional advice prior to accepting a tenancy and take professional legal and business advice which should be used to prepare an appropriate business plan.

The requirements to take such legal and professional advice and complete the training (PEAT) may be waived by us providing you satisfy the criteria established by the IFC which are:

- ⇒ Applicants are multiple retailers with a number of other tenanted/leased premises
- ⇒ Applicants can demonstrate at least three years recent experience of running a successful tenanted or leased pub business
- ⇒ Applicants can demonstrate at least three years relevant business management experience
- ⇒ Applicants have an existing successful lease or tenancy with the Company

We reserve the right not to waiver the requirements where we do not believe it is in the best interests of the applicant or the company not to receive such training and/or advice.

INSURING YOUR PUB

It is most important that your pub is properly and correctly insured and as a consequence we insure the building through our own insurance brokers. While we seek to ensure the best possible price we recognise that you might wish to secure a competitive quotation.

We agree to “price-match” on any like for like policies identified by the Business Partner. In the event that the Business Partner is able to demonstrate that such insurance can be secured at a lower price, for the same degree of cover, the Company will recompense the difference in the charge.

RENT ASSESSMENT

All rent assessments and renewals will be conducted in accordance with the Royal Institute of Chartered Surveyors (RICS) Guidance.

PUB INDEPENDENT RENT REVIEW SCHEME (PIRRS):

Business Partner may now refer lease renewals to PIRRS if we cannot reach a mutually satisfactory agreement with you. This is in addition to referrals that may be made in the case of scheduled rent reviews and expiration of fixed term tenancy agreements.

DILAPIDATIONS

Toward the end of your current tenancy agreement we will need to ascertain the extent to which any repairs, restoration and decoration, generally termed dilapidations, are required in accordance with our agreement with you. You will be given sufficient notice of the survey which we will undertake which will occur not less than 3 months before your agreement ends.

The survey is a requirement under your agreement and will be paid for by you.

In the event of any dispute between us as to the extent and nature of the dilapidations you may refer the matter in writing in the first place to your Area Surveyor. If you are not satisfied with the explanation/justification you receive you can refer the matter to us through the company's dispute resolution procedure described in our Company Code of Practice as amended in this notice. If this fails to resolve your problem you can refer the matter to PICAS, referred to earlier.

DISPUTE RESOLUTION

Our Company Code sets out the availability of dispute resolution through the company. In addition to this process you have the ability to refer any rent dispute to the Pub Independent Rent Review Scheme (PIRRS) which provides an independent rent assessor who will determine what is a fair rent for your pub when either the tenancy or lease is up for renewal or at any regular rent review. The company is bound to accept the outcome of the independent rent assessment as is the Business Partner.

Details of the PIRRS application process and procedures to be followed can be found at <http://www.pirrscheme.com>

As from the 1st March 2012 a similar service will be available through the Pub Independent Conciliation & Arbitration Service (PICAS). In the event that you have not been able to reach a resolution of a problem or dispute with us after going through our company's own dispute resolution procedures you may refer the problem to PICAS. As with PIRRS both parties enter PICAS agreeing to be bound by the decision of the PICAS Panel.

You may make an application to PICAS where you believe that the company has not complied with the terms of the IFC or its own Code of Practice or where the behaviour of ourselves has not reflected the intentions set out in the Code. Rental issues should be referred to PIRRS but all other matters can be raised through PICAS.

Full details of the application process and the procedures to be followed when referring a complaint to PICAS will be sent to you once they become available.

We are committed to the professional standards enshrined in these Codes and to the operation of both PIRRS and PICAS which is a pre-requisite of accreditation of our code.

(Details will be available on the PICAS website to which you will be able to refer, once established)

THIS ADDENDUM HAS BEEN SEEN AND APPROVED BY THE ACCREDITATION SERVICE BIIBAS AND AS SUCH NOW FORMS AN INTEGRAL PART OF OUR CODE.