

Enterprise Inns Charter on Dilapidations

An Evolutionary Approach to Dealing with Dilapidations.





1. Key Objectives

To provide an evolutionary review of ETIs approach to dealing with Dilapidations, where Retailers and other key stakeholders are given clear guidance on what constitutes a dilapidations matter, when this will apply during the term of an agreement and what they can expect from ETI.

2. ETIs Core Commitments — What you can expect

In delivering this Charter, ETI has 4 core commitments:

1. To provide simplicity in all Dilapidations matters, 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 terms in the current marketplace.
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 Lease:

a) **During the term of a Lease**, the Retailer 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 the lease repairing obligations.

ETI will always aim to assist Retailers throughout the lifecycle of their agreement to prioritize repairing obligations in order that these are dealt with pro-actively, so that the premises is always maintained in its optimum condition for the market within which it operates.

b) **At the end of a Lease**, the Retailer must hand back the premises in good and tenable repair and condition so that it is capable of being re-let on a similar agreement and equal terms, without lengthy time delays resulting from its condition. In general terms, the Retailer is responsible for repairing and maintaining the property. Again, the guidelines relating to these responsibilities will be those as set out in the lease repairing obligations.





At the point when an agreement is due to expire, or an early exit arrangement is agreed, ETI will inspect the premises to ensure that it has been maintained within the terms of the Lease repairing obligations. Issues arising out of this inspection will be brought to the Retailers attention early enough to provide the opportunity to remedy these prior to their departure.

c) Assignment. Should a Retailer choose to sell (Assign) their interest in the business, the repaired condition of the premises will be an important factor. ETI will inspect the premises to ensure that it has been maintained within the terms of the Lease repairing obligations. This process should be seen as assisting Retailers to offer up the premises up in a condition to support them achieving the optimum market value for the Lease.

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 Retailers attention early enough to provide the opportunity to remedy these prior to the sale of their lease.

d) Core Commitments & Protocols

The following core commitments and protocols will be applied during all of ETI future Dilapidations negotiations:

a) Timescales

We will always aim to inspect the business premises, assessing any dilapidations due and agreeing this with the Retailer several months prior to the end of the agreement or assignment. This will always be dependant on good quality communication, and as such, Retailers should aim to provide ETI with the earliest possible notice of their proposed departure.

b) Subscription to ETIs standard packages (Allianz, Cellar Cooling, Heating & Boiler Maintenance – or any other future service package)

Where a Retailer subscribes to the standard suite of packages offered by ETI and then fully delivers any periodic maintenance as directed by the cyclical inspection regime, we will waive all future dilapidations liability associated to these items of kit or systems.

c) Repairs & Maintenance Funds

On all new agreements, ETI will establish the level of Repairs & Maintenance Fund (RMF) to be applied at any given premises, agreeing this with the Retailer prior to the commencement of a new agreement. All RMFs will be index linked to take account of periodic increases in construction industry rates.

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



d) 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 a similar style agreement & terms in the prevailing marketplace.

e) Dilapidation of Tenants Fixtures & Fittings (F&F)

In the event that the F&F is wholly owned by the Retailer, ETI will not levy any dilapidations against these items.

In circumstances where Tenants F&F is being rented off ETI 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 and tear accepted. Dilapidations will only be charged against obvious signs of vandalism or malicious damage.

f) In the event of a dispute

Where a dispute arises between parties over the level of Dilapidations to be applied, ETI will provide access to a recognized, independent dispute resolution service, and will agree to pay 50% of their associated fees (not exceeding £500).

