**WITHOUT PREJUDICE & SUBJECT TO CONTRACT AND COUNCIL APPROVAL**

**PROPOSED NEW LEASE AGREEMENT – DRAFT HEADS OF TERMS**

**CANK STREET & 12-20 MARKET PLACE, LEICESTER, LE1 5GF**

I refer to your application for a tenancy in respect of the above-mentioned property and am writing to confirm that I am prepared to consider the granting of a new lease in accordance with the following main terms, subject to a formal agreement to be prepared by the City Barrister.

1. The tenancy to be granted is in respect of buildings at 12-20 Market Place and the adjacent land at Cank Street.
2. The area of the Property to be leased is shown coloured pink on the attached Plan No. 2023/270.
3. The lease term shall be for a minimum of 25 years from commencement date TBC.
4. The agreement for lease will only commence once the applicant has obtained full planning permission within a period of 12 months from the date of signing the agreed Heads of Terms.
5. Rental offers over £100,000 per annum shall be payable plus VAT exclusive of business rates and service charge.
6. The lessee will be responsible for the payment of the general rate and water/sewerage charges on the premises, the cost of all consumer services and any other taxes or assessments incurred by or imposed upon the premises by virtue of the lessee’s occupation thereof.
7. The lessee will need to complete the required fit out works to the existing/retained retail premises within a 12 week period.
8. The development of the land at Cank Street to be agreed with the Council prior to the commencement of the Agreement for Lease. Lessee and Lessor to agree specification and details as part of the planning application.
9. Upwards only rent reviews to Market Rent (MR) or Retail Price Index (RPI) every 3 years (THREE YEARS) from commencement date, whichever is the greater.
10. The property shall only be used for Retail (Under Use Class E), Bars/Restaurant (Sui Generis). Any change of use will require landlord’s consent and in addition, will be subject to planning permission being obtained.
11. The whole of the property as shown on the plan (plan no: 2023/270) coloured pink will be let on a fully repairing and insuring basis (FRI).
12. The lessee will be liable for a proportionate contribution towards capital costs of the works, that the lessor will incur.
13. Break Clause: The City Council shall have the ability to terminate the lease from the second year of the term onwards and shall give the lessee not less than six months written notice then this lease shall terminate on the date as per the break notice in the relevant year.

The lessee shall have the ability to terminate the lease from year three and shall give the City Council not less than six months written notice to terminate the lease from year three subject to the following:

1. The lessee having paid the rent.
2. The lessee delivering up the Property with vacant possession.
3. There being no material breach of the lessee’s repairing covenants and
4. There is no breach of the lessee’s covenants relating to alienation.
5. The lessee will be responsible for the payment of the City Council’s legal costs of £2250 + VAT and surveyors cost of £2250 + VAT in total incurred in the preparation of the lease, including any stamp duty thereon, the counterparts thereto and any renewal thereof, whether or not such documentation is completed.
6. The lessee shall not at any time during the term hereby granted assign, grant any licence in respect of, sublet or part with the possession of the demised premises, or any part or parts thereof, subject to the approval of the Council.
7. The rent and covenants are to be personally guaranteed.
8. The lessee will be responsible for obtaining any necessary planning consents required under the Town and Country Planning Acts and complying with any necessary statutory or bye-law approvals affecting the proposed use of the premises.
9. The lessee will not be permitted to carry out any works of amendment or alteration, addition or improvement to the premises, or erection of fittings thereto, without the prior written consent of the Director of Estates & Building Services.
10. The lease shall be subject to any other reasonable conditions as the Council’s City Barrister & Head of Standards may deem to be necessary.