

Heads of terms

Subject to contract. These heads of terms set out the main terms agreed in principle for a new lease. They are not legally binding, except for any paragraph below marked “binding”. Neither party is committed until the lease (and any agreement for lease) has been signed and completed.

Date: 6 October 2026

Prepared by: Daniel Okoye, Castlegate Commercial, acting for the landlord

1 The parties

Landlord	Minster Gate Properties Limited (company number 23456756), registered office 1 Lendal Chambers, York YO1 8AQ
Landlord's solicitor	Harper & Lane LLP, Imogen Varga, 4 Wellington Yard, Leeds LS1 4AP, imogen.varga@harperlane.example, 01632 960 118
Landlord's agent	Castlegate Commercial; Daniel Okoye; daniel.okoye@castlegatecommercial.example; 01632 960 412
Tenant	Rowan & Finch Coffee Ltd, company number 23456767, registered office 18 Bootham Terrace, York YO30 7DH
Tenant's solicitor	Brennan Hale Solicitors, Tom Brennan, 2 Stonegate, York YO1 8AS, tom@brennanhale.example, 01632 960 377
Tenant's agent	None
Guarantor	Sophie Finch, 18 Bootham Terrace, York YO30 7DH

2 The property

Address: Unit 3, Northgate Arcade, York YO1 8AB

Description: Ground floor retail unit of about 1,150 sq ft net internal area

Rights included: Shared use of the arcade's rear service yard and bin store

3 The lease

Type	A new lease of part of the building
Term	10 years from completion

Security of tenure	The lease will be excluded from the security of tenure provisions of the Landlord and Tenant Act 1954. The landlord will serve the warning notice at least 14 days before the tenant signs the lease or becomes bound to take it, and the tenant will sign the simple declaration before then. If there is less time, the tenant must make a statutory declaration before an independent solicitor or other authorised person instead. The lease will refer to the notice and the declaration.
Use	Café, Class E(b)
Planning	The landlord confirms the use is lawful.

4 Rent and other payments

Rent	£32,500 a year, exclusive of VAT, business rates and service charge
Payment	Quarterly in advance on the usual quarter days
Rent-free period	4 months from completion, in return for fitting-out works
Rent review	On the fifth anniversary, to open market rent, upward only
VAT	The landlord has opted to tax the property, so VAT will be added to the rent.
Service charge	A fair proportion of the costs of the arcade, estimated at £2,400 for 2027.
Insurance	The landlord insures the building and the tenant repays a fair proportion of the premium.
Business rates and utilities	Paid by the tenant
Deposit	£8,125 (three months' rent) plus VAT, released after 3 years if there are no arrears

Rent review and the 2026 Act. The English Devolution and Community Empowerment Act 2026 adds rules on rent reviews to the Landlord and Tenant Act 1954. When they come into force, a rent review in a new business lease cannot set the rent above the open market rent, the index figure or other benchmark the review uses. An upward-only review, or a collar, will then have no effect to that extent. The lease will be granted before those rules come into force.

5 Break clause

The tenant may end the lease on the fifth anniversary of the term start by giving at least 6 months' written notice.

For a tenant's break, the only conditions will be that the rent due up to the break date has been paid, and the tenant gives up occupation.

6 Repair and condition

Internal repairing only: the tenant keeps the inside in repair, and the landlord the structure and exterior, re-covered through the service charge.

The tenant's repairing obligation is limited by a schedule of condition, to be prepared by the tenant's surveyor at the tenant's cost and agreed before completion.

Works before completion: None.

Energy performance: The landlord will provide an EPC. The property meets the current minimum energy efficiency standard, B, or an exemption is registered.

7 Alterations, signs and sharing

Alterations	Internal non-structural alterations allowed without consent; others with consent, not to be unreasonably withheld
Signs	Signs on the shopfront with consent, not to be unreasonably withheld
Assignment	Of the whole only, with consent, not to be unreasonably withheld and with an authorised guarantee agreement where reasonable
Subletting	Not allowed
Group sharing	Allowed with companies in the tenant's group, without consent
Reinstatement	The tenant removes its alterations at the end of the lease if the landlord asks

8 Conditions and timing

The lease is conditional on:

- Satisfactory references
- Landlord's lender consent

Target completion date: 13 November 2026

Access before completion: Access for fitting out from 2 November 2026, under a licence.

9 Costs

The tenant pays up to £1,500 towards the landlord's legal costs plus VAT.

The tenant is responsible for any Stamp Duty Land Tax and Land Registry fees on the lease.

10 Other terms

Exclusivity. In return for the tenant paying the landlord £1 (receipt of which the landlord acknowledges) and agreeing to instruct solicitors within 5 days and proceed promptly, the landlord will not market the property or negotiate with anyone else for 4 weeks from the date of these heads of terms. This paragraph is binding.

Confidentiality. Both parties will keep the terms of these heads of terms confidential, except to their advisers, lenders and anyone who needs to know for the transaction. Nothing in this paragraph stops anyone reporting a suspected crime to the police or another law enforcement body, making a disclosure to a regulator, seeking legal advice, or making any other disclosure that the law protects. This paragraph is binding.

Before you sign

Both parties should take advice from a solicitor and a property adviser before the lease is completed. The Code for leasing business premises sets out what landlords and tenants can expect in lease negotiations.

Signatures

Signed to confirm agreement in principle, subject to contract.

For the landlord

Name: Margaret Ellwood, Property Director Signature: _____ Date: _____

For the tenant

Name: Sophie Finch, Director Signature: _____ Date: _____