

Dated *8 September* 2015

BRUNTWOOD 2000 BETA PORTFOLIO LIMITED

AND

**SECRETARY OF STATE FOR COMMUNITIES AND LOCAL GOVERNMENT (on
behalf of OFWAT)**

**LEASE
relating to
18th Floor, Centre City,
Hill Street, Birmingham, B5 4US**

bruntwood ●

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LAND REGISTRY PRESCRIBED CLAUSES

LR1	Date of Lease	8 September 2015
LR2	Title Number(s)	<p>Landlord's Title Number:</p> <p>WM76604</p> <p>Other Title Numbers:</p> <p>None</p>
LR3	Parties to this Lease	<p>Landlord</p> <p>Bruntwood 2000 Beta Portfolio Limited (Company No. 06022562) whose registered office is at City Tower, Piccadilly Plaza, Manchester M1 4BT</p> <p>Tenant</p> <p>Secretary of State for Communities and Local Government (on behalf of OFWAT) of Centre City Tower, 7 Hill Street, Birmingham B5 4UA</p> <p>Other Parties</p> <p>None</p>
LR4	Property	Clause 1
LR5	Prescribed Statements	None
LR6	Term for which the Property is leased	The Term as specified in the Further Lease Particulars
LR7	Premium	None
LR8	Prohibitions or restriction on disposing of this Lease	Clause 10
LR9	Rights of acquisition.	<p>LR9.1 Tenant's contractual rights to renew this lease, to acquire the reversion or another lease of the Property, or to acquire an interest in other land</p> <p>None</p> <p>LR9.2 Tenant's covenant to (or offer to) surrender this lease</p> <p>None</p> <p>LR9.3 Landlord's contractual rights to acquire this lease</p>

	None
LR10 Restrictive covenants given in this lease by the Landlord in respect of land other than the Property	None
LR11 Easements	<p>LR11.1 Easements granted by this lease for the benefit of the Property</p> <p>Clause 13</p> <p>LR11.2 Easements granted or reserved by this lease over the Property for the benefit of other property</p> <p>Clauses 12.6, 14 and 15</p>
LR12 Estate rentcharge burdening the Property	None
LR13 Application for standard form of restriction	None
LR14 Declaration of trust where there is more than one person comprising the Tenant	None

FURTHER LEASE PARTICULARS

Term : A term of years beginning on and including the Term Commencement Date and ending on 7 November 2022

Term Commencement Date : The date of this Lease

First Customer Break Date : 7 November 2018

Second Customer Break Date : 7 November 2021

Annual Rent : One hundred and thirty thousand seven hundred and seventy eight pounds (£130,778) per annum exclusive of VAT

Annual Rent Commencement Date : 8 October 2015

Review Date(s) : 8 September 2020

Permitted Use : Offices within Use Class B1(a)

This Lease is made between

- (1) The Landlord specified in clause LR3 (**Supplier**)
- (2) The Tenant specified in clause LR3 (**Customer**)

It is agreed

1 Definitions and Interpretation

- 1.1 The definitions and rules of interpretation set out in this clause and the Further Lease Particulars apply to this Lease

Adjoining Property means the adjoining or neighbouring property of the Supplier, including any property adjoining or near the Building owned leased or occupied by the Supplier or a company within the same Group as the Supplier from time to time

Agreement for Lease means an agreement for surrender and new leases dated 17 April 2015 and made between Bruntwood 2000 Beta Portfolio Limited (1) and Secretary of State for Communities and Local Government (on behalf of OFWAT) (2)

Air Conditioning Apparatus means the comfort cooling plant and machinery apparatus within the Building providing air-conditioning to the Premises, the Common Parts and the Offices

Air Conditioning Charges means any charges payable by the Customer pursuant to clauses 8.1(h) and 8.1(i)

Base Rate means the base rate from time to time of The Royal Bank of Scotland plc

Building means Centre City House, Hill Street, Smallbrook Queensway, Birmingham B5 4US shown edged blue on Plan B and all Service Media inside such land and Service Media outside such land but exclusively serving it (excluding in both cases any Service Media which are not owned by the Supplier)

Common Parts means the entrances lobbies halls stairways landings corridors lifts lavatories kitchens refuse areas internal external fire escapes other internal areas of the Building other than the Premises or the Offices and the pedestrian ways forecourts roadways ramps car parks landscaped areas and other external areas of the Building

Customer means the tenant being the second named party on this Lease and its successors in title

Electricity Rent means the reasonable and competitive amount (in the market as at the date of procurement) charged by the Supplier in connection with the provision of electricity to the Premises

Excluded Risks means any risk against which the Supplier does not insure because insurance cover for that risk is either not ordinarily available in the London insurance market or is available there only at a premium or subject to conditions which in the Supplier's reasonable opinion are unacceptable

Further Lease Particulars means the further lease particulars appearing at the front of this Lease

Group means a group of companies within the meaning of section 42 of the Landlord and Tenant Act 1954

Insurance Rent means:

- (a) a reasonable and proper proportion of the total cost to the Supplier (before any commission) of insuring the Building against the Insured Risks for its full reinstatement cost including the costs of demolition and site clearance temporary works compliance with local authority requirements in connection with any works of repair or reinstatement architects surveyors and other professional fees and other incidental expenses and in each case with due allowance for inflation and VAT and insuring against public liability of the Supplier in connection with any matter relating to the Building or the occupation or use of the Building
- (b) the cost to the Supplier (before any commission) of insuring against loss of the Rent and Service Charge (having regard to the provisions for the review of the Rent) for the Loss of Rent Period

Insured Risks means:

- (a) fire, explosion, lightning, earthquake, heave and subsidence
- (b) flood, storm, bursting or overflowing of water tanks, pipes or other water or heating apparatus
- (c) impact, aircraft (other than hostile aircraft) and things dropped from such aircraft
- (d) riot, civil commotion and malicious damage
- (e) Terrorist Activity
- (f) such other risks as the Supplier may from time to time reasonably and properly insure against

but to the extent that any risk is for the time being an Excluded Risk it will not to that extent and for that time be an Insured Risk

Insured Damage means damage to or destruction of the Premises or any part of the Building over which the Customer exercises rights granted by this Lease caused by an Insured Risk

Interest Rate means 4% over the Base Rate

Land Registry Prescribed Clauses means clauses LR1 to LR14 appearing at the front of this Lease

this Lease means this deed as varied or supplemented by any Supplemental Document

Loss of Rent Period means the period of three (3) years from the date of Insured Damage or such other loss of rent period as the Supplier (acting reasonably and in accordance with the principles of good estate management) considers appropriate

Offices means the parts of the Building (other than the Premises) which are let or which are intended for letting or exclusive occupation

Order means the Regulatory Reform (Business Tenancies) (England and Wales) Order 2003

Partnership Order means the Insolvent Partnerships Order 1994

Permitted Government Body a Minister of the Crown, Government Department, an agency, commission, corporation, body corporate established by a Minister of the Crown (or a Government Department which a Minister of the Crown or a Government Department controls), the Welsh Government, Welsh Ministers and Local Authorities or a non-departmental public body

Permitted Part such part of the Premises (having a net internal area of no less than 1,800 square feet) as the Customer shall designate with the consent of the Supplier (such consent not to be unreasonably withheld or delayed) provided that an underlease of such part of Premises would not, if granted, produce more than two exclusively occupied units of accommodation within the Premises and provided that each unit can be accessed directly from the Common Parts

Plan A and Plan B means the plans annexed to this Lease marked Plan A and Plan B

Planning Acts means the Town and Country Planning Act 1990, the Planning (Listed Buildings and Conservation Areas) Act 1990, the Planning (Hazardous Substances) Act 1990 and the Planning (Consequential Provisions) Act 1990, the Planning and Compensation Act 1991, the Planning and Compulsory Purchase Act 2004 and any other legislation relating to town and country planning in force from time to time

Premises means the 18th Floor of the Building and shown edged red on Plan A bounded by and including:

- (a) the interior plaster and other finishes of the external walls of such premises (but excluding any other part of such walls)
- (b) the inner half of the non-load bearing internal walls dividing such premises from other parts of the Building (but excluding any other part of such walls)
- (c) the interior plaster and other finishes of the internal load-bearing walls dividing such premises from other parts of the Building (but excluding any other part of such walls)
- (d) the flooring raised floors floor screeds and any voids beneath them down to (but excluding) the joists slabs or other structures supporting such flooring
- (e) the ceiling finishes and any suspended or false ceilings and any voids between the ceiling and any suspended or false ceiling (but excluding any other part of the ceilings)
- (f) the whole of any non-load-bearing walls columns and partitions within such premises
- (g) the interior plaster and other finishes of load-bearing walls and columns within such premises (excluding any other part of such walls and columns)
- (h) the doors and windows and door frames and decorative finishes on the interior of the window frames and fittings at such premises and the glass within such doors and windows
- (i) Supplier's fixtures from time to time within such premises but if those fixtures are Service Media then only if they fall within paragraph (j) below, together with all carpets and floor coverings provided by the Supplier (and the carpets and floor

coverings replacing those so provided) but excluding without limitation the Air Conditioning Apparatus installed in such premises by the Supplier

- (j) Service Media within and exclusively serving such premises and which are owned by the Supplier (but excluding any other Service Media)

Quarter Days means 25 March, 24 June, 29 September and 25 December in each year

Rent means the Annual Rent

Service Charge means a reasonable and proper proportion of the total cost of the Services in relation to relevant Service Charge Year (as those terms are defined in clause 7.1)

Service Charge Balance means the shortfall if any between the Service Charge Budget and the Service Charge

Service Charge Budget means the same reasonable and proper proportion of the amount which the Supplier or the Supplier's Surveyor or its accountant reasonably estimates will be the total cost of the Services in any Service Charge Year (as those terms are defined in clause 7.1)

Service Media means conduits and equipment used for the reception, generation, passage and/or storage of Utilities and all fire alarms, smoke detectors, sprinklers, dry risers, security cameras and closed circuit television apparatus

Structural Parts means all parts of the Building other than the Common Parts, the Offices and the Premises

Supplemental Document means any deed agreement licence memorandum or other document which is supplemental to this Lease

Supplier means the landlord being the first named party to this Lease and its successors in title and persons entitled to the reversion immediately expectant on the termination of this Lease

Supplier's Surveyor means a surveyor appointed by the Supplier who may be an individual or a firm or company of chartered surveyors or an employee of the Supplier or a company which is in the same Group as the Supplier

Supplier's Title means the Supplier's title to the Building registered at the Land Registry under Title Number WM76604

Surveyor means an independent chartered surveyor appointed jointly by the Supplier and the Customer or if they do not agree on the identity of such surveyor, the surveyor shall be appointed by the President of the Royal Institution of Chartered Surveyors (or any other officer authorised to carry out that function) on the application of either the Supplier or the Customer in accordance with this Lease

Terrorist Activity means any act of any person or persons acting solely or on behalf of or in connection with any organisation (including any association or combination of persons) which carries out activities directed towards:

- (a) the overthrowing of or influencing of Her Majesty's Government in the United Kingdom or any other government de jure or de facto by force or violence

- (b) the intimidation or persecution of or violence against any section of the community or a class of persons by targeting force

Use Class means the stated class in the Town and Country Planning (Use Classes) Order 1987, as amended by the Town and Country Planning (Use Classes) (Amendment) (England) Order 2005 and the Town and Country Planning (Use Classes) (Amendment) (England) Order 2006 and the Town and Country Planning (Use Classes) (Amendment) (England) Order 2010, as at the date of this Lease

Usual Business Hours means the hours of 8am to 6pm every weekday (except in each case the usual public holidays)

Utilities means electricity, gas, water, foul water and surface drainage, heating, ventilation and smoke and fumes, signals, telecommunications, satellite and data communications and all other utilities

VAT means value added tax chargeable under the Value Added Tax Act 1994 and any similar replacement tax and any similar additional tax

Working Day means any day (other than Saturday) on which banks are usually open for business in England and Wales

2002 Act means the Land Registration Act 2002

1.2 References to:

- (a) **Supplier** shall be read and construed as a reference to landlord
- (b) **Customer** shall be read and construed as a reference to tenant
- (c) **guarantor** includes any person guaranteeing the Customer's obligations under this Lease or under an authorised guarantee agreement
- (d) **Premises** or **Building** include any part of the Premises or the Building (unless otherwise specified)
- (e) **the end of the Term** are to the end of the Term however it occurs and whether before at or after the end of the term of years granted by this Lease
- (f) **the Term** includes (if relevant) any period of any continuation of the tenancy granted by this Lease
- (g) **proper proportion** of any sum are to the whole or a proportion of that sum which is proper and reasonable in the circumstances as determined by the Supplier's Surveyor whose decision shall be final and binding save in the case of manifest error and where there are different elements to that sum a different proportion for each element may be determined on this basis

1.3 In this Lease unless the context otherwise requires:

- (a) words importing any gender include every gender
- (b) words importing the singular number only include the plural number and vice versa

- (c) general words introduced by the word other do not have a restrictive meaning by reason of being preceded by words indicating a particular class of acts things or matters
 - (d) a reference to a person includes an individual corporation company firm partnership or government body or agency whether or not legally capable of holding land
 - (e) where any obligation is undertaken by two or more persons jointly those persons shall be jointly and severally liable in respect of that obligation
 - (f) table of contents and the headings to the clauses and schedule are for reference only and shall not affect the interpretation
 - (g) a reference to a **clause** or a **schedule** is a reference to a clause of or schedule to this Lease and a reference to a **paragraph** is to a paragraph of a schedule
- 1.4 Unless otherwise specified, references to legislation or statute are a reference to the legislation or statute as amended, consolidated or re-enacted from time to time and include any subordinate legislation and guidance under it
- 1.5 Writing or written includes faxes but not e-mail
- 1.6 Any obligation in this Lease on a person not to do something includes an obligation not to agree or allow that thing to be done
- 1.7 A reference to any act or to any act or omission of the Customer includes any act or any act or omission of any other person at the Premises or the Building with the Customer's express or implied authority
- 1.8 A reference to the consent or approval of the Supplier means the prior consent in writing of the Supplier signed by or on behalf of the Supplier
- 1.9 Where a sum is expressed to be payable on demand it will become payable (unless otherwise specified) 10 Working Days after the demand has been made
- 1.10 Each provision in this Lease is severable from the others; if any provision is or becomes unenforceable, the enforceability of other provisions is not affected

2 Grant and Term

The Supplier leases the Premises with full title guarantee to the Customer for the Term the Customer paying the following sums which are reserved as rent:

- (a) the Rent;
- (b) the Insurance Rent;
- (c) the Service Charge Budget;
- (d) the Service Charge Balance;
- (e) the Electricity Rent;
- (f) Air Conditioning Charges;

- (g) any VAT payable on any sums due under this Lease; and
- (h) and any interest due under this Lease.

3 Payment of Rents

3.1 Customer's obligation to pay rents

The Customer agrees with the Supplier to pay:

- (a) the Rent and any VAT payable on that sum in four equal instalments in advance on the Quarter Days;
- (b) the Insurance Rent within 14 days of written demand;
- (c) the Service Charge Budget and any VAT payable on that sum in four equal instalments in advance on the Quarter Days;
- (d) the Service Charge Balance and any VAT on it within 14 days of written demand;
- (e) the Electricity Rent and any VAT payable on that sum within 14 days of written demand; and
- (f) the Air Conditioning Charges within 14 days of written demand;
- (g) interest in accordance with clause 5.6.

3.2 First payment of Annual Rent

The first payment of the Annual Rent shall be made on the Annual Rent Commencement Date and shall be the Annual Rent for the period from and including the Annual Rent Commencement Date until the day preceding the next Quarter Day.

3.3 First payment of Service Charge Budget

The first payment of the Service Charge Budget and any VAT due on it is to be made on the date of this Lease and is to be a proportionate amount calculated on a daily basis for the period from and including the Term Commencement Date until the day preceding the next Quarter Day.

3.4 Method of payment

If reasonably required by the Supplier, the Customer shall pay the Rent, the Service Charge Budget and any VAT on those sums by bankers standing order or credit transfer to a bank and account in the United Kingdom which the Supplier has notified in writing to the Customer.

3.5 No right of set-off

The Customer waives any legal or equitable right of set-off deduction abatement or counterclaim which it may have in respect of any sums due under this Lease and agrees to make all payments in full on their due dates.

4 Rent Review

4.1 Definitions

In this clause the following definitions apply:

Open Market Rent means the annual rent at which the Premises could reasonably be expected to be let as a whole at the relevant Review Date in the open market:

- (a) without a fine or premium;
- (b) by a Willing Supplier to a Willing Customer;
- (c) which would be payable after the expiry of such rent free or reduced rent period as would be negotiated in the open market by the Willing Supplier and the Willing Customer at the relevant Review Date;
- (d) under a lease for a term of five (5) years or the unexpired residue of the Term whichever is the shorter commencing on and including the relevant Review Date;
- (e) otherwise on the same terms as this Lease except as to the amount of the Rent

assuming that

- (f) the Premises are available to be let with vacant possession;
- (g) the Premises and the Building are in good and substantial repair and condition and if damaged or destroyed that they have been reinstated;
- (h) the Premises are ready to receive the fitting out works to be installed by the Willing Customer;
- (i) the Customer has fully complied with its obligations in this Lease;
- (j) no work has been carried out on the Premises by the Customer or any undertenant or their predecessors in title or on any other part of the Building or any Adjoining Property before or during the Term which would lessen the rental value of the Premises;
- (k) if the Supplier (or the relevant member of its VAT group) has elected to waive the exemption for the purposes of VAT in respect of the Premises that the Willing Supplier has also so elected but that if the Supplier (or the relevant member of its VAT group) has not so elected the Willing Supplier has not so elected;

but disregarding:

- (l) any occupation of the Premises by the Customer or any authorised undertenant;
- (m) any goodwill attached to the Premises by reason of the Customer or any authorised undertenant carrying on any business at the Premises;
- (n) any improvements (including improvements which form part of the Premises at the relevant Review Date) carried out by the Customer or any authorised undertenant or their predecessors in title before or during the Term with the consent (if required) of the Supplier at the cost of the relevant Customer or authorised undertenant and not

pursuant to an obligation owed by the relevant Customer or authorised undertenant to the Supplier or its predecessors in title;

- (o) any legislation which imposes a restraint upon agreeing or receiving an increase in the Rent

Relevant Quarter Day means the Quarter Day immediately following the date that:

- (a) the revised Rent has been agreed; or
- (b) the Surveyor's determination is notified to the Supplier and the Customer

Willing Supplier means a willing landlord

Willing Customer means a willing tenant

4.2 **Determination by agreement**

- (a) The Rent will be reviewed at each Review Date and from each Review Date the Rent will be the higher of:
 - (i) the Rent reserved on the day immediately before the relevant Review Date; and
 - (ii) the Open Market Rent at the relevant Review Date.
- (b) The Supplier and the Customer may agree the level of the Open Market Rent at any time before the Surveyor has determined it.
- (c) The Supplier and the Customer may agree that, taking into account the Open Market Rent at the relevant Review Date, the revised Rent reserved from that Review Date will be formulated in terms which provide for different amounts to be paid with effect from different dates on or after the Review Date.
- (d) If the Supplier and the Customer have not agreed the Open Market Rent by the relevant Review Date either may require it to be determined by a Surveyor.

4.3 **Determination in absence of agreement**

- (a) If the Surveyor dies or gives up the appointment or fails to act in accordance with this clause 4 or it becomes apparent that the Surveyor is or will become unable to so act, the Supplier and the Customer may make a further appointment of or application for a substitute Surveyor.
- (b) The review of the Rent will be referred to arbitration with the Surveyor acting as the arbitrator.
- (c) The Surveyor's fees and expenses and any VAT payable on them shall be borne as the Surveyor awards. If either party pays the whole of the Surveyor's fees and expenses then that party may recover the proportion payable by the other under the award from the other.

4.4 Rent pending review

- (a) If the revised Rent has not been agreed or determined before the relevant Review Date then the Rent shall continue to be payable at the rate payable immediately before the relevant Review Date.
- (b) On the Relevant Quarter Day the Customer shall pay:
 - (i) the shortfall (if any) between the amount that the Customer has paid for the period from the Review Date until the Relevant Quarter Day and the amount that would have been payable had the revised Rent been agreed or determined on or before the Review Date; and
 - (ii) interest at the Base Rate on that shortfall calculated on a daily basis by reference to the Quarter Days on which parts of the shortfall would have been payable if the revised Rent had been agreed or determined on or before that Review Date and the date payment is received by the Supplier.

4.5 Legislative restrictions

If there is any legislation in force at the relevant Review Date which restricts the Supplier's right to review the Rent in accordance with this clause or to receive any increase in the Rent following a review then the date on which the legislation is repealed or amended to allow a review of or increase in the Rent will be a replacement Review Date and the Supplier will be entitled to require a review of the Rent in accordance with this clause except that the revised Rent will be the highest of:

- (a) the Open Market Rent at that further Review Date;
- (b) the Rent reserved immediately before that further Review Date; and
- (c) the Rent reserved immediately before the relevant legislative restriction becomes applicable to this Lease.

Provided Always that there shall only be one Review Date during the Term.

4.6 Rent review memorandum

- (a) Following the agreement of the revised Rent after each rent review the Supplier the Customer and any guarantor shall sign a memorandum recording the revised level of the Rent and any agreement made pursuant to clause 4.2(c).
- (b) The memorandum will be prepared by the Supplier and each party will bear its own costs.

5 Other Financial Matters

5.1 Utilities

In addition to the Electricity Rent the Customer shall pay all charges including connection and hire charges relating to the supply of Utilities to the Premises and will comply with all present or future requirements of the suppliers of Utilities to the Premises.

5.2 Rates and taxes

The Customer shall pay and indemnify the Supplier against all present and future rates and assessments of any nature charged on or payable in respect of the Premises and in respect of any car park spaces available to the Customer under the terms of this Lease whether payable by the Supplier owner occupier or Customer of the Premises and whether of a capital or income recurring or non-recurring nature but excluding any payable by the Supplier occasioned by receipt of the rents or by any disposition or dealing with ownership of any interest reversionary to the interest created by this Lease.

5.3 Payments relating to the Premises and other property

Where any of the charges payable under clauses 5.1 or 5.2 relate to other property as well as the Premises the amount to be paid by the Customer will be a reasonable and proper proportion of the whole of the amount charged or payable.

5.4 Supplier's costs

The Customer shall pay to the Supplier on demand the proper fees costs and expenses charged, reasonably and properly incurred or payable by the Supplier and its advisors or bailiffs in connection with:

- (a) any steps reasonably taken in relation to any proceedings under section 146 or 147 of the Law of Property Act 1925 or the Leasehold Property (Repairs) Act 1938 including the preparation and service of all notices and even if forfeiture is avoided (unless it is avoided by relief granted by the court);
- (b) preparing and serving schedules of dilapidations at any time during the Term (or within three calendar months after the Term in respect of dilapidations arising during the Term) and supervising any works undertaken to remedy such dilapidations;
- (c) recovering (or attempting to recover) any arrears of Rent or other sums due to the Supplier under this Lease including any costs associated with the Supplier's remedies of distress or execution;
- (d) any investigations or reports reasonably carried out to determine the nature and extent of any breach by the Customer of its obligations in this Lease;
- (e) any proper and reasonable steps taken to procure that a breach by the Customer of its obligations under this Lease is remedied; and
- (f) any application for a consent of the Supplier (including the preparation of any documents) which is needed by virtue of this Lease whether or not such consent is granted provided that such consent is not unlawfully withheld or delayed.

5.5 VAT

- (a) Where the Customer is to pay the Supplier for any supply made to the Customer by the Supplier the Customer shall also upon receipt of a proper and valid VAT invoice pay any VAT which may be payable in connection with that supply.

- (b) Where the Customer is to pay to the Supplier the costs of any supply made to the Supplier the Customer shall also pay the Supplier upon receipt of a proper and valid VAT invoice any VAT payable by the Supplier in connection with that supply except to the extent that the Supplier is able to obtain a credit for the VAT from H M Revenue and Customs.

5.6 Interest

- (a) If the Rent or any other sums payable under this Lease are not paid to the Supplier within 10 Working Days of the due date for payment the Customer shall pay interest to the Supplier at the Interest Rate for the period from and including the due date until payment (both before and after any judgment).
- (b) If the Supplier lawfully refuses to accept any Rent or other sums due under this Lease when the Customer is in breach of any of its obligations in this Lease so as not to prejudice the Supplier's rights to re-enter the Premises and forfeit this Lease the Customer shall pay interest on such sum to the Supplier at the Interest Rate for the period from and including the date such sum became due until the date that the payment is accepted by the Supplier.
- (c) All interest under this Lease will accrue on a daily basis and will be payable immediately on demand.

5.7 Exclusion of statutory compensation

Any statutory right of the Customer or any undertenant to claim compensation from the Supplier or any superior landlord on leaving the Premises is excluded to the extent that the law allows.

6 Insurance

6.1 Supplier's obligations

- (a) The Supplier shall insure the Building other than:
 - (i) any part installed by or on behalf of the Customer or any undertenant; and
 - (ii) any plate glass at the Premises or at any Officesagainst the Insured Risks for such sum as the Supplier shall be advised represents the cost of reinstatement of the Building.
- (b) The insurance taken out by the Supplier shall be through a reputable agency chosen by the Supplier acting reasonably and subject to any exclusions excesses and conditions as may be:
 - (i) usual in the insurance market at the time;
 - (ii) required by the insurers; or
 - (iii) reasonably required by the Supplier.
- (c) The Supplier shall (at the request of the Customer and at no cost to the Customer on one occasion during a calendar year but otherwise on payment by the Customer of a

reasonable fee) produce details of the terms of the current insurance policy and evidence of the payment of the current premium.

- (d) The Supplier shall use reasonable endeavours to procure that the insurance policy shall contain a waiver of all rights of subrogation against the Customer any undertenant and its or their mortgagees.

6.2 Customer's obligations

The Customer shall:

- (a) pay the Insurance Rent in accordance with this Lease;
- (b) pay on demand any proper increase in the insurance premium for any part of the Building or any Adjoining Property which is attributable to the use of the Premises or anything done or omitted to be done on the Premises by the Customer or any occupier of the Premises;
- (c) pay on written demand a proper proportion of the costs reasonably and properly incurred or payable by the Supplier in connection with the Supplier obtaining any valuation of the Building for insurance purposes as long as such valuation is made at least two years after any previous such valuations;
- (d) comply with the requirements of the insurers notified in writing to the Customer relating to the Premises and the rights granted to the Customer by this Lease;
- (e) not to knowingly or negligently do or knowingly or negligently omit to do anything which may make any insurance of the Building or of any Adjoining Property taken out by the Supplier void or voidable or which would result in an increase in the premiums for such insurance;
- (f) give the Supplier written notice as soon as reasonably practicable upon becoming aware of any Insured Damage;
- (g) pay the Supplier on demand a reasonable and proper proportion (provided the Customer is not at fault) of the amount of any excess required by the insurers in connection with any Insured Damage provided that if the damage is caused by any act or omission of the Customer the Customer shall pay the whole excess;
- (h) pay the Supplier on written demand an amount equal to any amount which the insurers refuse to pay following damage to any part of the Building or any Adjoining Property because of any act or omission of the Customer;
- (i) not take out any insurance of the Premises against the Insured Risks in its own name other than in respect of:
 - (i) any part of the Premises installed by or on behalf of the Customer or any undertenant or any other occupier of the Premises or any contents or electrical equipment or service media belonging to the Customer; and
 - (ii) any plate glass at the Premises;

and if the Customer has the benefit of any such insurance of the Premises (other than as set out in (i) and (ii) above the Customer shall hold all money receivable under that insurance upon trust for the Supplier; and

- (j) not to obstruct the access to any fire equipment or any means of escape from the Premises or the Building.

6.3 Reinstatement following damage by an Insured Risk

- (a) If Insured Damage occurs, then:
 - (i) unless payment of any insurance monies is refused because of any act or omission of the Customer or any undertenant and the Customer has failed to comply with clause 6.2(h);
 - (ii) subject to the Supplier being able to obtain any necessary consents; and
 - (iii) subject to the necessary labour and materials being and remaining available;

the Supplier shall use the insurance monies received by the Supplier making up any shortfall out of its own monies (except monies received for loss of rent) in repairing and reinstating:

 - (iv) the Premises (other than any part which the Supplier is not obliged to insure) or in constructing comparable premises; and
 - (v) such part of the Building over which the Customer exercises rights granted by this Lease;

as soon as reasonably possible.
- (b) The Supplier shall use all reasonable endeavours to obtain the necessary labour materials and consents to repair or reinstate the Premises but will not be obliged to appeal against any refusal of a consent

6.4 Suspension of rent following damage by an Insured Risk

- (a) If Insured Damage makes the Premises unfit for occupation and use or inaccessible, the Rent and Service Charge (or a proper proportion of them according to the nature and extent of the damage) will be suspended until the earlier of:
 - (i) the date when the Premises or such part have been made fit for occupation or use or the means of access restored or the Service Media over which the rights are exercised are repaired or restored; and
 - (ii) the end of the Loss of Rent period.
- (b) The Rent will not be suspended to the extent that any loss of rent insurance has been made ineffective or payment of it has been refused by the insurers because of any act or omission by the Customer or any undertenant.
- (c) Any dispute relating to this clause 6.4 will be referred to arbitration.

6.5 Customer's option to determine

- (a) If Insured Damage makes the Premises unfit for occupation and use and the Supplier has not been able to complete the necessary works of repair or reinstatement (because of circumstances beyond its reasonable control) by the date which is one month before the end of the Loss of Rent Period, the Customer may terminate this

Lease by giving one month's written notice to the Supplier (**Customer's Determination Notice**).

- (b) The Customer's Determination Notice must be given:
- (i) no earlier than one month before the end of the Loss of Rent Period; and
 - (ii) no later than three months after the end of the Loss of Rent Period
- but may not be given after the Premises have been reinstated pursuant to clause 6.3.
- (c) Subject to this clause 6.5, this Lease will terminate on the date specified in the Customer's Determination Notice but such termination will be without prejudice to any claim which the Supplier or the Customer may have against the other for any earlier breach of their respective obligations in this Lease.
- (d) The Customer shall remain bound by clauses 6.2(g) and 6.2(h) after such termination.

6.6 Supplier's option to determine

If the Building or substantially the whole of the Building is made unfit for occupation and use the Supplier may by not less than one month's written notice served upon the Customer and given to expire at any time within three years¹ of the damage or destruction determine this Lease (**Supplier's Determination Notice**) and upon the expiry of the Supplier's Determination Notice this Lease shall determine without prejudice to any claim which the Supplier or the Customer may have against the other for any earlier breach of their respective obligations in this Lease and the Customer shall not be entitled to any compensation except that (if any) payable under the provisions of the Landlord and Tenant Act 1954.

6.7 Insurance monies

All insurance monies payable in respect of the Supplier's insurance policy will belong to the Supplier.

6.8 Excluded Risks

- (a) In this clause the following definitions apply:

Election Notice means written notice given by the Supplier to the Customer in which the Supplier elects to reinstate the Premises

Election Period means the period of 12 months following the date of Excluded Risk Damage

Excluded Risk Damage means damage to or destruction of the Premises or any part of the Building over which the Customer exercises rights granted by this Lease caused by an Excluded Risk, which:

- (i) is not the result of some act or default of the Customer or any undertenant or any person under its or their control

¹ The determination is to take effect at any time during the three years after the damage or destruction.

- (ii) results in the Premises being unfit for occupation and use or inaccessible

Reinstatement Works means works carried out at the Supplier's cost to:

- (i) reinstate the Premises (other than any part which the Supplier is not obliged to insure) or to construct comparable premises
- (ii) reinstate such part of the Building over which the Customer exercises rights granted by this Lease

Termination Notice means written notice served by either party on the other, terminating this Lease with immediate effect

- (b) From the date of Excluded Risk Damage, the Customer's obligations pursuant to clauses 8.1 and 8.2 and the obligation to pay Rent or Service Charge (or a proper proportion of them according to the nature and extent of the damage) shall cease to apply (only to the extent that any want of repair or condition in the Premises results from Excluded Risk Damage) and such cessation shall continue until the earlier of:
 - (i) the reinstatement of the Premises in accordance with clause 6.8(d); and
 - (ii) the termination of this Lease in accordance with any of the provisions in this clause 6.
- (c) If Excluded Risk Damage occurs the Supplier may give an Election Notice to the Customer at any time within the Election Period.
- (d) If the Supplier serves an Election Notice the Supplier shall as soon as reasonably possible following service of the Election Notice:
 - (i) Use all reasonable endeavours to obtain the necessary labour materials and consents to carry out Reinstatement Works (but will not be obliged to appeal against any refusal of a consent; and
 - (ii) carry out the Reinstatement Worksprovided that if the Supplier has not obtained all necessary planning and other consents by the date 12 months after the Election Notice, then either the Supplier or the Customer may serve a Termination Notice, whereupon this Lease will forthwith determine without prejudice to any claim by either party in respect of any antecedent breach of covenant.
- (e) If clause 6.8(d) applies and the Premises have not been repaired or reinstated within three (3) years of the date of the Election Notice, then either the Customer or Supplier may at any time thereafter (but not after the Premises have been reinstated in accordance with clause 6.8(d)) serve a Termination Notice, whereupon this Lease will forthwith determine without prejudice to any claim by either party in respect of any antecedent breach of covenant.
- (f) If Excluded Risk Damage occurs and:
 - (i) during the Election Period the Supplier notifies the Customer that it does not intend to reinstate the Premises and/or the Building and/or the Common Parts over which the Customer exercises rights granted by this Lease (as appropriate); or

(ii) the Supplier does not serve an Election Notice within the Election Period;

then either the Supplier or the Customer may at any time thereafter serve a Termination Notice, whereupon this Lease will forthwith determine without prejudice to any claim by either party in respect of any antecedent breach of covenant.

(g) Time shall be of the essence for the purposes of this clause.

(h) Any dispute relating to this provisions in this clause shall be referred to a Surveyor, who shall act as arbitrator in accordance with the Arbitration Act 1996

7 Service Charge

7.1 Definitions

In this clause the following definitions apply:

Certificate means a statement certified by the Supplier or the Supplier's Surveyor or its accountants which shows the Service Charge Budget, the Supplier's Expenses, the Service Charge and the Service Charge Balance for the relevant Service Charge Year

Initial Service Charge Year means the relevant Service Charge Year as at the Term Commencement Date

Last Service Charge Year means the relevant Service Charge Year as at the end of the Term

Supplier's Expenses means the reasonable and proper costs (including any VAT charged on such costs to the extent that the Supplier is not able to obtain a credit for such VAT from H M Revenue & Customs) properly incurred or provided for by or on behalf of the Supplier in connection with all or any of the following items:

- (a) cleaning maintaining carpeting and re-carpeting decorating lighting treating repairing (and where beyond economic repair) rebuilding and replacing the Common Parts (including lifts on the Common Parts)
- (b) cleaning maintaining treating repairing (and where beyond economic repair) rebuilding and replacing the Structural Parts
- (c) cleaning the outside of all windows at the Building
- (d) providing operating inspecting maintaining repairing and (and where beyond economic repair) replacing Service Media (other than Service Media which form part of the Premises or the Offices or which do not belong to the Supplier)
- (e) removing any obstruction on the Common Parts
- (f) providing operating inspecting insuring and maintaining repairing and (and where beyond economic repair) replacing any equipment plant and machinery and other materials which are used in providing the matters listed in this definition
- (g) fuel and Utilities used on the Common Parts or in providing the matters listed in this definition

- (h) maintenance and other contracts entered into for the provision of the matters listed in this definition
- (i) providing maintaining and when reasonably necessary renewing signs at the Building
- (j) providing and replacing refuse containers for occupiers of the Building and arranging for the collection of refuse
- (k) providing maintaining and restocking floral and/or plant displays on the Common Parts and maintaining and restocking any external plant or landscaped parts of the Common Parts
- (l) providing maintaining and replacing furniture and fittings for use on the Common Parts
- (m) providing maintaining and when reasonably necessary replacing or altering such security systems for the benefit of the whole (or substantially the whole) of the Building which the Supplier (in the interests of good estate management) reasonably considers appropriate in the interests of good estate management and which may include the provision of alarms closed circuit television barriers and other equipment and security guards and patrols
- (n) providing fire detection prevention and fighting equipment and any signs notices or equipment required by the fire authority for the Common Parts and the Structural Parts and maintaining repairing and when necessary replacing such items
- (o) employing or arranging for the employment (and the termination of employment) of staff in connection with the provision of the matters listed in this definition including the costs of insurance pension and welfare contributions the provision of clothing tools and equipment and the provision of accommodation and a notional rent for that accommodation reasonably determined by the Supplier incurred in connection with such employment
- (p) all present and future rates taxes duties and assessments of whatever nature charged on or payable in respect of the Common Parts or Structural Parts or in respect of the Building as a whole
- (q) complying with any legislation relating to the Common Parts or the Structural Parts or the Building as a whole
- (r) complying with or where the Supplier reasonably considers it appropriate in the interests of good estate management contesting the requirements or proposals of the local or any other competent authority in respect of the Common Parts or the Structural Parts or of the Building as a whole
- (s) complying with the matters referred to in clause 15.1 in so far as they relate to the Common Parts the Structural Parts or the Building as a whole
- (t) abating any nuisance to the Building
- (u) making such provisions as the Supplier reasonably considers appropriate in the interests of good estate management for anticipated future expenditure including the provision and replacement of any plant machinery lifts or equipment used or to be used in connection with the matters listed in this definition

- (v) leasing any item used in providing the matters listed in this definition
- (w) commitment fees interest and any other costs of borrowing money where necessary to finance the matters listed in this definition
- (x) obtaining any professional advice which may from time to time be required in relation to the management of the Building or the provision of the matters listed in this definition
- (y) the fees of managing agents retained by the Supplier for the management of the Building the provision of the matters listed in this definition not exceeding a maximum of 12.5% of the total of the Supplier's Expenses for the relevant Service Charge Year
- (z) preparing the Certificate (whether by the Supplier or the Supplier's Surveyor or its accountants)
- (aa) all costs incurred or payable by the Supplier in respect of any adjoining or neighbouring land or Service Media outside the Building
- (bb) any other works services or facilities which the Supplier from time to time reasonably considers necessary for the purpose of maintaining improving or modernising the services or facilities in or for the Building and which are for the general benefit of all or substantially all of the occupiers of the Building and are in accordance with the principles of good estate management

but excluding any cost which the Supplier recovers under any other clause of this Lease or from any insurance taken out by the Supplier where the Customer is obliged to refund the Supplier the whole or any part of the premium and further excluding:

- (i) the costs of the original acquisition of the Building
- (ii) the costs of the initial construction equipping and fitting out of the Building
- (iii) costs in relation to or in connection with the promotion or advertising of the Building
- (iv) costs in connection with damage caused by an Insured Risk or by Terrorist Activity whether or not an Insured Risk or an Excluded Risk
- (v) costs relating to the collection of rent and/or review of rent, and/or letting or re-letting of any part of the Building
- (vi) all costs relating to the enforcement of any covenants or other obligations against any tenant or other occupier of the Building pursuant to the tenancy or other arrangements by which they use or occupy the Building
- (vii) any liability or expense for which the Customer or other tenants or occupiers of the Building may individually be responsible under the terms of the tenancy (or other arrangement by which they use or occupy the Building) is to be excluded from the items comprising the Service Charge

Service Charge Year means the year from and including 1 April in each year or such other date which the Supplier chooses from time to time and notified to the Customer in writing

Services means:

- (a) cleaning maintaining repairing renewing and rebuilding the Structural Parts
- (b) cleaning maintaining decorating treating and repairing the Common Parts
- (c) lighting the Common Parts
- (d) heating the Building between such hours and at such times of the year as the Supplier in its reasonable discretion considers appropriate
- (e) furnishing and carpeting the Building Common Parts
- (f) providing hot and cold water towels and other supplies in the lavatories on the Common Parts
- (g) any of the other items referred to in the definition of **Supplier's Expenses** which the Supplier in its discretion and from time to time provides for the management or maintenance of the Building in the interests of good estate management.

PROVIDED THAT in the case of Offices which are unlet at any time the Supplier shall bear the proportion of the Services which would have been recoverable from a customer had the same been let on the terms of this Lease.

7.2 **Supplier's obligations**

- (a) The Supplier shall provide the Services during the Usual Business Hours within the principles of good estate management in a manner which the Supplier reasonably considers appropriate.
- (b) The Supplier will have no liability for any failure or interruption of any Service:
 - (i) during the proper inspection maintenance repair or replacement or any relevant Service Media or equipment;
 - (ii) resulting from a shortage of fuel water materials or labour;
 - (iii) resulting from a breakdown of any equipment used in connection with the provision of the Services; or
 - (iv) resulting from act or omission of any employee contractor or agent of the Supplier or for any other reason beyond the reasonable control of the Supplier.

Provided That the Supplier uses all reasonable endeavours to remedy any such failure or interruption as soon as reasonably practicable after such event arises

- (c) In the circumstances mentioned in clause 7.2(b), the Supplier shall restore the relevant Service as soon as is reasonably practicable.
- (d) The Supplier shall produce the Certificate to the Customer as soon as practicable after the end of the Service Charge Year.
- (e) The Supplier shall (on reasonable written notice and at no cost to the Customer if requested no more than once in each year of the Term but otherwise upon receipt of a reasonable fee) allow the Customer to inspect any invoices and receipts for the Services.

- (f) The Supplier shall notify the Customer in writing of any change in the date of the beginning of the Service Charge Year.

7.3 Customer's obligations

- (a) The Customer shall pay the Service Charge Budget and any VAT on it and the Service Charge Balance and any VAT on it as provided in clause 3.1.
- (b) If:
- (i) the commencement of the Term does not coincide with the beginning of a Service Charge Year; or
 - (ii) the end of the Term does not coincide with the end of a Service Charge Year;

the Service Charge due from the Customer shall be calculated in accordance with the following formula:

$$\frac{A}{365} \times B$$

in which:

A is the total Service Charge for either the Initial Service Charge Year or the Last Service Charge Year (as applicable); and

B is the number days in either the Initial Service Charge Year or the Last Service Charge Year (as applicable) which fall within the Term

7.4 Estimating and revising the Service Charge

If during a Service Charge Year the Supplier reasonably expects the cost of the Services to increase materially above the Service Charge Budget the Supplier may (having informed the Customer in writing of such change not less than two weeks before such change is to take effect) adjust the remaining instalments of the Service Charge Budget but not more often than twice in each Service Charge Year.

7.5 Service Charge reconciliation

- (a) If the actual Service Charge for the Service Charge Year shall exceed the Service Charge Budget for that Service Charge Year, the excess shall be due to the Supplier within 14 days of written demand.
- (b) If the actual Service Charge for the Service Charge Year shall be less than the Service Charge Budget, the overpayment shall within 1 month of the Certificate being issued:
- (i) be credited to the Customer's service charge account; or
 - (ii) (in respect of the reconciliation which takes place after the end of the Term) be paid to the Customer.

7.6 General provisions

- (a) If the Supplier has not included any Supplier's Expenses in a Certificate, it may include them in a subsequent Certificate. Otherwise, the Certificate will be (in the absence of manifest error) conclusive as to the amount of the Service Charge.
- (b) The Supplier's Expenses for the Initial Service Charge Year may include provisions for expenses incurred by the Supplier before the beginning of the Term so far as they relate to Services which are to be provided during the Term.
- (c) The Supplier's Expenses in any Service Charge Year may include provisions for expenses to be incurred by the Supplier after the end of the Term so far as they relate to the Services which are provided during the Term.
- (d) No objection shall be made to any cost reasonably and properly incurred by the Supplier included in the calculation of the Supplier's Expenses by reason that the material work or service in question might have been provided or performed at a lower cost or to a lower quality standard or specification or otherwise (save that the work or expense is not in respect of any of the Services or other expenditure within the definition of the Supplier's Expenses).

8 State and Condition of the Premises

8.1 Repair

- (a) The Customer shall repair the Premises and keep them in good repair decoration and condition to the reasonable satisfaction of the Supplier.
- (b) The Customer shall replace the Supplier's fixtures which may be or become beyond repair at any time during or at the end of the Term.
- (c) The Customer shall carry out all works and treatments to the Premises as are necessary for the proper repair and maintenance of the Premises and to ensure the health and safety of people working at or visiting the Premises.
- (d) The Customer shall as often as may reasonably be necessary clean the Premises and the inside of the windows at the Premises.
- (e) The Customer will not be liable under this clause 8.1 to the extent that the Supplier is obliged to carry out the relevant repair works under clause 6.3 or to the extent that the Supplier is prevented from carrying them out by reason of the matters referred to in clauses 6.3(a)(ii) or 6.3(a)(iii).
- (f) The Customer shall not carry out any repairs to any:
 - (i) heating, cooling and ventilating apparatus;
 - (ii) sprinkler system;
 - (iii) fire hoses;
 - (iv) fire alarm system; and/or
 - (v) other fire prevention and detection system or any equipment belonging thereto within but not exclusively serving the Premises.

- (g) The Supplier covenants to keep the Air Conditioning Apparatus in good repair and condition.
- (h) In consideration of the Supplier's covenant at clause 8.1(g) above the Customer agrees to pay a reasonable and proper proportion of the costs incurred by the Supplier (including consumption of electricity) in connection with complying with its covenant at clause 8.1(g) above.
- (i) The Customer will pay all electricity charges in connection with its use of the Air Conditioning Apparatus insofar as they relate to the supply of air conditioning to the Premises.

8.2 Redecoration

- (a) The Customer shall clean and replace and then paint grain varnish and enamel with two coats of good paint varnish and enamel all parts of the Premises usually painted varnished and enamelled in the last three months of the Term at all times in colours and materials approved by the Supplier (such approval not to be unreasonably withheld or delayed).
- (b) All redecoration is to be carried out to a good and workmanlike standard and to the reasonable satisfaction of the Supplier.

8.3 Alterations

- (a) The Customer shall not make any alterations or additions to the Premises or the Building or make any changes to the Service Media which form part of the Premises subject to the provisions of clause 8.3 (b).
- (b) Subject to the provisions of clause 8.3(c) the Customer shall be permitted (without the Supplier's consent) to:
 - (i) carry out non-structural alterations to the Premises;
 - (ii) erect, alter or remove such demountable partitioning as may be necessary for the reasonable occupation of the Premises by the Customer for the Permitted Use; and
 - (iii) carry out minor electrical work.
- (c) If the Customer intends to carry out works pursuant to clause 8.3(b) it shall
 - (i) prior to commencement of works give notice to the Supplier of its intention to carry out such works together with plans and drawings of the proposed works;
 - (ii) obtain and comply with any necessary statutory consents;
 - (iii) comply with all appropriate regulations of the fire officer and any requirements of the Supplier's consulting surveyors and/or engineers;
 - (iv) not interfere with the electrical or air conditioning supplies to the Premises (save for very minor electrical work within the Premises such as the relocation of plug sockets); and

- (v) notify the Supplier of the completion of any works, providing plans and drawings;
 - (vi) notify the Supplier of the subsequent removal of any such works during the Term.
- (d) Unless otherwise required by the Supplier, the Customer shall at the end of the Term:
- (i) remove any alterations or additions made to the Premises (including any the Customer's Works as defined in the Agreement for Lease);
 - (ii) make good any damage caused by that removal to the reasonable satisfaction of the Supplier; and
 - (iii) otherwise reinstate the Premises to their original layout and condition required by the Supplier's Works Specification attached to the Agreement for Lease.

8.4 Signs and reletting notices

- (a) The Customer shall not:
- (i) display any signs or notices at the Premises which can be seen from outside the Premises; and
 - (ii) affix to or exhibit to or through any window of the Premises or the Building any placard, fascia, board or advertisement.
- (b) At the end of the Term (save where the Supplier informs the Customer that it is not necessary on the basis that the Customer is in bona fide discussions with the Supplier to renew its occupation of the Premises) the Customer shall remove any signs at the Premises and will make good any damage caused by that removal to the reasonable satisfaction of the Supplier.
- (c) The Customer shall permit the Supplier to place a sign on the Premises (and shall not object to any sign placed on the exterior of the Building) provided that such sign does not materially interfere with the Customer's use and enjoyment of the Premises:
- (i) during the last six months of the Term for the reletting of the Premises except where proceedings for the renewal of this lease have been initiated under section 24 of the Landlord and Tenant Act 1954; and
 - (ii) at any time advertising the sale of the Supplier's interest (or any superior interest) in the Premises or the Building

as long as such signs do not unreasonably restrict the access to the Premises or the access of light or air to the Premises.

8.5 Carpets

The Customer shall at the end of the Term replace the carpets or floor coverings included in the Premises with new carpets or floor coverings of at least the same quality as those in the Premises as at the date of this Lease.

8.6 Yield up

At the end of the Term (or at such later time as the Supplier recovers possession of the Premises from the Customer) the Customer shall yield up the Premises (together with all additions and improvements to the Premises and all fixtures which during the Term may be fixed or fastened to or upon the Premises (other than the Customer's trade fixtures and fittings which shall be removed with all damage occasioned by the removal of the Customer's trade fixtures and fittings being made good)) duly decorated repaired renewed maintained cleaned and kept and if necessary replaced in accordance with the Customer's covenants contained in this Lease.

9 Use of the Premises

9.1 Permitted Use

The Customer shall not use the Premises except for the Permitted Use.

9.2 Restrictions on use

The Customer shall not:

- (a) leave the Premises unoccupied for a period of more than one month without first notifying the Supplier in writing but the Customer will not by virtue of this clause be required to trade from the Premises;
- (b) do anything on the Premises which is illegal or immoral;
- (c) do anything on the Premises which would cause a legal nuisance or inconvenience or any damage or disturbance to the Supplier or any of the other occupiers of the Building or any owner or occupier of any other property near the Building;
- (d) carry out any noisy noxious dangerous or offensive acts at the Premises;
- (e) store dangerous or inflammable materials at the Premises;
- (f) allow waste to accumulate at the Premises;
- (g) sleep or allow any person to sleep on the Premises;
- (h) keep any animal fish reptile or bird on the Premises;
- (i) use the Premises for sale by auction;
- (j) allow to be installed any amusement or gaming apparatus or device;
- (k) cause interference to others by any radio or electro magnetic signal emitted by the use of apparatus operated or installed in or upon the Premises;

- (l) play or use any musical instrument, loud speaker, tape recorder, radio or other equipment or apparatus in the Premises so as to be audible outside the Premises.

9.3 Use of machinery

The Customer shall not have on the Premises any goods or other articles nor shall use any machinery on the Premises in a manner which causes or may cause:

- (a) any damage to the fabric of the Building or any strain on the structure of the Building beyond that which it is designed to bear; or
- (b) any undue noise vibration or other inconvenience to the Supplier or other occupiers of the Building or of any Adjoining Property.

9.4 Fire and security

- (a) The Customer shall comply with:

- (i) the requirements of the fire authority; and
- (ii) any reasonable requirements of the Supplier;

relating to fire prevention and the provision of fire fighting equipment at the Premises.

- (b) The Customer shall comply with the reasonable requirements of the Supplier in relation to the security of the Building and shall ensure that:

- (i) all requisite waiting accommodation for callers and clients is provided within the Premises; and
- (ii) the doors leading from the common landings or corridors into the Premises and all doors designated as fire check doors are not left open.

9.5 Exclusion of warranty

The Supplier does not warrant or represent that the Premises may be used for the Permitted Use or for any other purpose.

10 Dealings

10.1 General restriction

The Customer shall not part with nor agree to share or part with possession of the whole or part of the Premises or this Lease nor allow any other persons to occupy the whole or any part of the Premises except as permitted by the remainder of this clause 10.

10.2 Assignments

- (a) In this clause the following definitions apply:

Assignee means the proposed assignee

Assignment means the proposed assignment

- (b) The Customer shall not assign any part (as opposed to the whole) of this Lease.

- (c) The Customer shall not assign the whole of this Lease without the consent of the Supplier, such consent not to be unreasonably withheld or delayed.
- (d) The Supplier and the Customer agree that for the purposes of section 19(1A) of the Landlord and Tenant Act 1927 the Supplier may refuse its consent to the Assignment in any of the following circumstances:
 - (i) if in the reasonable opinion of the Supplier the Assignee is not of sufficient financial standing to pay and to continue to pay the Rent and other sums payable under this Lease and to comply and to continue to comply with the Customer's obligations in this Lease;
 - (ii) if the Assignee (being a body corporate) is not incorporated within the UK or (not being a body corporate or a Permitted Government Body) is not resident in the UK; and
 - (iii) if the Assignee enjoys diplomatic or state immunity.
- (e) The Supplier and the Customer agree that for the purposes of section 19(1A) of the Landlord and Tenant Act 1927 the Supplier may give its consent to the Assignment subject to all or any of the following conditions:
 - (i) That (where reasonably required by the Supplier having regard to the covenant strength of the assignee) the Customer enters into an authorised guarantee agreement no later than the date of the Assignment, which is to:
 - (A) be made by deed;
 - (B) provide for a guarantee of all the obligations of the Assignee under this Lease from the date of the Assignment until the Assignee is released by virtue of the Landlord and Tenant (Covenants) Act 1995;
 - (C) provide for all the matters permitted by Section 16(5) of the Landlord and Tenant (Covenants) Act 1995; and
 - (D) otherwise be in a form reasonably required by the Supplier;
 - (ii) that where reasonably required by the Supplier the Assignee shall procure a guarantor or guarantors (which if a body corporate is to be incorporated within the UK or is not a body corporate to be resident in the UK acceptable to the Supplier) to enter into a full guarantee and indemnity of the Assignee's obligations under this Lease, such guarantee and indemnity to be by deed and to be in the form reasonably required by the Supplier; and
 - (iii) that if at any time before the Assignment the circumstances set out in clause 10.2(d) apply the Supplier may revoke its consent to the Assignment by written notice to the Customer.
- (f) Clauses 10.2(d) and 10.2(e) do not limit the right of the Supplier to refuse consent to an Assignment on any other reasonable ground or to impose any other reasonable condition to its consent.

10.3 Underlettings

- (a) The Customer shall not underlet or agree to underlet any part of the Premises (as distinct from the whole) except for a Permitted Part.
- (b) The Customer shall not underlet the whole of the Premises or a Permitted Part except in accordance with the remainder of this clause 10.3 and with clauses 10.3(e), 10.4, 10.5 and 10.6 and then only with the consent of the Supplier, such consent not to be unreasonably withheld or delayed.
- (c) The Customer shall not underlet the Premises or a Permitted Part without first obtaining from the undertenant a covenant by the undertenant with the Supplier to comply with:
 - (i) the Customer's covenants in this Lease (other than as to the payment of any Rent or other sums reserved as rent by this Lease); and
 - (ii) the obligations on the undertenant contained in the underlease throughout the term of the underlease or until the undertenant is released by virtue of the Landlord and Tenant (Covenants) Act 1995 (if sooner).
- (d) If the Supplier reasonably requires, the undertenant must provide either or both of:
 - (i) guarantors acceptable to the Supplier (acting reasonably); or
 - (ii) other security that the undertenant will comply with its obligations under the underlease.
- (e) The Customer shall not grant an underlease until the Supplier has given its approval to a lawful agreement excluding sections 24 to 28 (inclusive) of the Landlord and Tenant Act 1954 from the tenancy to be created by the underlease.

10.4 Terms to be contained in any underlease

- (a) Any underlease shall be granted at a rent which is not less than the full open market rental value of the Premises or Permitted Part (as applicable) and without a fine or premium or without the approval of the Supplier (such approval not to be unreasonably withheld or delayed) a rent free or rent reduced period as an incentive.
- (b) Any underlease shall contain the following terms:
 - (i) a lawful agreement excluding sections 24 to 28 (inclusive) of the Landlord and Tenant Act 1954 from the tenancy created by the underlease;
 - (ii) a provision for the underlease rent to be payable one quarter in advance;
 - (iii) (where the term of the underlease extends beyond a Review Date) a provision for the review of the rent in the same terms and on the same frequency as the review of the Rent in this Lease;
 - (iv) a provision for re-entry in the same terms as clause 17;
 - (v) an absolute prohibition on all dealings of the underlease or underlet premises by the undertenant, save for an assignment of the whole of the underlet

premises with the prior written consent of the Customer and Supplier, such consent not to be unreasonably withheld or delayed (and which consent shall be subject to compliance by the undertenant and the Customer with the conditions in clauses 10.2(d), 10.2(e) and 10.2(f));

- (vi) an agreement between the Customer and the undertenant that where the review of rent in the underlease is referred to a third party for determination the Customer will be allowed to make representations and counter-representations to that third party on behalf of the Supplier as to the reviewed rent to be payable under the underlease;

and shall otherwise be consistent with the terms of this Lease.

10.5 Rent review in an underlease

- (a) The Customer shall procure that the rent in any underlease is reviewed in accordance with the underlease.
- (b) The Customer shall not agree the level of any reviewed rent with an undertenant without the consent of the Supplier, such consent not to be unreasonably withheld or delayed.
- (c) If the rent review in an underlease is referred to a third party for determination the Customer shall keep the supplier informed as to the progress of that third party determination.

10.6 Further provisions relating to underleases

- (a) The Customer shall enforce the obligations of the undertenant in any underlease.
- (b) The Customer shall not vary the terms of any underlease without the consent of the Supplier (such consent not to be unreasonably withheld or delayed).

10.7 Charging

- (a) The Customer shall not charge or agree to charge any part of the Premises (as distinct from the whole).
- (b) The Customer shall not charge or agree to charge the whole of the Premises without the consent of the Supplier, such consent not to be unreasonably withheld or delayed.

10.8 Declarations of trust

The Customer shall not execute any declaration of trust of the whole or any part of its interest in the Premises or this Lease.

10.9 Sharing of occupation

Whilst the Customer is a Permitted Government Body, it may share occupation of the Premises with another Permitted Government Body on the following conditions:

- (a) the Customer promptly notifies the Supplier in writing of the beginning and the end of the arrangement;

- (b) no relationship of landlord and tenant is created by the arrangement; and
- (c) the relevant Permitted Government Body vacates the Premises immediately if it ceases to be a Permitted Government Body.

10.10 Registration of dealings and provision of information

- (a) Within one month of any dealing with or devolution of the Premises or this Lease or of any interest created out of them or it the Customer shall:
 - (i) notify the Supplier in writing of that dealing or devolution;
 - (ii) give the Supplier a copy of any document effecting or evidencing the dealing or devolution together with a copy for any superior landlord and the copies will each be certified by solicitors as a true copy of the original; and
 - (iii) pay the Supplier a reasonable registration fee of £50.
- (b) The Customer shall give the Supplier written details of persons occupying the Premises and the basis upon which they occupy on request by the Supplier.

11 Legal Requirements and Regulations

11.1 Legislation

The Customer shall:

- (a) comply with all legislation affecting the Premises their use and occupation and the health and safety of persons working at or visiting the Premises whether the legislation requires the owner or occupier to comply;
- (b) carry out any works to the Premises which are required by legislation;
- (c) obtain all licences and consents which are required under any legislation to use the Premises or carry out any works or other activity at the Premises; and
- (d) not do or omit to do anything at the Premises which would result in:
 - (i) any Adjoining Property or any other property owned or occupied by the Supplier (including any other part of the Building) failing to comply with any legislation; or
 - (ii) the Supplier incurring any cost penalty or liability under any legislation.

11.2 Notices relating to the Premises

The Customer shall:

- (a) give the Supplier a copy of any notice received by the Customer relating to the Premises or the Building or any occupier of them or to the Supplier's interest in them within 5 Working Days of having received it (or immediately if there are shorter time limits in the notice);
- (b) (where a notice requires compliance by the owner or occupier of the Premises) comply with the terms of any such notice (subject to clause 11.2(c)) in a manner

approved by the Supplier but the Supplier's approval of any particular manner will not imply that the Customer has discharged its obligation to comply with the terms of the notice;

- (c) at the Supplier's cost make or join the Supplier in making any objection or appeal against such notice which the Supplier may reasonably require.

11.3 Planning

- (a) The Customer shall comply with the Planning Acts.
- (b) The Customer shall pay any charge imposed under the Planning Acts in respect of the use of the Premises or any works carried out at the Premises.
- (c) The Customer shall not apply for planning permission or make any other application under the Planning Acts nor implement any planning permission affecting the Premises.

11.4 Defective Premises Act 1972

- (a) The Customer shall give the Supplier written notice as soon as reasonably practicable upon becoming aware of any defect in:
 - (i) the Structural Parts or Common Parts adjoining the Premises (of which the Customer becomes aware); and/or
 - (ii) the Premises;which in either case may make the Supplier liable to do or not to do any act to comply with the duty of care imposed by the Defective Premises Act 1972.
- (b) The Customer shall display any notices at the Premises properly needed to enable the Supplier to comply with the Defective Premises Act 1972.

11.5 No additional rights

The Supplier will not be obliged to grant any additional rights to the Customer nor waive any of the Supplier's rights under this Lease in connection with the obligations of the Customer in this clause 11.

12 Management of the Building

12.1 Regulations

The Customer shall comply with any reasonable regulations made by the Supplier (acting reasonably and in accordance with the principles of good estate management) from time to time to ensure the health and safety of persons at the Building and generally for the proper management of the Building and in the event that there is a conflict between the terms of the Lease and such regulations the terms of this Lease shall prevail.

12.2 Service Media

- (a) The Customer shall not allow any material which is deleterious polluting or dangerous (to persons or property) to enter any Service Media or any Adjoining Property.

- (b) The Customer shall not overload or obstruct any Service Media which serve the Premises.

12.3 Common Parts

- (a) The Customer shall not obstruct the Common Parts or any pavement footpath or roadway adjoining or serving the Building.
- (b) The Customer shall not cause the Common Parts or any pavement footpath or roadway adjoining or serving the Building to become untidy or in a dirty condition.
- (c) The Customer shall not stand place deposit or expose outside the Premises any goods materials articles or things whatsoever for storage display or sale.

12.4 Unloading and parking

The Customer shall not load or unload goods or materials onto or from vehicles and convey the same into the Building and the Premises except through the entrances and lifts approved and provided by the Supplier for that purpose.

12.5 Windows

- (a) The Customer shall not allow or permit any blinds to cover the windows at the Premises other than roller blinds in a neutral colour or such other blinds permitted by the Supplier's blinds policy for the Building reasonably implemented in the interests of good estate management from time to time by the Supplier and notified to the Customer.
- (b) The Customer shall prevent the storage of any materials in front of the windows forming part of the Premises which would lead to the Premises looking unsightly.

12.6 Emergencies

- (a) In cases of bona fide emergency at the Premises or the Building no notice need be given to the Customer for purposes of the Supplier its employees or agents accessing the Premises and the Supplier its employees or agents may break into the Premises if entry cannot be effected in any other way and will make good any damage caused to the Premises or any goods of the Customer to the reasonable satisfaction of the Customer..
- (b) In cases of bona fide emergency arising as a result of any act or omission of the Customer or its employees or agents the Supplier will not be liable to make good any damage caused to the Premises in breaking into the Premises PROVIDED THAT the Supplier shall use reasonable endeavours to ensure that the Premises are left secure following the exercise of the right of entry and the Supplier shall use reasonable endeavours to cause as little damage as reasonably possible to the Premises.
- (c) The Customer shall give the Supplier verbal notice (as well as written notice) of any matter affecting the Premises where emergency action is needed.
- (d) If the Customer fails to comply with any of its obligations in this Lease the Customer shall in the event of an emergency begin remedying that failure immediately upon notice from the Supplier.

13 Rights Granted

13.1 The following rights are granted by the Supplier to the Customer:

(a) **Access to Premises**

- (i) during the Usual Business Hours the right to enter and exit from the Premises on foot over the Common Parts and with vehicles over roadways forming part of the Common Parts as may be allocated from time to time by the Supplier;
- (ii) outside the Usual Business Hours the right to enter and exit from the Premises on foot over the Common Parts along such route as the Supplier shall from time to time reasonably prescribe subject to the Customer complying with the conditions set out below provided that the Supplier may withdraw this right in the event that the Customer is in material and persistent breach of the said conditions:
 - (A) the Supplier will supply to the Customer card keys to enable access to the Premises outside the Usual Business Hours;
 - (B) the cards supplied to the Customer shall remain in the possession of its senior personnel whose names shall be previously notified to the Supplier and to the police and no copies of the cards are to be made;
 - (C) the Customer will use its best endeavours to ensure that no unauthorised person gains access to the Building during such times as the Customer has access outside the Usual Business Hours;
 - (D) the exterior doors to the Building are to be locked when the Customer uses the Premises outside the Usual Business Hours and upon leaving the Building all doors are to be locked and the Building left secure;
 - (E) if the Supplier withdraws the Customer's right to have access to the Premises outside the Usual Business Hours the Customer will return the card keys to the Supplier forthwith;
 - (F) the use of the Premises outside the Usual Business Hours is entirely at the Customer's risk;
 - (G) the Supplier will not undertake to provide heating or other Services outside the Usual Business Hours but if any such Services are used the Customer will reimburse the Supplier for any expense incurred in the provision of Services or any increased insurance premium payable;
 - (H) the Customer will advise the Supplier immediately should the said card keys be lost or misplaced and if such card keys shall be lost or misplaced and the Supplier considers it necessary to change the locks to the doors of the Building then the cost incurred will be borne by the Customer. The Customer will also reimburse to the Supplier the sum of £10 for each replacement card key; and
 - (I) on the expiration or sooner determination of the Lease for any reason whatsoever the card keys are to be returned forthwith to the Supplier.

(b) **Signage**

the right to have the name of the Customer displayed on any name board which may be provided by the Supplier on the Common Parts and at the entrance to the Premises in the Supplier's house style;

(c) **Lavatories and kitchens**

the right to use such of the lavatories and kitchens on the Common Parts (if any) as the Supplier may designate from time to time;

(d) **Service Media**

the right to use the Service Media forming part of the Building at the date of this Lease which serve but do not form part of the Premises;

(e) **Support**

the right of support and protection from the rest of the Building to the extent existing at the date of this Lease;

13.2 The rights granted by clause 13.1:

(a) are not granted to the Customer exclusively but are to be used in common with the Supplier any superior landlord any other tenants and lawful occupiers of the Building and other persons authorised by them;

(b) may be interrupted or varied or suspended on a temporary basis for the purposes of any works of maintenance repair alteration or the replacement of any land building lifts or lift equipment or Service Media in connection with which the rights are exercised Provided That the Supplier shall use reasonable endeavours, where possible, to avoid such interruptions or suspensions and shall use reasonable endeavours to minimise any such interruptions or suspensions that do occur; and

(c) are to be exercised by the Customer and any authorised undertenant in accordance with any reasonable regulations which the Supplier may make for the proper management of the Building in accordance with Clause 12.1.

13.3 Nothing contained or referred to in this Lease will confer or grant to the Customer any right easement or privilege other than those which are set out in clause 13.1 and section 62 of the Law of Property Act 1925 will not apply to this Lease.

14 Rights Reserved and Re-granted

The following rights are reserved from this Lease and re-granted to the Supplier by the Customer:

(a) **Building Rights**

(i) the right to build or carry out works to any part of the Building or on any Adjoining Property or to raise the height of the Building even if such building or works lessen the access of light or air to the Premises or cause any nuisance damage or inconvenience to the Customer or other occupier of the Premises provided that it does not materially affect the Customer's or other permitted occupier's use of the Premises for the Permitted Use;

- (ii) the right to build into any of the structures bounding and forming part of the Premises;
- (iii) the right to attach scaffolding to any part of the Premises in the exercise of any of the rights excepted and reserved by this clause 14 provided that such scaffolding shall be erected for the minimum time possible and shall not materially affect the Customer's or other permitted occupiers' use and enjoyment of the Premises;

(b) **Service Media**

- (i) the right to:
 - (A) inspect connect into repair and replace any Service Media in on under or over the Premises but which do not form part of the Premises;
 - (B) construct Service Media in on over or under the Premises;
 - (C) connect into and use any Service Media which form part of the Premises;
 - (D) cut into any walls floors ceilings at the Premises for these purposes;
 - (E) attach Service Media to the Premises in connection with the provision of the Services;

(c) **Management of the Building**

- (i) the right to attach any equipment to the Premises in order to clean the outside of the windows of the Building;
- (ii) the right to attach any equipment or notices to the Premises to comply with any legislation or any requirements of the insurers of the Building;

(d) **Support**

the right of support and protection from the Premises for the rest of the Building and any Adjoining Property;

(e) **Entry**

Subject to Clause 12.6 the right to enter the Premises at all reasonable times on reasonable prior written notice of not less than 48 hours (except in the case of an emergency when no notice shall be required):

- (i) to exercise any other right reserved and regranted to the Supplier by this Lease;
- (ii) to view the state and condition of the Premises to measure and undertake surveys of the Premises and to prepare schedules of condition or of dilapidations at the Premises;
- (iii) to determine whether the Customer is complying with its obligations in this Lease and to remedy any breach of those obligations;

- (iv) to show prospective purchasers of any interest in the Supplier's reversion or (in the last six months of the Term and subject to negotiations for the renewal of this Lease not ongoing) to show prospective customers over the Premises;
- (v) in connection with the provision of the Services and its covenant at clause 8.1(g);
- (vi) to bring equipment into the Premises for the purposes of complying with its covenant at clause 8.1(g) of this Lease;
- (vii) in connection with any requirements of the insurers of the Premises;
- (viii) to comply with a superior lease or mortgage;
- (ix) for any other reasonable purpose connected with this Lease or with the Supplier's interest in the Premises or the Building or with the proper management of the Building.

And in taking such access the Supplier is to use all reasonable endeavours to minimise any interruption or inconvenience

14.2 The rights reserved and regranted by this Lease are reserved and regranted to the Supplier or mortgagee and its or their customers and may be exercised by anyone authorised by the Supplier.

14.3 The person exercising any right of entry reserved and regranted by this Lease shall make good any damage caused to the Premises (subject to clause 12.6) as soon as reasonably practicable to the reasonable satisfaction of the Customer but shall not be under any obligation to make any other compensation to the Customer or other occupier of the Premises.

14.4 The Customer shall allow any person who has a right to enter the Premises to enter the Premises at all reasonable times during and outside the Usual Business Hours provided that reasonable notice has been given which need not be written notice.

15 Third Party Rights

15.1 There are excepted from this Lease and this Lease is granted subject to:

- (a) all existing rights which belong to other property or are enjoyed by other property over the Premises or any land or Service Media over which rights are granted by the Supplier to the Customer by this Lease; and
- (b) the matters contained or referred to in the property and charges registers of the Supplier's Title and the Customer shall comply with the matters contained or referred to in the above registers (save in respect of financial charges) so far as they relate to the Premises and the rights granted by this Lease.

15.2 The Customer shall:

- (a) not permit any third party to acquire any right over the Premises or to encroach upon the Premises;
- (b) give the Supplier immediate written notice of any attempt to do this;

- (c) take any steps which the Supplier may reasonably require to prevent the acquisition of any right over or encroachment on the Premises; and
- (d) preserve for the benefit of the Premises and the Supplier's interest in them all existing rights which belong to the Premises and are enjoyed over adjoining or neighbouring property.

15.3 The Customer shall not block or obstruct any window or ventilator at the Premises.

16 Quiet Enjoyment

The Supplier agrees with the Customer that the Customer may hold and use the Premises during the Term without any interruption (except as authorised by this Lease) by the Supplier or by any person lawfully claiming through under or in trust for the Supplier.

17 Forfeiture

17.1 Supplier's right of re-entry

If any event set out in clause 17.2 occurs, the Supplier may re-enter the Premises (or any part of the Premises in the name of the whole) and forfeit this Lease. The Term will then end but without prejudice to any claim which the Supplier may have against the Customer or a guarantor for any failure to comply with the terms of this Lease.

17.2 Events giving rise to the Supplier's right of re-entry

- (a) Any sum payable under this Lease has not been paid within 15 Working Days after it became due whether formally demanded or not.
- (b) The Customer or any guarantor has failed to comply with any of the material terms of this Lease.
- (c) The Customer or any guarantor if an individual (or if more than one individual then any one of them):
 - (i) is the subject of a bankruptcy petition;
 - (ii) is the subject of an application for an interim order under Part VIII of the Insolvency Act 1986; or
 - (iii) enters into any composition moratorium or other arrangement with its creditors whether or not in connection with any proceeding under the Insolvency Act 1986 or a receiver of the income of the Premises is appointed under section 101 of the Law of Property Act 1925.
- (d) In relation to a Customer or any guarantor which is a body corporate (or if more than one body corporate then any one of them):
 - (i) a proposal for a voluntary arrangement is made under Part I of the Insolvency Act 1986 or the directors of the Customer or guarantor resolve to make such a proposal;
 - (ii) a petition for an administration order is presented under Part II of the Insolvency Act 1986 or the directors of the Customer or guarantor resolve to present such a petition;

- (iii) a receiver (including a receiver under section 101 of the Law of Property Act 1925) or manager or administrative receiver of its property (or part of it) is appointed;
 - (iv) a resolution for its voluntary winding up is passed under Part IV of the Insolvency Act 1986 or a meeting of its creditors is called for the purpose of considering that it be wound up voluntarily (in either case other than a voluntary winding up whilst solvent for the purposes of and followed by a solvent reconstruction or amalgamation);
 - (v) a petition for its winding up is presented to the court under Part IV or by virtue of Part V of the Insolvency Act 1986 or a resolution is passed that it be wound up by the court; or
 - (vi) an application is made under section 425 of the Companies Act 1985 or a proposal is made which could result in such an application.
 - (vii) it enters into any arrangement moratorium or composition (other than any referred to above) with its creditors; or
 - (viii) it is dissolved or is removed from the Register of Companies or ceases to exist (whether or not capable of reinstatement or reconstitution).
- (e) In relation to a partnership:
- (i) it enters into a voluntary arrangement under Part II of the Partnerships Order; or
 - (ii) an application for an administration order is made or notice of appointment of an administrator is filed at court; or
 - (iii) a petition is presented for winding-up as an unregistered company under Parts IV or V of the Partnerships Order.

18 Notices in connection with this Lease

- 18.1 Where a notice is to be given in connection with this Lease it must be given in writing and signed by or on behalf of the party giving it unless it is stated that it need not be given in writing.
- 18.2 Any notice to be given in connection with this Lease will be validly served if sent by first class post or registered post or special delivery and addressed to or personally delivered to:
- (a) the Supplier at the address given in this Lease or such other address which the Supplier has notified to the Customer in writing;
 - (b) the Customer at the Premises or its registered office or its last known address; and
 - (c) a guarantor at the Premises or its registered office or its last known address.
- 18.3 Any notice or demand send by post from within the UK and properly stamped and correctly addressed will be conclusively treated as having been delivered 2 Working Days after posting.

19 Miscellaneous

19.1 Supplier's rights to remedy default by the Customer

- (a) If the Customer materially fails to comply with any of its material obligations in this Lease, the Supplier may acting properly and reasonably (in addition to any other rights available to it) give the Customer written notice of that failure and the Customer shall (subject to Clause 12.6) begin remedying as soon as practicable but in any event within one month of such notice and then within a reasonable time complete the remedying of that failure.
- (b) If the Customer does not comply with clause 19.1(a) the Supplier may enter the Premises and carry out any works or do anything else which may be needed to remedy the Customer's failure to comply with its obligations under this Lease.
- (c) Any costs properly and reasonably incurred by the Supplier by reason of clause 19.1(b) will be a debt due from the Customer payable on demand and may be recovered by the Supplier as if it were additional rent.

19.2 Customer to provide information

- (a) The Customer shall give the Supplier any information or documents which the Supplier reasonably requests to show that the Customer is complying with its obligations in this Lease.
- (b) The Customer shall give the Supplier written notice immediately upon becoming aware of any defect or default which may make the Supplier liable to the Customer or any third party.
- (c) The Customer shall immediately notify the Supplier in writing upon the change of control of the Customer (which shall be construed in accordance with section 1124/450 of the Corporation Taxes Act 2010) and shall give the Supplier any information or documents which the Supplier reasonably requests documenting such change in the control of the Customer.

19.3 Customer's indemnity

The Customer agrees to indemnify the Supplier at all times (both during and after the Term) against all proper charges, claims, proceedings, liabilities, damages, losses, costs and expenses arising directly or indirectly from any breach of the Customer's obligations in this Lease.

19.4 Customer's acknowledgment

The Customer acknowledges that it has not entered into this Lease in reliance on any representation made by or on behalf of the Supplier save in relation to written correspondence and enquiries between the Supplier's and Customer's solicitors.

19.5 Disputes

Any dispute between the Customer (or other occupier of the Premises) and any other tenant or occupier of the Building relating to the Building shall be referred to the Supplier whose decision (provided it is made in accordance with the principles of good estate management) and in the absence of manifest error will be final and binding.

19.6 Guarantor

- (a) If at any time during the Term a guarantor (or where a guarantor comprises more than one person anyone of them) dies or any of the events referred to in clause 17 occurs in relation to a guarantor, then the Customer shall:
 - (i) give immediate written notice to the Supplier of that event; and
 - (ii) within one month of being so required by the Supplier (and at the expense of the Customer) procure that another person reasonably acceptable to the Supplier enters into a deed of guarantee and indemnity in a form reasonably required by the Supplier.
- (b) The Customer shall procure that a guarantor enters into any deed or document which is supplemental to this Lease and which is entered into before that guarantor is released by virtue of the Landlord and Tenant (Covenants) Act 1995.

19.7 Qualification of Supplier's liability

The Supplier will not be liable to the Customer or any other person for:

- (a) any damage to person or property arising from any act, omission or misfeasance by any other tenant or occupier of the Building;
- (b) any interruption to the supply of Utilities to the Premises or other parts of the Building where such interruption is outside the control of the Supplier;
- (c) for any failure to perform any obligation in this Lease unless the Customer has given the Supplier written notice of the facts giving rise to that failure and allowed the Supplier a reasonable time to remedy the matter.

PROVIDED THAT the above Clause 19.7 shall not:

- (i) be construed to relieve the Supplier from liability for breach of any of the Supplier's covenants contained in this Lease
- (ii) apply in the case of negligence or wilful act of omission of the Supplier its employees or agents
- (iii) apply where the Supplier is fully insured (and receives full payment under such insurance) in respect of any such liability or receives full payment from a third party.

19.8 Sale of goods after end of the Term

- (a) The Customer irrevocably appoints the Supplier as its agent to store or dispose of any items left by the Customer at the Premises more than 20 Working Days after the end of the Term.
- (b) The Supplier may store or dispose of such items after that time as it thinks fit and without any liability to the Customer other than to account to the Customer for the proceeds of sale after deducting any reasonable costs of sale or storage incurred by the Supplier.

- (c) The Customer agrees to indemnify the Supplier against any liability incurred by the Supplier by reason of the Supplier disposing of any items left at the Premises which do not belong to the Customer but which the Supplier believed did belong to the Customer (which will be presumed unless the contrary is proved).

19.9 Registration

- (a) If the Lease should be registered at the Land Registry under the 2002 Act the Customer will:
 - (i) use its reasonable endeavours to procure that the Customer is registered at the Land Registry as proprietor of the Lease as soon as reasonably possible;
 - (ii) use its reasonable endeavours to procure that all rights granted or reserved by the Lease are properly noted against the affected titles; and
 - (iii) deliver to the Supplier within 10 days of registration official copies of the registered title evidencing that the Customer is the registered proprietor of the Lease.
- (b) At the expiration or earlier determination of the Term the Customer shall:
 - (i) deliver to the Supplier the original Lease and all other title deeds and documents relating to the Premises; and
 - (ii) execute such document as the Supplier shall reasonably require in order to cancel any entry or title relating to the Lease at the Land Registry.

19.10 Arbitration

Where this Lease refers to a dispute being referred to arbitration it will be referred to a single arbitrator who will act in accordance with the Arbitration Act 1996 and the referral will be a submission to arbitration in accordance with that Act.

19.11 Contract (Rights of Third Parties) Act 1999

Save as expressly provided none of the provisions of this Lease are intended to or will operate to confer any benefit (pursuant to the Contract (Rights of Third Parties) Act 1999) on a person who is not named as a party to this Lease.

19.12 Jurisdiction

- (a) This Lease will be governed by and construed in accordance with the law of England and Wales.
- (b) Each party irrevocably agrees to submit to the exclusive jurisdiction of the courts of England and Wales over any claim or matter arising under or in connection with this Lease or the legal relationships established by this Lease.

20 Option to Determine

20.1 Definitions

In this clause the following definitions apply:

First Customer Break Date means 7 November 2018

Second Customer Break Date means 7 November 2021

Customer Break Date means either the First Customer Break Date or the Second Customer Break date as specified in the Notice

Notice means written notice of the Customer's desire to determine this Lease given to the Supplier by the Customer not more than twelve (12) months but not less than six (6) months prior to either the First Customer Break Date or the Second Customer Break Date (as applicable) and specifying either the First Customer Break Date or the Second Customer Break Date, such notice to be irrevocable

20.2 Option

- (a) The Supplier and the Customer hereby agree that if the Customer shall desire to determine this Lease on the Customer Break Date then provided that:
- (i) the Customer gives to the Supplier the Notice;
 - (ii) at the relevant Customer Break Date the Customer has paid all the Rent which has fallen due under the Lease before the Customer Break Date and (subject to having received 28 days prior written demand before the Customer Break Date) all other sums due under this Lease;
 - (iii) the Customer gives up occupation of the Premises on the relevant Customer Break Date, ensuring that there are no continuing subleases in existence; and
 - (iv) in relation to the First Customer Break Date only, on or before the First Customer Break Date the Customer pays to the Supplier the sum of one hundred thousand pounds (£100,000);

this Lease shall absolutely cease and determine on the relevant Customer Break Date but without prejudice to the respective rights of any party hereto against any other party in respect of any antecedent claim or breach of covenant.

- (b) Following determination of this Lease pursuant to clause 20.2, the Supplier shall within a reasonable period after the relevant Customer Break Date reimburse to the Customer all Rent and other sums paid by the Customer under this Lease which relate to the period after the relevant Customer Break Date and which were paid by the Customer prior to the relevant Customer Break Date.

Executed as a deed by the parties or their duly authorised representatives but not delivered until the date of this Lease.

Schedule 1

Guarantee

1 Guarantee and indemnity

1.1 The Guarantor as principal debtor:

(a) guarantees to the Supplier that ♦ (the **Obligor**) will:

- (i) until the end of the Term, or an earlier release from liability under the Landlord and Tenant (Covenants) Act 1995 Act, pay all sums due under this Lease and perform its obligations in this Lease; and
- (ii) perform its obligations in any authorised guarantee agreement that the Obligor enters into under this Lease;

the obligations in paragraphs (i) and (ii) are the **Secured Obligations**; and

(b) indemnifies the Supplier against any Costs incurred by the Supplier if the Obligor fails to perform the Secured Obligations.

1.2 The Guarantor does not incur liability to the extent that it arises as a result of a relevant variation (as defined in section 18(4) of the 1995 Act) and in respect of which the Guarantor is not otherwise liable.

2 New lease

2.1 In this paragraph a **Trigger Event** is:

- (a) a disclaimer of this Lease;
- (b) forfeiture of this Lease;
- (c) the Obligor being wound up or ceasing to exist; or
- (d) the Obligor's directors making a proposal that it enter into a voluntary arrangement.

2.2 If:

- (a) a Trigger Event occurs; and
- (b) within six months of receiving notice of the Trigger Event, the Supplier so requires by giving notice to the Guarantor;

the Guarantor shall enter into a new lease of the Premises, at the Guarantor's cost, on the same terms as this Lease but:

- (i) the term is the residue of the Term beginning on the date of the Trigger Event;
- (ii) the Rent is the amount payable at the Trigger Event (ignoring any rent suspension) but, if a rent review is outstanding, the new lease is to be granted at the open market rent (as defined in clause 4) on the relevant review date, as decided by the Supplier (acting reasonably); and

- (iii) in the case of the Trigger Event in paragraph 2.1(d), the new lease is granted subject to and with the benefit of this Lease.

3 No release

The Guarantor's obligations are not affected by:

- (a) the Supplier giving time to perform, or not enforcing, the Secured Obligations, or compromising, abandoning or waiving any rights or claim against the Obligor; or
- (b) the Supplier taking, varying, realising, releasing or not enforcing any other security for the Customer's liabilities; or
- (c) the Supplier refusing to accept and sums due under this Lease when acceptance might prejudice the Supplier's right to re-enter the Premises;
- (d) any legal limitation or incapacity relating to the Obligor; or
- (e) any invalidity or unenforceability of any of the Obligor's obligations or Customer's covenants; or
- (f) the Obligor ceasing to exist; or
- (g) any increase or reduction in the Premises or the any sums due under this Lease or any other variation to this Lease; or
- (h) a disclaimer of this Lease; or
- (i) any other act or thing which, but for this provision, the Guarantor would be released.

4 Miscellaneous

4.1 The Guarantor shall not exercise any rights of subrogation or indemnity, nor take any security or guarantee, in respect of the Secured Obligations.

4.2 Until the Secured Obligations have been fully discharged, the Guarantor shall hold on trust for the Supplier, to the extent of the Guarantor's liability, any money it receives:

- (a) from exercising any rights of subrogation or indemnity, or enforcing any security or guarantee in respect of the Secured Obligations; or
- (b) in proving in the Obligor's insolvency.

4.3 The Guarantor may not exercise any (legal or equitable) set-off, deduction or counterclaim.

4.4 If:

- (a) the Supplier releases the Guarantor or reaches a settlement with it; but
- (b) at a later date, a security disposition or payment to the Supplier by the Obligor, the Guarantor, any co-guarantor or any other person is held to be void, set aside or ordered to be refunded, for any reason at all;

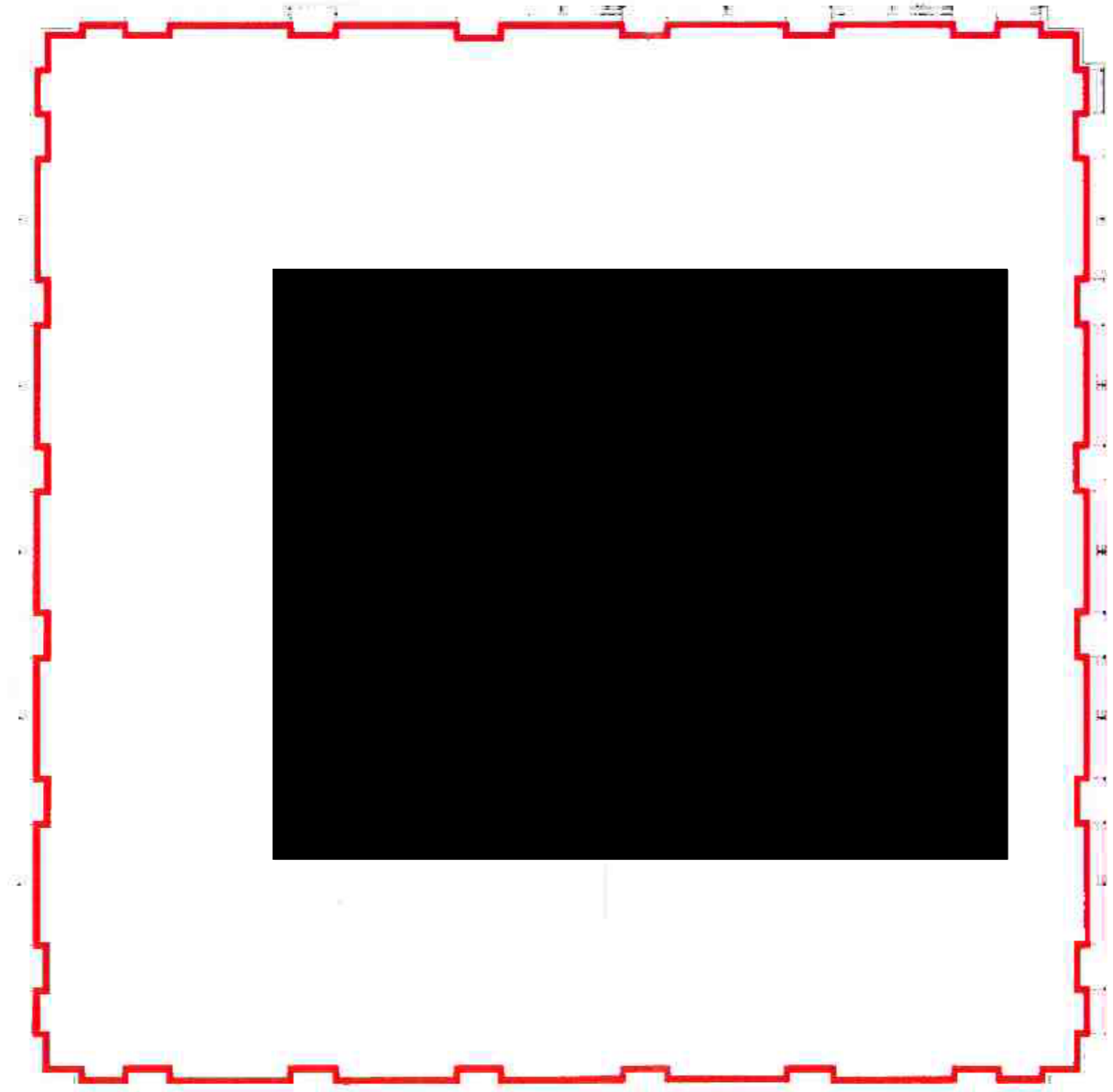
then the Supplier may subsequently enforce the obligations in this schedule against the Guarantor as if the release or settlement had not occurred.

4.5 Where the Supplier receives money under this schedule, it may apply it in or towards satisfaction of any of the Secured Obligations as it (in its absolute discretion) decides.



The Appendix

Plans



SMA Element of FEFSWAT

