

PARTICULARS

- 1 **Date** : [●] 200[●]
 - 2 **Lease or Underlease** : Lease
 - 3 **Parties** :
 - (a) **Landlord** : **THE MAYOR AND BURGESSES OF THE LONDON BOROUGH OF SOUTHWARK**
of Town Hall Peckham Road London SE5
8UB
 - (b) **Tenant** : **[TO BE INSERTED PRIOR TO COMPLETION BEING EADON LIMITED/ PLAZA DEVELOPMENTS/ ASSIGNEE NOMINEE]** (registered in [●]
under company no [●]) whose registered
office is at [●]
 - 4 **Premises** : the Market Square and Market Store
including:
 - (a) all landlord's fixtures and fittings
now or hereafter in or upon the
same, including, but not limited
to, all electrical and mechanical
plant, machinery, equipment and
apparatus and the water and
sanitary apparatus; and
 - (b) all additions, alterations and
improvements thereto
 - 5 **Term** : 99 years (to be outside the provisions of
the Landlord and Tenant Act 1954)
 - 6 **Term Commencement Date** : [●] 200[●]
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- 7 **Rent Commencement Date** : **[TO BE COMPLETED AS PER AGREEMENT FOR LEASE BEING TEN WORKING DAYS AFTER PRACTICAL COMPLETION]**
- 8 **Prescribed Rate** : 4% per annum above Base Rate
- 9 **Rent** : Basic Rent and Additional Rent
- 10 **Pre-emption Right** : the Tenant's right of pre-emption set out in clause 7 and schedule 5
- 11 **Base Rate** : the Base Rate for the time being of Barclays Bank Plc, in the event of Base Rate being abolished, such other reasonably comparable rate of interest as the parties shall from time to time agree or (in default of agreement) as may be determined by arbitration in accordance with the Arbitration Acts 1996

DATED

PARTIES

- 1 Landlord **THE MAYOR AND BURGESSES OF THE LONDON BOROUGH OF SOUTHWARK** of Town Hall Peckham Road London SE5 8UB
- 2 Tenant **[•] (registered in [•] under company no [•]) whose registered office is [•] [TO BE FILLED IN PRIOR TO COMPLETION]**

OPERATIVE PROVISIONS

1 Definitions and interpretation

- 1.1 In this Lease, unless the context otherwise requires, words and expressions defined in the particulars shall (subject as hereinafter appears) have the meaning ascribed to them therein and the following expressions shall have the following meanings:

Additional Rent the rent provided for in schedule 3 part 2 paragraph 3;

Adjoining Land any land and/or buildings adjoining or neighbouring the Premises belonging to the Landlord shown hatched blue on the Plan in Appendix 7 together with the Basement Premises unless otherwise stated but excluding the Premises;

Basement Destruction Event a destruction of that part of the Basement Premises which supports the Premises including but not limited to the structural waterproof membrane and structural slab or which in any other way frustrates the reinstatement of the Premises or renders reinstatement of the Premises impossible;

Basement Lease the lease of the Basement Premises dated [•] and made between (1) the Landlord and (2) the

	Tenant;
<i>Basement Premises</i>	all those premises at lower basement and upper basement level shown coloured red on the plan in Appendix 5 and each and every part thereof (including the supports and structural supports and parts, joists, beams, columns, timbers, foundations and structural supporting and loadbearing walls and framework external walls, lifts, lift shafts, loading and unloading equipment) and additions and improvements thereto, fixtures, fittings and appertences in and about the Premises and the Pipes and plant and machinery within and exclusively serving the same, excluding the Market Square and Market Store but including the structural waterproof membrane and slab;
<i>Development</i>	development as defined in section 55 of the Town and Country Planning Act 1990;
<i>Eastern and Western Land</i>	the land demised pursuant to the Eastern and Western Margin Lease;
<i>Eastern and Western Margin Lease</i>	A lease dated ^{3 October} August 2008 and entered into between (1) Mayor and Burgesses of the London Borough of Southwark and (2) Eadon Limited; us LLP
<i>Group Company</i>	means a company that is a member of the same group as the Tenant at the relevant date within the meaning of section 42 of the Landlord and Tenant Act 1954;
<i>Gross External Area</i>	the gross external areas of the Premises measured and calculated in accordance with the RICS Coded Measuring Practice 5 th Edition;
<i>Insured Risks</i>	fire, subterranean fire, storm, tempest, flood, earthquake, subsidence, heave, lightning, explosion, impact, aircraft (other than hostile

aircraft) and other aerial devices and articles dropped therefrom, riot, civil commotion and malicious damage, bursting or overflowing of water tanks, apparatus or pipes, impact by road vehicles, terrorism (where available on reasonable commercial terms) and such other proper risks as the Landlord may from time to time reasonably require or the Tenant may reasonably request the Landlord to insure against;

Landlord

the party named as "Landlord" in the particulars, and includes the person for the time being entitled to the reversion immediately expectant on the determination of the Term;

Landlord's Solicitors

Herbert Smith LLP of Exchange House, Primrose Street, London EC2A 2HS (reference 2856/30866547);

Lease

this Lease and any document which is made supplemental hereto, or which is entered into pursuant to or in accordance with the terms hereof;

Market Square

that area at surface level shown shaded yellow on the plan in Appendix 1 partially situated above and extending beyond the Basement Premises to a depth of between 300 and 750 mm shown shaded pink on the plan in Appendix 2 including the surfacing thereof and Plant and Pipes exclusively serving the same and all airspace above but excluding the structural waterproof membrane and slab supports and structural supports, joists, beams, columns, timbers, foundations, structural, supporting and loadbearing walls below;

Market Store

the access pod at ground level and that area at lower basement and mezzanine levels shown

shaded pink on the plan in Appendix 3 including:

- (a) the inside and outside of the windows;
- (b) the doors, door frames, equipment, fittings and any glass relating to the doors;
- (c) internal plaster or other surfaces of loadbearing walls and columns;
- (d) non-loadbearing walls completed;
- (e) the flooring, raised floors and floor screeds down to the joists or other structural parts supporting the flooring of the market store;
- (f) the plaster or other surfaces of the ceilings and false ceilings within the market store and the voids between the ceilings and false ceilings;
- (g) the Pipes and Plant within and exclusively serving the same;
- (h) machinery and plant situated within the market store; and
- (i) the goods lift, lift shaft and stairs situated within the market store,

and improvements and additions made to, and fixtures, fittings and appurtenances in the market store, but excluding the supports and structural supports, structural parts loadbearing framework, roof, foundations, joists and external and loadbearing walls and the Pipes and machinery and Plant within (but not exclusively serving) the market store;

Permitted Underletting

means the underletting of part or parts of the

Premises (but not the whole) at a rent of not less than the Open Market Rate for a term of not more than five years in relation to which the underlessor and underlessee have agreed to exclude the provisions of sections 24 to 28 of the Landlord and Tenant Act 1954 and have before completing the underlease or entering into a contractual obligation to enter into the underletting, duly carried out the requirements of schedules 1 and 2 of the Regulatory Reform (Business Tenancies) (England and Wales) Order 2003 rendering their agreement valid which underlease shall not permit the underlessee to assign sublet or otherwise deal with the premises underlet in any way;

Pipes

all pipes sewers drains mains ducts conduits gutters watercourses wires cables communal television aerials and satellite television aerial fibre optics, radio aerials and masts systems channels flues and all other conducting media and includes any fixings and any other ancillary apparatus;

Planning Acts

"the Planning Acts" (as defined in the Town and Country Planning Act 1990) and the Local Government Planning and Land Acts 1980 and any subsequent legislation of a similar nature;

Planning Permission

permissions for use of the Premises as a Market square and store granted under planning reference [05-AP-1693 and 05-AP-1694]; [07-AP-1449] and [07-AP-1448] **[DELETE AS APPROPRIATE DEPENDING ON PERMISSION IMPLEMENTED]** and any amended, varied or additional planning permission granted from time to time in respect of the Premises;

Plant

all heating, thermal energy, gas, water, (portable and non-portable) cooling, refrigeration, ventilation, electrical, communication, computer, security, surveillance access control, carbon reduction, recycling renewable energy, cleaning, refuse collection and disposal, fire and health and safety, lighting, generation, transportation, conveyance, extraction and venting , metres, valves, heat exchangers, pumps, plant, apparatus, boilers, lifts, hoists, building maintenance units, escalators, transformers, chillers, generators, converters, the central heating plant, and all and any other apparatus and equipment including any fixings and other ancillary apparatus;

Rent

the Basic Rent and the Additional Rent;

Standard Conditions

the conditions in part 1 of the Standard Commercial Property Conditions (Second Edition), and Standard Condition is to be construed accordingly;

Tenant

the party named as "Tenant" in the particulars and includes the Tenant's successors in title and assigns and, in the case of an individual, his personal representatives;

Term

the term of years stated in the particulars;

Utilities

water, soil, steam, air, electricity, radio, television, telegraphic, telephone, telecommunications and other services and supplies of whatsoever nature; and

Uninsured Risks

means:

- (a) any risk which does not fall within the risks specifically identified in the definition of "Insured Risks";

(b) any risks, or some aspect of any of them, which would be covered by risks specifically identified in the definition of "Insured Risks" but which:

(i) are excluded from doing so for the time being by reason of withdrawal of cover by the insurer which is not otherwise available to be insured on the London Insurance Market;

(ii) is withdrawn from cover by the Tenant on the grounds that cover cannot be placed on the London Insurance Market at reasonably commercial rates and on reasonably commercial conditions; or

(iii) is excluded or partially excluded from cover in relevant circumstances by reason of the operation of policy conditions,

but

(c) an uninsured risk does not become an Uninsured Risk for the purposes of this Lease by reason only of:

(i) normal exclusions provisions in relation to a level of excess liability;

(ii) rejection by the insurer of liability, or some part of it, due to a vitiation by the Tenant; or

(iii) infringement by the Tenant of

the policy conditions for the
maintenance of cover;

VAT value added tax;

VATA Value Added Tax Act 1994; and

Working Day any day from Monday to Friday (inclusive)
which is not Christmas Day, Good Friday or a
Statutory Bank Holiday.

- 1.2 Where two or more persons are included in the expression "the Tenant", the covenants which are expressed to be made by the Tenant shall be deemed to be made by such persons jointly and severally.
- 1.3 Words importing persons shall include firms, companies and corporations and vice versa.
- 1.4 Any covenant by the Tenant not to do any act or thing shall include an obligation not to permit or suffer such act or thing to be done.
- 1.5 References to any right of the Landlord to have access to or entry upon the Premises shall be construed as extending to all persons authorised by the Landlord, including agents, professional advisers, contractors, workmen and others.
- 1.6 Any reference to a statute (whether specifically named or not) shall include any amendment or re-enactment of such statute for the time being in force and all instruments, orders, notices, regulations, directions, bylaws, permissions and plans for the time being made, issued or given thereunder or deriving validity therefrom.
- 1.7 The titles or headings appearing in this Lease are for reference only and shall not affect its construction.
- 1.8 Any reference to a clause or schedule shall mean a clause or schedule of this Lease.

2 Demise and rents

The Landlord hereby demises unto the Tenant the Premises except and reserving the rights mentioned in schedule 1 subject to but (where appropriate) with the benefit of all rights, easements, covenants, restrictions and stipulations of whatsoever nature affecting the Premises including the matters contained or referred to in the deeds and documents listed in schedule 2 to hold the Premises

unto the Tenant from and including the Term Commencement Date for the Term yielding and paying unto the Landlord during the Term:

2.1 the Rent from the Rent Commencement Date and the first payment of Additional Rent shall be paid on the first Rent Payment Date after the Term Commencement Date;

2.2 on seven days of written demand all proper costs charges and expenses which the Landlord may from time to time suffer or incur in connection with or procuring the remedying of any breach by the Tenant of any of the covenants on the part of the Tenant contained in this Lease.

2.3 all sums payable under clause 3.7.

3 Tenant's covenants

The Tenant hereby covenants with the Landlord as follows.

3.1 Rents

To pay the rents reserved by this Lease at the times and in the manner aforesaid.

3.2 Interest on arrears

Without prejudice to any other right, remedy or power herein contained or otherwise available to the Landlord, if any of the rents reserved by this Lease (whether formally demanded or not) or any other sum of money payable to the Landlord by the Tenant under this Lease shall remain unpaid for more than seven days after the date when payment was due, to pay interest thereon at the Prescribed Rate from and including the date on which payment was due to the date of payment to the Landlord (both before and after any judgment) provided that if the Landlord shall have properly and reasonably declined to accept any such rent so as not to waive any existing breach or alleged breach of covenant, to pay interest thereon at the Prescribed Rate from and including the date on which payment of such rent was due to the date when payment is accepted by the Landlord and, in default of payment, the same shall be recoverable as rent in arrear;

3.3 Outgoings

3.3.1 To pay and indemnify the Landlord against all existing and future rates, taxes, duties, charges, assessments, impositions and outgoings whatsoever (whether parliamentary, parochial, local or of any other description and whether or not of a

capital or non-recurring nature or of a wholly novel character) which now are or may at any time during the Term be charged, levied, assessed or imposed upon or payable in respect of the Premises or upon the owner or occupier of them (excluding any tax payable by the Landlord occasioned by any disposition of or dealing with the reversion of this Lease or upon the receipt by the Landlord of the rents payable hereunder) and, in the absence of a direct assessment on the Premises, to pay to the Landlord a fair proportion (to be reasonably determined by the Landlord) of any such outgoings.

- 3.3.2 To pay all charges for electricity, gas (if any) and water used or consumed in the Premises including any connection and hiring charges and meter rents and to perform and observe all present and future regulations and requirements of the electricity, gas and water supply authorities or boards in respect of the supply and consumption of electricity, gas and water on the Premises and to keep the Landlord indemnified against any breach thereof.

3.4 Repairs

- 3.4.1 To repair and keep in good and substantial repair and condition the Premises rebuilding and renewing the same save where and to the extent that the provisions of clause 5.3 or 9.20 apply.
- 3.4.2 To keep all parts of the Premises which are not built upon in a good and clean condition and adequately surfaced.

3.5 Plant and machinery

To keep all plant, machinery, apparatus and equipment forming part of the Landlord's fixtures and fittings in the Premises properly maintained and in good working order and condition.

3.6 Yield up

At the expiration or sooner determination of the Term, quietly to yield up the Premises to the Landlord in good and substantial repair and condition in accordance with the covenants by the Tenant contained in this Lease;

3.7 Common facilities

Subject to the Landlord first obtaining the Tenant's written consent to the works in this clause 3.7 (such consent not to be unreasonably withheld or delayed) to pay and contribute to the Landlord a due proportion (to be fairly and properly

determined by the Landlord) of the costs, charges, fees and expenses properly expended or incurred by the Landlord in repairing, maintaining, decorating, cleansing and lighting and (as and when necessary) altering, reinstating, renewing and rebuilding, as the case may be, any roads, ways, forecourts, passages, pavements, party walls or fences, party structures, Pipes or other conveniences and easements whatsoever which may belong to, or be capable of being used or enjoyed by the Premises in common with any Adjoining Land and, in default of payment, to be recoverable as rent in arrear and any other proper costs and expenses which the Landlord incurs in providing such other services and in carrying out such other works as the Landlord may, in its reasonable discretion, consider desirable or necessary (acting reasonably and in good faith) for the enhancement of the Premises or any part of them or in the interest of good estate management;

3.8 Rights of entry by Landlord

To permit the Landlord with all necessary materials and appliances at all reasonable times upon not less than two Working Days' prior written notice (except in cases of emergency when such notice as can be given shall be given) to enter and remain upon the Premises for any of the following purposes as agent of the Tenant:

- 3.8.1 to view and examine the state and condition of the Premises;
- 3.8.2 to exercise any of the rights excepted and reserved by this Lease; and
- 3.8.3 to remedy any failure by the Tenant to comply with its obligations under this Lease.

3.9 To comply with notices

Whenever the Landlord shall give written notice to the Tenant of any defects, wants of repair or breaches of covenant, the Tenant shall commence and diligently proceed to make good and remedy the breach of covenant and if the Tenant shall fail, within a reasonable period, to commence and then diligently and expeditiously to continue to comply with such notice, the Landlord may enter the Premises and carry out or cause to be carried out all or any of the works referred to in such notice and all proper costs and expenses thereby properly incurred shall be paid by the Tenant to the Landlord on 14 days' written demand.

3.10 Dangerous materials and use of machinery

3.10.1 Not to keep in the Premises any article or thing which is or might become dangerous, offensive, combustible, inflammable, radioactive or explosive or which might increase the risk of fire or explosion.

3.10.2 Not to keep or operate in the Premises any machinery which shall cause undue vibration or which is likely to cause an actionable nuisance to the owners and occupiers of the Adjoining Land save during the course of carrying out lawful alterations to the Premises.

3.11 Pipes

Not to overload the Pipes in or serving the Premises nor to discharge into any Pipes any oil or grease or any noxious or deleterious effluent or substance whatsoever which may cause an obstruction or might be or become a source of danger, or which might injure the Pipes or the drainage system of the Premises or the Adjoining Land which might contaminate or pollute any water.

3.12 Disposal of refuse

Not to deposit or accumulate on any part of the Premises any trade empties, rubbish or refuse of any kind, other than in proper receptacles, and not to burn any rubbish or refuse on the Premises and to keep all refuse and rubbish in a suitable container or containers on the Premises and if the local authority shall not provide a service or a sufficient service for the collection thereof to dispose of the same through private contractors.

3.13 Obstruction of common areas

3.13.1 Not to do anything whereby any road, path, forecourt or other area over which the Tenant may have rights of access or use may be damaged, or the fair use thereof by others may be obstructed in any manner whatsoever subject to essential obstructions only during the course of deliveries and collections from the Premises.

3.13.2 To ensure that the Market Square is accessible to the public at all times as may be permitted by the Planning Permission save during times where access to the public is restricted by virtue of the Premises being used for the playing of music, and performances and the display of art and public exhibitions are being held at the Premises.

3.14 Prohibited users

3.14.1 Not to use the Premises or any part thereof for any political meeting, nor for any dangerous, noisy, noxious or offensive trade, business or occupation whatsoever, nor for any illegal or immoral purpose, nor for residential or sleeping purposes.

3.14.2 Not to use the Premises or any part thereof for gambling, betting, gaming or wagering, or as a betting office, or as a club.

3.15 User

Not without the Landlord's prior written consent (such consent not to be unreasonably withheld or delayed) to use the Market Square or any part thereof other than for a commercial market or for ancillary accommodation and as space for the playing of music and performances and the display of art and public exhibitions and the Market Store for the storage of goods, machinery and equipment in connection with and ancillary to the use of the Market Square.

3.16 Alterations

3.16.1 Not to make any alterations or additions to the Premises or to erect any permanent structures or buildings on the Premises (In each case) without obtaining the prior written consent of the Landlord, such consent not to be unreasonably withheld or delayed provided that this clause shall not relate to market stalls and other structures of a non-permanent nature.

3.16.2 The Landlord may, as a condition of giving any such consent, require the Tenant to enter into such covenants, as the Landlord shall reasonably require, regarding the execution of any such works and the reinstatement of the Premises at the end or sooner determination of the Term.

3.17 Alienation

3.17.1 Not to assign or underlet or otherwise deal with part only of the Premises save as provided in this clause 3.17.

3.17.2 Not to assign this Lease without the consent of the Landlord but, subject to the operation of the following provisions of this clause 3.17.2, such consent is not to be unreasonably withheld or delayed:

3.17.2.1 the Landlord may, in addition to reasonable grounds, withhold its consent to an application by the Tenant for licence to assign this

Lease unless (for the purposes of section 19(1A) of the Landlord and Tenant Act 1927) the conditions in this clause 3.17.2.1 are met; that:

- (a) at the time of the assignment, there are no arrears of rent due to the Landlord;
- (b) at the time of assignment, the Tenant enters into an authorised guarantee agreement, the operative provisions of which are in the form required in schedule 4 part 2 where the Landlord is the first named party to this Lease (but not as successors in title, the right being personal to the Mayor and Burgesses of the London Borough of Southwark); and
- (c) the assignee is a bona fide market operating company;

3.17.2.2 on an assignment by the Tenant, the Landlord may require, if it is reasonable to do so, a guarantee of the tenant covenants of the assignee from a guarantor who is reasonably acceptable to the Landlord (the operative provisions of which are in the form required in schedule 4 part 1).

3.17.3 Notwithstanding the provisions of clause 3.17.2, the Tenant shall without the Landlord's consent:

3.17.3.1 be entitled to assign this Lease to Plaza Developments Limited of 18 Athol Street, Douglas, Isle of Man provided that it is a Group Company at the date of the assignment; and

3.17.3.2 be entitled to assign this Lease to any Group Company provided that:

- (a) not less than ten Working Days before it does so it gives notice to the Landlord of such intended assignment;
- (b) where the Landlord is the first named party to this Lease (but not as successors in title, the right being personal to the Mayor and Burgesses of the London Borough of Southwark) if required by notice in writing to the Tenant delivered by the Landlord before the expiry of the ten Working Day period notifying the Tenant that the Landlord acting reasonably requires the Tenant to enter

into an authorised guarantee agreement the operative provisions of which are in the form required in schedule 4, part 2, the Tenant shall deliver to the Landlord with such authorised guarantee agreement at the same time as completing the assignment.

- 3.17.4 Not to underlet the whole or part of the Premises without the consent of the Landlord (such consent not to be unreasonably withheld or delayed) provided that the Tenant may underlet part of the Premises by way of a Permitted Underletting and grant the licences provided for in clause 3.17.8 without consent of the Landlord.
- 3.17.5 Not to underlet the whole of the Premises to a party that is not a bona fide market operating company.
- 3.17.6 On the grant of an underlease of whole, to obtain covenants by deed from the underlessee direct with the Landlord in such form as the Landlord may reasonably require that the underlessee will:
 - 3.17.6.1 not assign or sub-underlet part only of the premises underlet other than by way of a Permitted Underletting;
 - 3.17.6.2 not part with or share possession or occupation of the whole or any part of the premises underlet, nor grant rights to third parties over them except by a permitted assignment or sub-underletting or a Permitted Underletting or a licence in accordance with clause 3.17.8;
 - 3.17.6.3 not assign, or sub-underlet the whole of the premises underlet or permit further sub-underletting of the whole or any part of the premises sub-underlet without obtaining the previous consent of the Landlord under this Lease other than in relation to a Permitted Underletting or a licence in accordance with clause 3.17.8; and
 - 3.17.6.4 provide for the inclusion in any sub-underleases other than any Permitted Underletting or licences in clause 3.17.8 granted out of the underlease (whether immediate or mediate) of covenants to the same effect as those contained in this clause 3.17.6.4 and clause 3.17.7.
- 3.17.7 On the grant of any underlease other than a Permitted Underletting and any licences in accordance with clause 3.17.8:

- 3.17.7.1 not to reserve or take a premium or fine nor give a reverse premium or other such inducement to the underlessee;
 - 3.17.7.2 to include provisions in the underlease to the same effect as those in clause 3.17.2; and
 - 3.17.7.3 to include such underlessee covenants as are not inconsistent with, or do not impair the due performance and observance of, the covenants of the Tenant in this Lease.
- 3.17.8 Notwithstanding the provisions of this clause 3.17 the Tenant or any permitted undertenant shall be permitted to grant Permitted Underlettings or licences for stalls or stands, art and public exhibitions, or for the playing of music or performances on the whole or any part of the Premises for such rents or licence fees and in such manner as may be lawfully taken and done in accordance with the usages and customs of a market, or public display or exhibition facility or in accordance with the Tenant's obligations in part 5 of schedule 3 without the Landlord's consent provided that any licences or leases do not have the benefit of the security of tenure provisions of part II of the Landlord and Tenant Act 1954 and such underlettings are Permitted Underlettings.
- 3.17.9 Not (except by assignment, underletting or Permitted Underletting or licence permitted under this clause) to:
- 3.17.9.1 part with or share possession or occupation of the whole or any part of the Premises; or
 - 3.17.9.2 grant any rights over the Premises to third parties.
- 3.17.10 The preceding provisions of this clause do not apply to any parting with possession or occupation or the sharing of occupation or sub division of the Premises to or with any member of a group of companies of which the Tenant is itself a member with the Landlord's prior consent (not to be unreasonably withheld or delayed) where:
- 3.17.10.1 the interest in the Premises so created is and remains no more than a tenancy at will; and
 - 3.17.10.2 the possession, occupation or sub division are immediately terminated if the Tenant and the relevant member cease for any reason to be members of the same group of companies.

3.18 Registration of dispositions

Within 21 days of every assignment, transfer, assent, underlease of the whole of the Premises, underlease of any part of the Premises assignment of any such underlease, mortgage, charge, whether mediate or immediate, of or relating to the Premises or any part thereof other than a Permitted Underletting or licence in accordance with clause 3.17.8 to produce to and leave with the Landlord or its Solicitors a certified copy of the deed, instrument or other document evidencing or effecting such disposition.

3.19 Landlord's costs

To pay and indemnify the Landlord against all proper costs (including without limitation irrecoverable VAT), fees, charges, disbursements and expenses reasonably and properly incurred by the Landlord, including, but not limited to, those payable to solicitors, counsel, architects, surveyors and bailiffs:

3.19.1 in relation to or in connection with the preparation and service of a notice under section 146 of the Law of Property Act 1925 and of any proceedings under sections 146 or 147 of that Act (whether or not any right of re-entry or forfeiture has been waived by the Landlord or a notice served under section 146 is complied with by the Tenant or the Tenant has been relieved under the provisions of that Act and notwithstanding forfeiture is avoided otherwise than by relief granted by the Court).

3.19.2 in connection with the preparation and service of all notices and schedules relating to wants of repair, whether served during or within six months after the expiration of the Term (but relating in all cases only to such wants of repair that accrued not later than the expiration or sooner determination of the Term).

3.19.3 in relation to any application for consent required or made necessary by this Lease (such costs to include reasonable management fees and expenses) whether or not the same is granted (except in cases where the Landlord is obliged not to unreasonably withhold its consent and does so or proffers the same subject to unreasonable conditions), or whether the application be withdrawn.

3.20 Statutory requirements

3.20.1 At the Tenant's own expense, to comply in all respects with the provisions of the Offices, Shops and Railway Premises Act 1963, the Fire Precautions Act 1971, the Defective Premises Act 1972 and the Health and Safety at Work etc. Act 1974 and

every other statute now in force or which may hereafter be in force and any other obligations imposed by law relating to the Premises or the user thereof.

3.20.2 To execute all works and provide and maintain all arrangements upon or in respect of the Premises or the user thereof, which are directed or required (whether by the landlord, tenant or occupier) by any statute now in force or which may hereafter be in force or the lawful requirements of any government department, local or other competent authority or duly authorised officer or court of competent jurisdiction acting under or in pursuance of any statute and to indemnify and keep the Landlord indemnified against all costs, charges, fees and expenses of or incidental to the execution of any works or the provision or maintenance of any arrangements so directed or required.

3.20.3 Not to do or omit to be done in or near the Premises, any act or thing by reason of which the Landlord may, under any statute, incur or have imposed upon it or become liable to pay any penalty, damages, compensation, costs, charges or expenses.

3.21 **Planning Acts**

To comply with the provisions and requirements of the Planning Acts and of any planning permissions relating to or affecting the Premises and to indemnify and keep the Landlord indemnified against all actions, proceedings, claims, demands, losses, costs, expenses, damages and liability whatsoever in respect of any non-compliance.

3.22 **Statutory notices**

Within 14 days of receipt of the same (or sooner if requisite having regard to the requirements of the notice or order in question or the time limits stated therein) to produce to the Landlord a true copy and any further particulars reasonably required by the Landlord of any notice or order or proposal for the same given to the Tenant and relevant to the Premises or the occupier thereof by any government department or local or public authority, and, without delay, to take all necessary steps to comply with the notice or order so far as the same is the responsibility of the Tenant, and, at the request of the Landlord but at the cost of the Tenant, to make or join with the Landlord in making such objection or representation against or in respect of any such notice, order or proposal as the Landlord shall deem expedient.

3.23 Fire precautions and equipment

- 3.23.1 To comply with the requirements and recommendations of the fire authority and the insurers of the Premises in relation to fire precautions affecting the Premises.
- 3.23.2 To keep the Premises supplied and equipped with such fire fighting and extinguishing appliances as shall be required by any statute, the fire authority or the insurers of the Premises and such appliances shall be open to inspection and shall be maintained to the reasonable satisfaction of the Landlord.
- 3.23.3 Not to obstruct the access to or means of working any fire fighting and extinguishing appliances or the means of escape from the Premises in case of fire or other emergency.

3.24 Defective premises

Forthwith upon becoming aware of the same, to give written notice to the Landlord of any defect in the Premises which might give rise to an obligation on the Landlord to do or refrain from doing any act or thing so as to comply with the duty of care imposed on the Landlord pursuant to the Defective Premises Act 1972, and to display and maintain in the Premises all notices which the Landlord may, from time to time, reasonably require to be displayed in relation thereto.

3.25 Encroachments and easements

- 3.25.1 Not save as may be required by law to stop up or obstruct any of the windows or lights belonging to the Premises and not to permit any new window, light, opening, doorway, passage, Conduit or other encroachment or easement to be made or acquired into, upon or over the Premises or any part thereof, and in case any person shall attempt to make or acquire any encroachment or easement whatsoever, to give written notice thereof to the Landlord immediately the same shall come to the notice of the Tenant, and, at the request of the Landlord but at the cost of the Tenant, to adopt such means as may be reasonably required by the Landlord for preventing any such encroachment or the acquisition of any such easement.
- 3.25.2 Not to give to any third party any acknowledgement that the Tenant enjoys the access of light to any of the windows or openings in the Premises by the consent of such third party nor to pay to such third party any sum of money nor to enter into any agreement with such third party for the purpose of inducing or binding such third party to abstain from obstructing the access of light to any windows or

openings and in the event of any of the owners or occupiers of adjacent land or buildings doing or threatening to do anything which obstructs the access of light to any of the said windows or openings to notify the same forthwith to the Landlord and to permit the Landlord to bring such proceedings as it may think fit in the name of and at the cost of the Tenant against any of the owners and/or occupiers of the adjacent land in respect of the obstruction of the access of light to any of the windows or openings in the Premises.

- 3.25.3 Not at any time during the Term to bring any action or make any claim or demand on account of any injury to the Premises in consequence of the erection of any building or the alteration of any building on any land adjacent neighbouring the Premises by the Landlord or for which the Landlord may give its consent pursuant to any power reserved by this Lease or in respect of any easement right or privilege, granted or to be granted by the Landlord for the benefit of any land or building erected or to be erected on any land adjacent neighbouring the Premises and (if required) to concur with the Landlord at its expense in any consent which it may give or any grant which it may make as hereinbefore mentioned.

3.26 **Covenants affecting reversion**

To perform and observe the agreements, covenants, restrictions and stipulations referred to in the deeds and documents listed in schedule 2, so far as any of the same are still subsisting and capable of taking effect and relate to the Premises.

3.27 **Indemnity**

To indemnify and keep indemnified the Landlord in respect of any liability arising in any way directly out of:

- 3.27.1 the state of repair or condition of the Premises insofar as the Tenant is liable therefor under the covenants herein contained;
- 3.27.2 any act omission or default of the Tenant or its agents servants or invitees
- 3.27.3 works of repair construction or alteration to the Premises carried out by or on behalf of the Tenant, or any undertenant;
- 3.27.4 the user of the Premises;
- 3.27.5 third party claims which ought to have been covered by insurance effected by the Tenant;

- 3.27.6 the user of vehicles on the Premises by the Tenant or its concessionaires agents servants or invitees;
- 3.27.7 anything now or hereafter attached to or brought onto the Premises by the Tenant its agents servants invitees licensees or visitors;
- 3.27.8 any omission of the Tenant to give written notice to the Landlord of any defect or item requiring repair;
- 3.27.9 any breach (however remote) of any covenant on the part of the Tenant or any condition herein contained.

3.28 Opening hours

To operate the Premises in accordance with the permitted use during such hours as may be permitted by the Planning Permission.

3.29 Not to display offensive material

Not in any event to display notices, or posters or advertisements or signs that may cause offence or be contrary to the London Borough of Southwark Equal Opportunities Policy and the Local Authority's decision as to what may cause offence shall be final

3.30 To observe equal opportunity employment and letting policies

To take all reasonable steps to ensure that in employing with respect to the occupation use or management of the Premises, or in any letting of part or whole of the Premises that no job applicants or employee, or potential undertenants or licensees suffer direct or indirect discrimination or receive less favourable treatment in relation to terms and condition on the grounds of sex race colour nationality ethnic or national origin marital status sexual orientation or religious belief and that applications received by disabled persons having necessary attributes to the job are welcomed and to ensure that the Premises provide access for disabled persons.

3.31 Basement Lease Obligations

To comply with the obligations set out in clause 5.3 of the Basement Lease as though the references in that clause to the "Landlord" were references to the Tenant.

4 Landlord's covenant

The Landlord hereby covenants with the Tenant.

Quiet enjoyment

That the Tenant paying the rents reserved by this Lease and performing and observing the covenants on the part of the Tenant herein contained shall and may peaceably hold and enjoy the Premises during the Term without any interruption by the Landlord or any person lawfully claiming through, under, or in trust for it.

5 Insurance

5.1 Tenant to insure

The Tenant shall insure and keep insured with some reputable publicly quoted insurance company:

5.1.1 the Premises (other than plate glass) against loss or damage by the Insured Risks, subject to such exclusions, excesses and limitations as may be imposed by the insurers in the full reinstatement costs (which amount is to be reasonably determined by the Tenant from time to time) of the Premises including architects', surveyors', and other professional fees (and Value Added Tax thereon) and expenses incidental thereto, the cost of shoring up, demolition and site clearance and similar expenses;

5.1.2 the loss of Gross Revenue as defined in part 3 schedule 3, from time to time payable, or reasonably estimated to be payable under this Lease, (and any Value Added Tax chargeable in respect thereof) for three years or such longer period as the Tenant may, from time to time, reasonably deem to be necessary, having regard to the likely period required for obtaining planning permission and reinstating the Premises.

5.1.3 Explosion of any engineering and electrical plant and machinery to the extent that the same is not covered by clause 5.1.2.

5.2 Tenant to produce evidence of insurance

5.2.1 At the request of the Landlord, the Tenant shall (but not more than once in any year) produce to the Landlord a copy of the policy of such insurance and a copy of the receipt for the last premium or (at the Tenant's option) reasonable evidence

from the insurers of the terms of the insurance policy and the fact that the policy is subsisting and in effect.

5.2.2 The Tenant covenants with the Landlord:

5.2.2.1 to use reasonable endeavours to procure that a note of the Landlord's interest is endorsed on the policy of insurance;

5.2.2.2 to use reasonable endeavours to procure that the insurers waive any rights of subrogation which they may have against the Landlord; and

5.2.2.3 to procure that the Landlord is informed of any material change in the ambit quantum or terms of insurance cover of the Premises as soon as practicable.

5.3 Destruction of the Premises

Subject to clause 3.4 and this clause 5.3, If the Premises or any part thereof is destroyed or damaged by any risk:

5.3.1 unless payment of the insurance monies shall have been voided or refused in whole or in part by reason of any act or default of the Landlord and the Landlord has not made up the deficit in insurance monies; and

5.3.2 subject to the Tenant being able to obtain any necessary planning permission and all other necessary licences, approvals and consents in respect of which the Tenant shall use its reasonable endeavours to obtain;

the Tenant shall as soon as reasonably practicable reinstate the Premises so destroyed or damaged substantially as the same were prior to any such destruction or damage (but not so as to provide accommodation identical in layout if it would not be reasonably practical to do so);

5.3.3 The Tenant's obligations to reinstate the Premises in accordance with its obligations under clause 5.3 are subject to the extent and for so long as the Landlord and Tenant (acting reasonably) agree that a Basement Destruction Event subsists. If there is any dispute as between the Landlord and Tenant as to whether or not a Basement Destruction Event subsists at any time such dispute shall be resolved in accordance with the provisions of clause 13.

5.4 Payment of insurance monies refused

If the payment of any insurance monies is refused as a result of some act or default of the Landlord or any undertenant or other permitted occupier or any person under its or their control (other than the Tenant or other permitted occupier or person under the Tenant's control) the Landlord shall pay to the Tenant, on demand, the amount so refused with interest thereon at the Prescribed Rate.

5.5 Benefit of other insurances

If the Tenant shall become entitled to the benefit of any insurance on the Premises which is not effected or maintained in pursuance of the obligations herein contained, then the Tenant shall apply all monies received from such insurance (in so far as the same shall extend) in making good the loss or damage in respect of which the same shall have been received.

5.6 Insurance becoming void

Neither the Landlord nor the Tenant shall do or omit to do anything that could cause any policy of insurance in respect of or covering the Premises or the Basement Premises over which the Landlord has reserved rights to become void or voidable wholly or in part nor (unless the relevant party has previously notified the other and agreed to pay the increased premium) anything whereby any abnormal or loaded premium may become payable.

5.7 Requirements of insurers

Both parties shall, at all times, comply with all reasonable and proper requirements and recommendations of the Insurers so far as such requirements and recommendations are known by the relevant parties.

5.8 Notice by Landlord

The Landlord shall give notice to the Tenant forthwith upon becoming aware of the happening of any event or thing which might involve a claim upon the insurance policy relating to the Premises affected by the Tenant.

5.9 Options to determine - Insured Risks

If the Premises or a substantial part of them or access to the Premises are destroyed or damaged by any risk and rebuilding or reinstatement of the Premises or accessway has not been completed by the later of three years after the

occurrence of the damage or the expiry of the period for which loss of Gross Revenue insurance has been obtained, either party may give not less than six months' notice to the other to terminate this Lease and if the building or reinstatement work has not been completed within six months of the giving of the notice, this Lease is to terminate at the expiry of the notice but without affecting any liability arising from a breach of covenant or condition which has occurred before then and any insurance monies shall be shared between the Landlord and Tenant in proportion to the values of their respective interests in this Lease.

5.10 Public liability insurance

The Tenant shall insure the Premises against public liability in an amount and form of policy agreed between the Landlord and Tenant acting reasonably.

5.11 Landlord insurance covenants

5.11.1 For so long as the Landlord is the landlord under the Basement Lease It will following a Basement Destruction Event at the written request of the Tenant enforce the repairing and reinstating obligations of the Tenant under the provisions of clause 3.7 and schedule 2 of the Basement Lease against the tenant of the Basement Lease.

5.11.2 The Landlord further covenants that it will not transfer its reversionary interest to the Basement Lease separately from its reversionary interest to this Lease without procuring from the transferee a deed of unilateral covenant in favour of the Tenant on the following terms:

5.11.2.1 a covenant on the same terms as that set out in clause 5.11.1; and

5.11.2.2 the transferee shall not transfer its reversionary interest in the Basement Lease separately from its reversionary interest in this Lease without procuring from the party to whom it transfers such interest covenants in favour of the Tenant on the same terms as the covenants set out in this clause 5.11.

5.11.3 The Landlord will permit the Tenant to register a notice on the charges register and a restriction on the proprietorship register of the Landlord's reversionary interest in the Basement Lease and this Lease relating to the Landlord's covenants in this clause 5.11 in the following form:

"no disposition of the registered estate by the proprietor of the registered estate is to be registered without a certificate signed on behalf of the proprietor by the proprietor or its coveyancers that the provisions of clause 5.11 of this Lease dated [•] and made between (1) the Landlord and (2) the Tenant have been complied with".

6 Provisos

Provided always and it is hereby agreed and declared as follows.

6.1 Forfeiture

Without prejudice to any other right, remedy or power herein contained or otherwise available to the Landlord:

6.1.1 if any rent is unpaid for 21 days after becoming payable (whether the rent has been demanded or not) or if the Tenant after due notice to remedy the same is in breach of any of the covenants by the Tenant contained in this Lease (which notice shall not be less than two calendar months from the date of the notice) then subject to clauses 6.1.3 and 6.1.4 the Landlord may terminate this Lease by re-entering the Premises (or part of them in the name of the whole) itself or by an authorised agent;

6.1.2 re-entry in exercise of the right in clause 6.1.1 does not affect any other right or remedy of the Landlord for breach of a covenant or condition by the Tenant occurring before the termination of this Lease;

6.1.3 the Landlord may not exercise the right of re-entry contained in this Lease unless it has first given to the Tenant and any mortgagee (meaning in this clause 6.1.3 a mortgagee or chargee of this Lease notice of whose mortgage or charge has been given to the Landlord) not less than two calendar months' notice (the "notice") of the non-payment or breach requiring the non-payment or breach to be remedied and of the Landlord's Intention to re-enter specifying the grounds for doing so; and

6.1.4 the right of the Landlord to re-enter the Premises shall be overridden if within the period of two calendar months from the date of the notice given under clause 6.1.3 the mortgagee:

6.1.4.1 gives notice to the Landlord requiring it not to re-enter the Premises;

6.1.4.2 provides the Landlord with a duly executed and completed deed of undertaking in a form reasonably required by the Landlord binding the mortgagee to assume the obligations of the Tenant under this Lease;

6.1.4.3 save where the breach is not technically capable of remedy takes substantive steps acceptable to the Landlord acting reasonably towards remedying the relevant breach with reasonable speed; and

6.1.4.4 pays the Landlord any monies which have become due under this Lease and which are then unpaid,

and in those circumstances the Landlord will allow the mortgagee such additional time as may be reasonable to remedy a default of the Tenant but additional time shall not be allowed for the payment of arrears or ascertained sums due under this Lease. The rights of the mortgagee under the foregoing provisions are in addition to and without prejudice to the rights to claim relief against forfeiture which are accorded to the Tenant and the mortgagee by law.

6.2 No implied easements

Nothing herein contained shall impliedly confer upon or grant to the Tenant any easement, right or privilege other than those expressly granted (if any) by this Lease.

6.3 Exclusion of warranty as to user

Nothing contained in this Lease or in any consent granted by the Landlord under this Lease shall imply or warrant that the Premises may be used under the Planning Acts for the purpose herein authorised or any purpose subsequently authorised and the Tenant hereby acknowledges and admits that the Landlord has not given or made at any time any representation or warranty that any such use is or will be or will remain a permitted use under the Planning Acts.

6.4 Representations

The Tenant acknowledges that this Lease has not been entered into in reliance wholly or partly on any statement or representation made by or on behalf of the Landlord, except any such statement or representation that is expressly set out in this Lease or is contained in the written replies to the written enquiries of the Tenant's solicitors made of the Landlord's solicitors prior to the date hereof.

6.5 Covenants relating to adjoining land

Nothing contained in or implied by this Lease shall give the Tenant the benefit of or the right to enforce or to prevent the release or modification of any covenant, agreement or condition entered into by any tenant of the Landlord in respect of any property not comprised in this Lease.

6.6 Notices

6.6.1 Any demand or notice required to be made, given to, or served on the Tenant under this Lease shall be duly and validly made, given or served if addressed to the Tenant and delivered personally, or sent by prepaid registered or recorded delivery mail, addressed to its registered office.

6.6.2 Any notice required to be given to or served on the Landlord shall be duly and validly given or served if sent by prepaid registered or recorded delivery mail, addressed to the Landlord the address at the front of this document.

6.7 Disputes with adjoining occupiers

Any dispute arising between the Tenant and the tenants or occupiers of any Adjoining Land owned by the Landlord as to any easement, quasi-easement, right, privilege or Conduit in connection with the Premises or the Adjoining Land or as to party or other walls shall be fairly and reasonably determined by the Landlord.

6.8 Resurfacing of Market Square and works to Adjoining Land

If the Landlord determines that as part of a larger area to be resurfaced by the Landlord and in order that the surfacing treatment on the Premises is consistent in level and materials with that on the Adjoining Land (other than the Basement Premises), the Landlord shall be entitled to resurface the Premises provided that:

- 6.8.1 it gives the Tenant reasonable prior written notice thereof; and
- 6.8.2 the materials used are of no less a standard than the Premises surfacing at the date of this Lease; and
- 6.8.3 the Landlord takes all reasonable steps to minimise disruption to the use of the Premises in accordance with clause 3.15; and
- 6.8.4 at all times during the undertaking of the resurfacing works, access to and from the Premises is maintained; and

6.8.5 to the extent of the market trading area is materially reduced (including by way of temporary relocation to part of the Adjoining Land (other than the Basement Premises) the provisions of clause 11 shall apply; and

6.8.6 the Landlord makes good any damage caused to the Premises to the reasonable satisfaction of the Tenant; and

6.8.7 all works undertaken in this clause are at the Landlord's cost.

6.9 Agreement to exclude security of tenure

The Landlord and the Tenant agree to exclude the provisions of sections 24-28 of the Landlord and Tenant Act 1954 in relation to the tenancy created by this Lease.

6.10 Compliance with statutory requirements

It is confirmed that before the Tenant became contractually bound to enter into [this Lease][the Agreement for Lease pursuant to which this Lease has been granted]:

6.10.1 the Landlord served notice (the "Landlord's notice") on the Tenant on [insert date] in relation to the tenancy created by this Lease in a form complying with the requirements in schedules 1 and 2 of the Regulatory Reform (Business Tenancies) (England and Wales) Order 2003 (the "Order"), as the Tenant acknowledges; and

6.10.2 on [insert date] the Tenant (or a person authorised by it) made a [declaration] [a statutory declaration] in a form complying with the requirements of schedule 2 of the Order,

and that the parties have duly carried out the requirements of schedule 2 of the Order to render valid the agreement in clause 6.9.

6.11 Registration

6.11.1 The Landlord will co-operate with the Tenant to enable the Tenant to register the Lease and the Pre-Emption Right at the Land Registry and to become the registered proprietor of the Lease with absolute leasehold title.

6.11.2 (Subject to the Tenant providing a completed Form AN1 in respect of the same) the Landlord will immediately following completion of the Lease provide to the Tenant evidence of its consent to the application of the Tenant to register an agreed notice of the Lease and the Pre-Emption Right on the charges register of

the Landlord's title to the reversion in the Premises by completion and signature by the Landlord of panel 15 of the Form AN1 and panel provided and will give such assistance as may reasonably and properly be required by the Tenant for the purpose.

6.11.3 (Subject to the Tenant providing a completed Form RX1 in respect of the same) the Landlord will immediately following the date of this Lease provide to the Tenant evidence of his consent to the application of the Tenant to register the restriction referred to in paragraph 10.1 of schedule 5 part 1 by completion and signature by the Landlord of panel 15 of the Form RX1 provided.

6.11.4 (Subject to the Tenant providing a completed Form AN1 in respect of the same) the Landlord will immediately following the date of this Lease provide to the Tenant evidence of his consent to the application of the Tenant to register an agreed notice of the Pre-emption Right on the charges register of the Landlord's reversionary title to the Premises by completion and signature by the Landlord of panel 15 of the Form AN1 provided.

6.11.5 (Subject to the Tenant providing a completed Form RX1 in respect of the same) the Landlord will immediately following the date of this Lease provide the Tenant evidence of its consent to an application by the Tenant to register the restriction referred to in clause 5.11 of this Lease by completion and signature of the Landlord of panel 15 of the Form RX1 provided on both the Landlord's reversionary title to this Lease and the Basement Lease.

7 Pre-emption Right

The Landlord grants the Tenant the Pre-Emption Right and the parties covenant to perform the respective obligations, conditions and covenants in schedule 5.

8 Landlord's right to terminate this Lease in the case of redevelopment

8.1 In this clause the following words shall bear the following meanings:

Break Compensation

the break compensation to be paid by the Landlord to the Tenant as agreed between the Landlord and Tenant or as determined in accordance with clause 8.3 being the compensation equal to the capitalised value of 25% of the open market value (determined in accordance with the Red Book) (plus VAT) at

which a hypothetical leasehold interest in the Premises for a term equal to the Term of the Lease remaining at the date of Landlord's Break Notice might be reasonably and properly expected to be sold by private treaty in the open market on the Standard Conditions at the date of the Landlord's Break Notice in clause 8.2.1 but assuming:

- (a) a willing seller;
- (b) a reasonable and proper period within which to negotiate the sale taking into account the nature of the Premises and the state of the market;
- (c) values will remain static throughout that period; and
- (d) the terms of the hypothetical lease are the same as this Lease save that the Landlord's Right to Terminate this Lease in clause 8 and the provisions for Surrender of the CRT Area clause 9 are to be disregarded for the purposes of valuing the hypothetical leasehold interest; and
- (d) the Premises will be freely exposed to the market; and
- (e) no account has to be taken of any additional bid by a purchaser with a special interest;

Break Compensation Period

means the period from and including the seventh anniversary of the Term Commencement Date up to and excluding the twenty first anniversary of the Term Commencement Date;

Break Period

means the period from and including the seventh

anniversary of the Term Commencement Date;

Develop for Alternative Use

means the demolition or reconstruction or redevelopment of the Premises or a substantial part of the Premises for a use other than the permitted use stated in clause 3.15 of this Lease;

Evidence of Settled Intention

means substantial evidence indicating a firm and settled intention not likely to be altered of the kind that the Landlord would be required to establish the ground for opposing an application for a new tenancy under section 30(1)(f) of the Landlord and Tenant Act 1954 of the Landlord to Develop for Alternative Use ("Settled Intention") evidenced by:

- (i) a formal resolution of the Landlord in writing to Develop for Alternative use; and
- (ii) the grant of detailed planning permission to Develop for Alternative Use on conditions that are reasonably capable of being implemented and which are not unlawful; and
- (iii) written evidence and other supporting documentation evidencing how the Landlord intends to implement such permission, obtain funding and procure the Development for Alternative Use;

Red Book

means the RCIS Valuation Standards (Sixth Edition) or such other Edition then current.

8.2 The Landlord may terminate this Lease at any time during the Break Period where it has a Settled Intention to Develop for Alternative Use provided that in order for the Landlord's right of termination to be valid:

8.2.1 it gives the Tenant not less than six months' written notice to that effect ("Landlord's Break Notice");

- 8.2.2 at the same time as giving the Landlord's Break Notice it provides the Tenant with all Evidence of Its Settled Intention to Develop for Alternative Use to enable the Tenant to ascertain whether the Landlord has the Settled Intention to Develop for Alternative Use;
- 8.2.3 where the Landlord's Break Notice is given during the Break Compensation Period it pays the Tenant the Break Compensation by no later than the date of the expiry of the Landlord's Break Notice in clause 8.2.1 without deduction demand or set-off; and
- 8.2.4 in the event that the Tenant has objected to the Landlord's Break Notice pursuant to clause 8.6 and either that the Expert has determined the matter and found that the Landlord has provided sufficient Evidence of Settled Intention and has a Settled Intention to Develop for Alternative Use or the Tenant has withdrawn its objection in writing prior to any such determination by the Expert.
- 8.3 On the Landlord giving the Landlord's Break Notice the Landlord and Tenant shall endeavour to agree the Break Compensation. If the Landlord and Tenant do not agree the Break Compensation is to be determined by an independent expert appointed by the parties in accordance with the provisions of clause 13:
- 8.3.1 The determination of the Break Consideration by the expert is to be conclusive and to bind the parties.
- 8.4 The right of termination of this Lease granted pursuant to this clause 8 is personal to and operates for the benefit only of the Mayor and Burgesses of the London Borough of Southwark and ceases to operate on any Disposal save that any Master Developer (as defined in schedule 5) who acquires the reversion to this Lease through a Master Disposal shall also have the benefit of and be entitled to operate the right in this clause 8.
- 8.5 The Tenant's right to object to the Landlord's Break Notice.
- 8.5.1 The Tenant has the right to object to the issue of the Landlord's Break Notice if it is not in accordance with a Settled Intention on behalf of the Landlord to Develop for Alternative Use or if the Evidence of Settled Intention is insufficient. In order to make objection to the validity of the Landlord's Break Notice, the Tenant is required to give notice to the Landlord setting out the grounds on which it contends that there is not sufficient evidence of a Settled Intention or Settled Intention within 30 Working Days after receipt of the Landlord's Break Notice. If the Tenant does not so object, then its right of objection to the Landlord's Break Notice on the basis of

lack of Settled Intention or not sufficient Evidence of Settled Intention and to submit the issue to the determination of an independent expert under clause 8.5.2 8.6.2 will lapse.

8.5.2 Following the giving of notice of objection by the Tenant, either party may submit the objection for independent expert determination who will determine whether the Evidence of Settled Intention is sufficient to indicate a Settled Intention or whether there is a Settled Intention on behalf of the Landlord the provisions of clauses 8.3 and 8.3.1 are *mutatis mutandis* to apply.

8.5.3 The Landlord's Break Notice shall not terminate this Lease while the objection remains undetermined unless the Tenant waives the objection.

8.5.4 The Tenant may (within the 30 Working Day period referred to in clause 8.5.1) add to or change the grounds of objection as further relevant information or explanation is given to it.

8.5.5 The Tenant is to be treated as having reasonable and proper cause to object for so long as it is kept without sufficient information reasonably and properly to enable it to assess whether the Landlord has a Settled Intention to Develop for Alternative Use.

8.6 On the later of:

8.6.1 the expiry of the Landlord's Break Notice; or

8.6.2 where the Tenant has pursuant to clause 8.5 objected to the Landlord's Break Notice ten Working Days after the day:

8.6.2.1 on which the Expert has determined the matter and found that the Landlord has provided sufficient Evidence of Settled Intention to Develop for Alternative Use; or

8.6.2.2 the Tenant has withdrawn its objection in writing prior to any such determination by the Expert,

this Lease will terminate but without affecting any liability of the parties arising from a breach of covenant or condition which has occurred before then.

8.7 The Tenant shall apply to the Land Registry to de-register the Lease at the Land Registry.

9 Provisions for surrender of CRT Area

[NOTE: THE PROVISIONS OF THIS CLAUSE MAY BE MODIFIED AND UPDATED BEFORE COMPLETION IN LINE WITH THE CRT AGREEMENT ONCE COMPLETED AS PROVIDED FOR IN THE AGREEMENT FOR LEASE BETWEEN THE PARTIES.]

9.1 For the purposes of this clause 9 the following words and expressions shall bear the following meanings.

CRT Area so much of that area of the Market Square which may be required to be occupied by the CRT in accordance with the CRT Agreement shall be as set out in the TfL Notice which shall not be more than that area and shown cross hatched black on the plan in Appendix 1;

CRT Cross River Tram;

CRT Agreement an agreement dated [•] entered into between (1) the Landlord (2) [•] (3) Transport for London **[DETAILS TO BE COMPLETED ONCE CRT AGREEMENT IS COMPLETED]**;

Surrender Date the date which is 28 days from a TfL Notice or such longer date stated therein;

TfL Notice a notice pursuant to clause [•] **[TO BE FILLED IN WHEN CRT AGREEMENT FINALISED]** of the CRT Agreement served by TfL on either the Landlord and/or the Tenant notifying the Landlord/Tenant that the CRT Area is required for the purposes of CRT;

Deed of Surrender means a deed in the form of the draft attached at Annexure 4; and

Actual Surrender Completion the completion of surrender of part of the Lease in relation to the CRT Area (referred to in the Standard Conditions as "date of actual completion").

- 9.2 Following the receipt by either the Landlord or the Tenant of a Tfl Notice the Tenant is to surrender and the Landlord is to accept a surrender of part of the Lease in relation to the CRT Area.
- 9.3 The Landlord and Tenant shall both promptly notify each other upon receipt of a Tfl Notice.
- 9.4 The surrender under the Deed of Surrender excludes all Tenant's trade fixtures, fittings and equipment but includes any Landlord fixtures fittings and equipment.
- 9.5 Neither the Tenant nor the Landlord are to pay or receive any premium from the other in respect of the Deed of Surrender.
- 9.6 The Tenant shall not be liable for dilapidations pursuant to this Lease in respect of the CRT Area.
- 9.7 Completion is to take place on the Surrender Date at the Landlord's Solicitors' offices or elsewhere as they may reasonably direct. Standard Condition 8.1.1 is varied accordingly.
- 9.8 Completion is to take place by express surrender when the Tenant is to deliver to the Landlord the executed original Deed of Surrender and the Landlord is to accept the surrender of the CRT Area by delivering to the Tenant the executed counterpart Deed of Surrender.
- 9.9 The Tenant surrenders with full title guarantee. Standard Condition 6.6.2 does not apply.
- 9.10 The CRT Area is surrendered with vacant possession subject to the CRT Agreement and all other obligations, covenants and conditions on the registered entries of the CRT Area at the Land Registry. The Landlord is to be treated as entering into this Lease knowing and fully accepting those terms and may not raise any objection to or requisition on them.
- 9.11 The Tenant surrenders the CRT Area free from encumbrances other than:
- (a) the encumbrances referred to in Standard Condition 3.1.2; and
 - (b) unregistered interests which override registered dispositions under schedule 3 of the Land Registration Act 2002 (where the Lease is unregistered) would override first registration under schedule 1 of the Land Registration Act 2002.

- 9.12 The Deed of Surrender is to be engrossed in duplicate as an original and counterpart by the Landlord and is to be delivered to the Tenant's Solicitors not less than five Working Days prior to the Surrender Date.
- 9.13 The provisions of the Lease relating to insurance are to remain in full force and effect until Surrender Completion.
- 9.14 Standard Conditions 7.1.1, 7.1.2, 7.1.3 and 10.1.3 do not apply.
- 9.15 Up to and including Actual Surrender Completion all rents and other monies due under the Lease remain payable in respect of the CRT Area.
- 9.16 On Actual Surrender Completion the Tenant is to pay to the Landlord the due proportion of any rents and other monies due under the Lease and remaining unpaid at Actual Surrender/Completion attributable to any period up to and including Actual Surrender Completion in respect of the CRT Area.
- 9.17 On Actual Surrender Completion the Landlord is to reimburse to the Tenant the due proportion of any part of the rent reserved by the Lease and paid in advance and attributable to any period following Actual Surrender/Completion in relation to the CRT Area.
- 9.18 Standard Conditions 8.3.2, 8.3.3, 8.3.4(a), 8.3.5, 8.3.6, 8.3.7 and 8.3.8 do not apply.
- 9.19 In making any apportionment under clause 9.16 it is to be assumed that the Tenant is tenant of the CRT Area (and is therefore under an obligation to pay the rents and other monies due under the Lease) until the end of the effective date of apportionment.
- 9.20 The parties acknowledge that with the exception of the covenants by the Tenant for the repair and redecoration of the CRT Area (which shall continue up until the date 12 months before the Deed of Surrender is to be completed but not thereafter) all the obligations, covenants and conditions of the Lease in relation to the CRT Area are to remain in full force and effect until Actual Surrender Completion.
- 9.21 Each party is responsible for its own professional costs relating to the preparation and implementation of this clause 9.
- 9.22 Subject to clause 9.28 below, if the proportion of the Gross External Area of the Premises specified in the TfL Notice to be surrendered under the Deed of Surrender exceeds 25% of the Gross External Area of the Premises at the date of the TfL

Notice and In the reasonable opinion of the Tenant the operation of a market square at the Premises either would or has become unviable as a result of such surrender then the Tenant may at any time during the period expiring two years after the date of the Tfl Notice by giving not less than six months' written notice to the Landlord to that effect, determine this Lease.

9.23 If, after the service of a Tfl Notice the Tenant is of the reasonable opinion that as a result of the construction of the CRT the use of the Premises as a market square will become unviable due to the Premises having no direct access to a public highway to service the market square the Landlord shall first use reasonable endeavours to offer to the Tenant reasonably sufficient alternative means of access for servicing the market square and if either such access is not provided by the Landlord or if it is provided but notwithstanding the provision of such access in the reasonable opinion of the Tenant acting in good faith notwithstanding the alternative means of access in the Landlord's offer the use of the Premises as a market square will become unviable due to lack of direct access to a public highway then the Tenant may at any time during the period expiring two years after the date of the Tfl Notice by giving not less than six months' written notice to the Landlord to that effect, determine this Lease.

9.24 If the Tenant duly serves a notice under this clause it shall procure that vacant possession of the Premises will be available on the date on which this Lease is to determine under the notice free of occupation by and of any estate or interest vested in the Tenant or any third party other than Tfl under the CRT Agreement.

9.25 If a notice is duly served this Lease shall determine on the relevant date of expiry of the notice without prejudice to:

9.25.1 any rights or remedies which may have accrued to either party in respect of any breach of any of the covenants or obligations contained in it including obligations under this clause which shall continue to bind the parties; and

9.25.2 the continuing obligation of the parties to account to one another on demand for any Additional Rent payment or allowance apportioned up to the date of determination as soon as reasonably possible thereafter.

9.26 Time is of the essence of all dates and periods referred to in this clause.

9.27 The Landlord will act in good faith to secure a reasonably appropriate level of compensation for the termination of this Lease or for the surrender of the CRT Area from Tfl and upon receipt of such compensation by the Landlord it shall be shared

between the Landlord and the Tenant in proportion to the value of their respective interests in the Premises valued immediately before the TfL Notice was served and paid by the Landlord to the Tenant within 15 Working Days of receipt thereof by the Landlord.

9.28 Following the date on which the TfL Notice is received the Landlord shall cooperate with the Tenant and use reasonable endeavours to relocate that part of the Premises which is required to be surrendered under the Deed of Surrender to neighbouring property of the Landlord immediately adjoining the boundary of the Premises (following the surrender) in a location reasonably acceptable to the Tenant and following such relocation the Landlord and Tenant shall if necessary and at the Tenant's cost (the Landlord and Tenant acting reasonably in the circumstances) enter into any necessary deed of variation of this Lease and/or new lease on materially similar terms as this Lease (save as to the definition of "Premises" and other consequential amendments) to reflect the change in the location of the relocated part of the Premises and the parties shall act reasonably and co-operate to ensure that such deed of variation and/or new lease is registered at the Land Registry.

9.29 Following the completion of a deed of variation and/or new lease under clause 9.28 the right to determine this Lease granted in clause 9.22 shall no longer be operable by the Tenant.

10 Relocation of Market Store

Subject to the Landlord first complying with the provisions of this clause 10 the right for the Landlord at the Landlord's cost, to relocate the Market Store to a reasonable alternative location reasonably proximate to the Market Square, subject to:

10.1 obtaining the Tenant's prior written consent thereto (such consent not to be unreasonably withheld) PROVIDED THAT it shall not be reasonable for the Tenant to withhold consent where the location of the relocated Market Store will not materially adversely affect the beneficial use of the Premises by the Tenant or not render it less convenient for the Tenant to service the Market Square;

10.2 the Landlord indemnifying and paying the Tenant the cost plus irrecoverable VAT of making suitable alternative arrangements for the Tenants rights of access in schedule 1 to be maintained;

10.3 the Landlord (subject to an obligation on the Tenant to use reasonable endeavours to mitigate any loss) paying the Tenant the reasonable cost plus irrecoverable VAT

of relocating reinstating removing or replacing all and any of the Tenants equipment installed in the Market Store or in the Market Square or any of the other of the Tenant's equipment Pipes, Plant and machinery in the Market Store required to be relocated to the extent necessitated by the exercise of the Landlord's rights under this clause 10;

- 10.4 the relocated Market Store will be of no lesser size than that granted at the date of this Lease;
- 10.5 following such relocation, the Landlord and Tenant shall if necessary and at the Landlord's cost (the Landlord and Tenant acting reasonably in the circumstances) enter into any necessary deed of surrender and regrant or variation of this Lease to reflect the change in the location of the Market Store and the Landlord shall at its own cost cause such deed of variation to be registered against both the Landlord and Tenant's titles at the Land Registry and provide the Tenant with proof of registration or where the Tenant elects to do so, pay the Tenant the cost of doing so and shall in addition indemnify the Tenant against all and any irrecoverable VAT and stamp duty land tax or other taxes and impositions arising out of the surrender and regrant or variation;
- 10.6 the Landlord shall pay the Tenant all reasonable costs plus Irrecoverable VAT of undertaking the works in this clause 10 within 21 days of written demand therefor or the Landlord shall, if required by the Tenant, pay to the Tenant in advance a sum reflecting a reasonable estimate of the costs provided for in this clause 10;
- 10.7 not less than 60 Working Days before the anticipated start date of any relocation works the Landlord is to give the Tenant written notice thereof accompanied by drawings, specifications and other written details of the work (whatever its nature), and the method of undertaking the work which the Landlord requires to execute in relocating the Market Store and provide such other information as the Tenant may reasonably require;
- 10.8 whilst any works are being carried out by the Landlord, the Landlord will procure that there is as little interference as is reasonably practicable with the Tenant's use and enjoyment of the Premises and shall at all times procure that there is as little interference as is reasonably practicable to access to and egress from the Market Square and the Market Store (including the relocated Market Store) and that the Tenant's beneficial use of the Market Square and Market Store (and relocated Market Store) is not in any way adversely affected and is at all times maintained;

- 10.9 before commencing any works the Landlord obtains a prior written consent of the Tenant for any works to be done on the Premises (such approval not to be unreasonably withheld);
- 10.10 In undertaking the relocation works the Landlord is to execute all work at its expense, in a good and workmanlike manner, with good and suitable materials, complying with good building practice and in accordance with drawings, specifications and other information submitted to and approved by the Tenant, and in accordance with requisite statutory consents and the requirements of competent authority;
- 10.11 In carrying out the work, the Landlord is to act with due diligence, cause as little damage as reasonably practicable and make good all damage done to the Premises to the Tenant's reasonable and proper satisfaction;
- 10.12 the Landlord is to keep the Tenant (subject to the Tenant using reasonable endeavours to mitigate its loss) indemnified against all claims, liability and costs plus Irrecoverable VAT sustained or incurred from or incidental to the exercise, or purported exercise of the rights in this clause 10; and
- 10.13 the Landlord shall pay for and indemnify the Tenant in respect of all reasonable and proper legal and professional fees in respect of the grant of consent (whether or not the Tenant does grant such consent) and the costs plus Irrecoverable VAT of entering into the deed of surrender and regrant or variation required pursuant to the Landlord exercising its rights under this clause 10.

11 Temporary interruption to Market Square

- 11.1 In the event that the Landlord wishes temporarily to enter upon that area of the Market Square hatched red on the plan in Appendix 1 or so much of such area (but no more) as is necessary ("Works Site") to undertake works of excavation, piling and installation of tunnels running from the land to the south of the Market Square and connecting to the Basement ("Works") it shall:
- 11.1.1 obtain the Tenant's prior written consent thereto not to be unreasonably withheld or delayed;
- 11.1.2 as a condition to granting its consent the Tenant may require the Landlord:
- 11.1.2.1 to pay to it a licence fee equal to the Gross Revenue which the Tenant will lose as a result of the interruption to the use and

enjoyment of the Premises as agreed between the Landlord and Tenant or as determined by an expert in accordance with the provisions of part 6 of schedule 3 subject to the Tenant's obligation to take reasonable steps to mitigate such loss (including without limitation relocating stallholders and licensees to alternative sites within the Premises);

11.1.2.2 pay to the Tenant all reasonable costs plus VAT incurred by the Tenant in relocating stallholders and licencees and plant and equipment to alternative sites within the Premises and if required by the Tenant, pay the Tenant in advance a sum representing a reasonable estimate of the costs provided for in this clause 11.1.

11.2 The period of interruption or occupation of the Works Site by the Landlord is to be no more than three months.

11.3 The Landlord and Tenant shall enter into a formal licence which will regulate the times and manner during which the Landlord shall undertake the Works and make adequate provision for other ancillary matters to the Tenant's reasonable satisfaction.

11.4 The Landlord shall make good all and any damage caused to the Premises as a result of undertaking the Works in this clause 11 and reinstate the Premises to the condition they were in immediately prior to the undertaking of the Works to the reasonable satisfaction of the Tenant.

12 Landlord's consent

If under any provision of this Lease the Tenant is required to obtain the Landlord's consent, licence or approval, and such consent, licence or approval is not to be unreasonably withheld or delayed by the Landlord, the Landlord agrees that it shall act expeditiously in responding to any application for such consent, licence or approval.

13 Expert determination

13.1 Without prejudice to the other provisions of this clause 13 in the event of any dispute arising the Landlord and the Tenant shall endeavour to resolve it amicably but if the parties fail to resolve the dispute amicably, the dispute shall be resolved in accordance with the provisions of this clause 13 unless either party takes proceedings in any court, public enquiry or other hearing.

- 13.2 If any dispute arises in connection with this Lease, directors or other senior representatives of the Landlord and the Tenant hereto with authority to settle a dispute will, within five Working Days of a written request from one party to the other, meet in a good faith effort to resolve the dispute.
- 13.3 In the event that the dispute is not resolved in accordance with clause 13.2, the parties hereto may refer the dispute to an expert being an independent person who is professionally qualified and has substantial recent experience in respect of the subject matter of the dispute (the "Expert") to be agreed upon between the Landlord and the Tenant or at the request and option of either of them to be nominated at the joint expense by or on behalf of the president for the time being of the Royal Institution of Chartered Surveyors and the Expert shall act as an Expert and not as an arbitrator and the Expert's decision shall be final and binding on the parties (save in the case of manifest error) hereto and his costs shall be within his award or discretion or failing such a determination borne by both parties in equal shares.
- 13.4 The Expert shall be appointed subject to an express requirement that he reaches his decision and communicates it to the parties within the minimum practicable timescale allowing for the nature and complexity of the dispute from the date of his appointment to act.
- 13.5 The Expert shall be required to give notice to each of the parties inviting them to submit to him within ten Working Days of such notice, written submissions and supporting material and shall afford to each of the parties an opportunity to make a counter-submissions within a further five Working Days in respect of any such submission and material and his decision shall be given in writing with reasons and in absence of manifest error shall be binding on the parties.
- 13.6 The Expert shall supply the parties copies of all evidence, information and advice which he obtains for the purpose of determining the dispute and the parties shall be entitled to make written representation to the Expert with regard to them within ten Working Days of the parties' respective receipt of such copies.
- 13.7 In the absence of any directions by the Expert as to his costs, they shall be borne equally between the parties and the parties shall bear their own costs.

14 **Council's duties as local authority unaffected**

For the avoidance of doubt nothing herein contained or implied shall prejudice or affect the Landlord's rights powers duties and obligations where the Landlord is a

local authority in the exercise of its functions as a local authority and the rights powers duties and obligations of the Landlord under all public and private statutes bye laws orders and regulations may be as fully and effectually exercised in relation on the Premises as if it was not the owner of the Premises and this Lease had not been executed by it and no compensation will be payable to the Tenant in connection with the grant of this Lease by virtue of any action taken by the Landlord pursuant to its separate duties as a statutory authority. The Landlord does not by the signing of this Lease warrant or represent that the Premises are fit for the permitted use or that the Premises have or will be granted planning permission for such use.

15 VAT

15.1 Any consideration paid or given for taxable supplies of goods or services under or in connection with this Lease is to be treated as exclusive of VAT. The recipient of any such supply is, in addition to the consideration for the supply, to pay the supplier an amount equal to any VAT which is chargeable in respect of the supply in question on the later of:

15.1.1 the day on which the consideration for the supply is paid or given; and

15.1.2 the production of a proper VAT invoice.

15.2 If VAT is charged where it properly ought not to have been, the party to this Lease who is the recipient of that VAT (the "recipient") is on demand to pay an amount equal to such VAT and is to issue to the party to this Lease who paid the VAT an appropriate credit note.

15.3 Where the Incorrect charging of VAT is attributable to a breach of this Lease by the recipient then the recipient is to pay interest at a rate equal to 2% over the base rate of Barclays Bank PLC from time to time on the amount payable under clause 15.2 from the date that the VAT was paid to the recipient until the date repayment is made under clause 15.2.

15.4 Where a party is entitled under this Lease to recover from the other party the cost of goods and services supplied to the other party, but in respect of which the party makes no taxable supply to the other party, to indemnify the party against so much of the input tax on the cost for which the party is not entitled to credit allowance under section 26 or a refund under section 33 of the Value Added Tax Act 1994.

Delivered as a deed on the date of this document.

Schedule 1
Rights granted and reserved

Part 1
Rights granted

- 1 The free and uninterrupted passage of water, surface water, steam, soil, trade effluent and air gas electricity telephone communications from and to any part of the Premises through the Pipes which may at any time during the Term be in under or on the Adjoining Land.
- 2 The right to install and connect (subject to reasonable capacity levels not being exceeded) to the Pipes in or on Adjoining Land.
- 3 The right to enter on to the Adjoining Land not built upon for the purposes of installing, repairing, maintaining, renewing, replacing and Pipes.
- 4 The right of support shelter and protection for the Premises from the Adjoining Land.
- 5 The right to enter on to the Adjoining Land for the purposes of repairing maintaining renewing replacing cleaning and rebuilding the Premises.
- 6 If at any time during the Term the Premises has become inaccessible by public highway and the Landlord constructs a road immediately adjacent to the eastern boundary of the Premises the Tenant shall have a right of way for the benefit of the Premises at all times with or without vehicles and on foot to and from the Premises over and along that part of such road adjacent to the eastern boundary of the Premises on the Adjoining Land for the purposes of:
 - 6.1 access only (in the event that and for so long as the road constructed is not in the Landlord's reasonable opinion appropriate for servicing and delivery); or
 - 6.2 access servicing and delivery (in the event that and for so long as the road constructed is in the Landlord's reasonable opinion appropriate for servicing and delivery);to the Premises only over a route specified by the Landlord for such purpose and the party exercising such right making good any damage caused to the Landlord's reasonable satisfaction and contributing a fair and reasonable proportion of the maintenance and upkeep of such route pending adoption as a public highway

provided that the parties agree for the avoidance of doubt that the Landlord shall not be under any obligation to construct any such road and provided further that if the Landlord shall decide to construct such road it shall not be under any obligation to construct the road to a standard sufficient for servicing and delivery by the Tenant.

- 7 The benefit of all rights reserved in favour of the Premises over the Basement Premises and Eastern and Western Land as the Landlord may from time to time enjoy subject to complying with any restrictions or conditions to the exercising of such rights reserved pursuant to the "Basement Lease" and the Eastern and Western Margin Leases.
- 8 A right on foot over and along the footpaths from time to time on the Adjoining Land and Eastern and Western Land for the purposes of gaining access to and egress from the Premises.

Part 2

Exceptions and reservations

The following rights and easements are excepted and reserved out of the Premises to the Landlord and the tenants and occupiers of the Adjoining Land and Eastern and Western Land and all other persons authorised by the Landlord or having the like rights and easements

- 1 All rights granted to the tenant of the Basement Premises over the Premises pursuant to schedule 1 part 1 of the Basement Lease.¹
- 2 The right to enter upon the Premises for all or any of the purposes mentioned in this Lease including (without limitation) the exercise of the rights of the Landlord under clause 10.
- 3 A right on foot over the Premises designated from time to time by the Tenant acting reasonably for the purpose of gaining access to and egress from the Adjoining Land over such parts of the Premises designated by the Tenant for such purpose from time to time provided that such rights shall not be exercised at any time when the Tenant is undertaking works of repair (in respect of those parts of the Premises) or when access is restricted to allow for exhibitions and other functions on the Premises.

¹ Note: If the Market Square Lease is granted before the Basement Lease then the rights set out at schedule 1, part 1 of the Basement Lease are to be set out here in full.

- 4 All rights granted to the tenant of the Eastern and Western Land pursuant to the Eastern and Western Margin Lease.

Schedule 2
Matters to which the Property is subject

The matters contained or referred to in the registers of Title Numbers [*the new landlord's title following the transfer of Blue Land and SGL455623, LN206931, SGL456566, TGL253362*] and those matters:

Date	Description	Parties
[•]	Eastern and Western Margin Lease and [Supplemental Leases]	[•]
[•]	CRT Agreement	[•]
[•]	Basement Lease	[•]
[•]	Section 106 Agreement dated [FILL IN DATES OF RELEVANT SECTION 106 AGREEMENTS]	[•]
[•]	Any relevant Statutory Agreements/Highways Agreement	[•]

[THE PARTIES WILL UPDATE THIS SCHEDULE WITH THE RELEVANT DATES AND PARTIES OF THE DOCUMENTS ABOVE WHICH ARE ENVISAGED UNDER THE AGREEMENT FOR LEASE]

Schedule 3
Additional Rent obligations and procedures

Part 1
Definitions

In this schedule 3 the following words and expressions shall bear the following meanings:

<i>Account Records</i>	means all books and other documents or records (including computer tapes discs and other storage systems cash registers tapes bank statements and any tax returns which relate to VAT or any similar or substituted tax) which are or ought reasonably to be kept by the Tenant for the purpose of ascertaining and verifying the Gross Revenue or which are reasonably relevant for such purpose;
<i>Basic Rent</i>	the rent reserved in paragraph 2 (<i>Reservation of Basic Rent</i>);
<i>Gross Revenue</i>	has the meaning given to it in paragraph 1 (<i>Meaning of "Gross Revenue"</i>);
<i>Net Deficiency</i>	the amount by which in any Year Permitted Deductions may exceed Gross Revenue;
<i>Net Revenue</i>	the amount by which in any Year the Gross Revenue exceeds the Permitted Deductions;
<i>Open Market Rate</i>	has the meaning given to it in paragraph 5 (<i>Meaning of "Open Market Rate"</i>), part 4;
<i>Permitted Deductions</i>	has the meaning given to it in paragraph 2 (<i>Permitted Deductions</i>) of part 3 of this schedule 3;
<i>Quarter</i>	any of the usual quarters commencing on 25 March, 24 June, 29 September and 25 December in each Year;
<i>Rent Payment Dates</i>	22 January, 22 April, 22 July and 27 October in

each Year and the final day of the term of this Lease;

Underlease

includes an underlease, agreement for underlease, licence or other arrangement of whatever description, granting or authorising use, possession, occupation or enjoyment of the whole or any part of the Premises including by way of granting licences to market stall operators and Permitted Underleases (but does not include any sub-underlease or remoter interest), and "Underlease" "Underlet" and "Underletting" shall be construed accordingly; and

Year

means a year of the Term calculated from the commencement date of the Term, and "Yearly" shall be construed accordingly.

Part 2

Reservation of rents and liability for Net Deficiency

1 Reservation of Basic Rent

The Basic Rent reserved to the Landlord is the Yearly rent of £100 plus VAT.

2 Reservation of the Additional Rent

The Additional Rent reserved to the Landlord is:

- (i) 25% of the Net Revenue plus VAT for the first five years of the Term; and
- (ii) thereafter 50% of the Net Revenue plus VAT for the rest of the Term.

Part 3

Gross Revenue and Permitted Deductions

1 Meaning of "Gross Revenue"

- 1.1 "Gross Revenue" means all revenues derived by the Tenant or any member of a group of companies of which the Tenant is a member or any person connected with the Tenant from Underleases and any other economic trading activity carried on at the Premises and includes:

- 1.1.1 rents, licence fees or other monies of whatever description by way of income;
 - 1.1.2 loss of rent insurance which the Tenant receives pursuant to clause 5;
 - 1.1.3 damages or other sums in respect of loss of mesne profits;
 - 1.1.4 interest on Gross Revenue received by the Tenant; and
 - 1.1.5 sums for the variation or surrender of an Underlease;
 - 1.1.6 all grants subsidies and fees of a revenue nature paid to the Tenant by national or local government or any public authority in connection with the activities carried on by the Tenant at the Premises;
- but, does not include:
- 1.1.7 revenue to which the Tenant may be entitled but which has not been received or recovered;
 - 1.1.8 contributions or reimbursements to the Tenant of service charges, insurance premiums or outgoings defrayed or to be defrayed by the Tenant in relation to the Premises and which are separately and properly reserved and distinguished from other rent reserved by an Underlease;
 - 1.1.9 VAT, on rents;
 - 1.1.10 costs recovered in the course of pursuing legal remedies with respect to the Premises;
 - 1.1.11 management charges made by the Tenant for the management of the Premises, but only to the extent that they represent fair and competitive charges for the provision of services in and to the Premises in accordance with market practice at the relevant time and the principles of good estate management;
 - 1.1.12 compensation costs and licence fees paid by the Landlord to the Tenant in accordance with the provisions of clause 11 or elsewhere in accordance with the provisions of this Lease; and
 - 1.1.13 compensation received from the Landlord under clause 9.27.
- 1.2 Any receipt which accrues over or relates to a period is to be treated, if apportionment is necessary, as accruing from day to day throughout the period to which it relates, and is apportionable in respect of time accordingly.

1.3 Gross Revenue is to be treated as if it were received by the Tenant notwithstanding any assignment, charge or other divestment of income from the Premises made by the Tenant.

1.4 References to interest on Gross Revenue are to the net amount of interest after the deduction of tax as may be required by law to be deducted or withheld from payments of interest.

2 Permitted Deductions

2.1 Permitted Deductions means the following items of expenditure incurred by or on behalf of the Tenant in respect of the Premises (acting in good faith) which are to be allowed in a Year as deductions from Gross Revenue for that Year:

2.1.1 Basic Rent;

2.1.2 performing and observing the covenants of the Tenant in this Lease and of the Landlord in Underleases;

2.1.3 repair, maintenance, management, insurance contributions (to the extent that it is an obligation to and irrecoverable from the undertenants or licensees) and the provision of services to the Premises and payments made to the Landlord in accordance with clause 3.7;

2.1.4 underletting (save for non-income producing underlettings) including inducement payments to underlessees incidental to effecting Underlettings;

2.1.5 carrying out, agreeing or otherwise determining rent reviews;

2.1.6 promotional and advertising costs in connection with the Underletting of the Premises and trading at the Premises;

2.1.7 enforcing rights and remedies against underlessees and licensees, of defending, preserving and maintaining the rights and respective interests of the Tenant and the Landlord in the Premises; and

2.1.8 interest on monies borrowed, monies required to fund the cost of items of expenditure and any finance charges and arrangement fees; and

2.1.9 such other expenditure of a revenue or capital nature that is required or intended (by an objective standard) to improve the income from the Premises and which is for the benefit of the Landlord and the Tenant jointly.

- 2.2 No item of expenditure counted under one head is to that extent to be counted under another.
- 2.3 Items of expenditure qualifying as Permitted Deductions include reasonable incidental expenses and fees incurred in relation to them, and fees include incidental disbursements.
- 2.4 Expenditure which accrues over or relates to a period is to be treated, if apportionment is necessary, as accruing from day to day throughout the period to which it relates, and is apportionable in respect of time accordingly.
- 2.5 Items of expenditure which would otherwise fall to be treated as a Permitted Deduction in a Year, shall not be so treated to the extent that they are recovered in the same Year from underlessees or any other party.
- 2.6 Items of expenditure are allowable only to the extent that in the circumstances they have been reasonably and properly incurred and are of reasonable and proper amount.
- 2.7 Items of expenditure incurred and attributable to breach of obligation of the Tenant are not to be treated as Permitted Deductions, but only to the extent that they would not have been incurred in the absence of breach.

Part 4

Payment of rent, account, interest, and information

3 Rent payments

- 3.1 The Basic Rent is payable by quarterly instalments in advance on the Rent Payment Dates, the first of such payments (or a proportionate part) being made on the signing of this Lease for the period from the Rent Commencement Date to the next Rent Payment Date.
- 3.2 The Additional Rent (if any) is payable by quarterly payments on the Rent Payment Dates in arrears.
- 3.3 Payment of Additional Rent due on a Rent Payment Date is to be made with respect only to:
- 3.3.1 Net Revenue received and payable for the Quarter just expired; and

3.3.2 any arrears of Gross Revenue from any previous Quarter since recovered by the Tenant with interest in accordance with paragraph 3.1,

and in either case actually received by the Tenant, or anyone authorised to do so on its behalf, more than seven days before the Rent Payment Date.

3.4 Items of expenditure which in the reasonable opinion of the Tenant qualify for allowance as Permitted Deductions in a Year are, for the purpose of calculation and payment of Additional Rent, to be treated on a rolling basis from Quarter to Quarter as follows:

3.4.1 such items of expenditure as have accumulated and are outstanding for allowance seven days before the Rent Payment Date are to be deducted from Gross Revenue due for account under paragraph 1.3, but only to the extent that it would not produce a deficit in respect of the Quarter just ended; and

3.4.2 any balance that would, if it had been deducted, have caused a deficit is to be carried forward for allowance to the next Rent Payment Date, and so on, until any deficit is eliminated including being carried over into the next Year in accordance with paragraph 2; but

3.4.3 items of expenditure, to the extent that they have been allowed against Gross Revenue on previous Rent Payment Dates but which have subsequently been received or recovered by the Tenant, shall be credited accordingly,

and the time for each such calculation to be made shall be seven days before each Rent Payment Date until final account for the Year is made in accordance with paragraph 2; and

3.4.4 the Tenant will, on making a payment of Additional Rent, deliver to the Landlord with respect to the Quarter just expired a summary (the "Turnover Summary") of:

3.4.4.1 the Gross Revenue received;

3.4.4.2 Gross Revenue outstanding;

3.4.4.3 arrears of Gross Revenue from any previous Quarter since recovered and arrears still unrecovered;

3.4.4.4 items of expenditure which in the reasonable opinion of the Tenant qualify as Permitted Deductions; and

3.4.4.5 interest due under paragraph 3,

and the Tenant covenants with the Landlord that such certificate will state as accurately as reasonably possible the items listed in this paragraph 1.4.4.

3.5 The first payment of any Additional Rent, or a proportionate part, is to be made on the next Rent Payment Date after the date of this Lease.

3.6 The Basic Rent and Additional Rent are exclusive of any VAT that may be chargeable in respect of them.

4 Yearly account for additional rent or net deficiency

4.1 The Tenant will deliver to the Landlord a statement (the "Turnover Statement") on the Rent Payment Date following the next but one after the end of a Year:

4.1.1 the Turnover Statement is to set out with respect to the Year just ended Gross Revenue received, arrears of Gross Revenue, interest accrued on arrears of Gross Revenue, Permitted Deductions, the Net Revenue, Net Deficiency and any other relevant information with respect to the calculation of Additional Rent for that Year; and

4.1.2 the Turnover Statement is to be certified by an accountant qualified to act as an auditor of a registered company under the Companies Act 1985 and the Tenant covenants with the Landlord that the Turnover Statement will set out the matters contained therein accurately.

4.2 Such sum by way of adjustment to the aggregate amount paid by the Quarterly instalments for the Year as is shown to be necessary by the Turnover Statement is to be paid by the Tenant with such interest as may also be payable in either case, on the Rent Payment Date referred to in paragraph 2.1 or if there is a Net Deficiency, the same will be carried over and offset against the Gross Revenue for the next Year, and so on until the deficit is eliminated.

4.3 In case of disagreement between the Landlord and the Tenant as to the items of expenditure which qualify for allowance as Permitted Deductions, the amount of the Additional Rent, or the basis upon which it has been calculated, or as to interest payable, the issue is to be submitted for expert determination in accordance with clause 13 by which determination they shall be bound.

- 4.4 The provisions of this schedule 3 shall continue to apply notwithstanding that the Term has come to an end but only in respect of the period down to the end of the Term.

5 Interest

The Tenant will pay to the Landlord interest at 3% per annum above the base rate of Barclays Bank PLC for the time being and from time to time on the Basic Rent, the amount of the Additional Rent, adjustments, interest added to it in accordance with paragraph 3.1 and other monies, which are payable but not paid by the Tenant within 21 days after a Rent Payment Date, for the period beginning on the relevant Rent Payment Date, and ending on the date of payment of such amount by the Tenant to the Landlord.

6 Tenant's duty to notify

The Tenant will on a Quarterly basis and at the same time as submitting the Turnover Summary notify and give the Landlord all material information in relation to:

- 6.1 the grant of Underleases, the rents and licence fees reserved by and the date upon which the Tenant first becomes entitled to recover such rents and licence fees, and the net internal area (measured in accordance with the latest edition of the Code of Measuring Practice published by the Royal Institution of Chartered Surveyors) of the premises Underlet during the Quarter just expired;
- 6.2 the revision of rent or licence fees under an Underlease during the Quarter just expired;
- 6.3 the management charges and service charges from time to time made to underlessees;
- 6.4 the surrender or variation for any reason of an Underlease during the Quarter just expired;
- 6.5 the default of an underlessee with respect to the payment of rent/licence fees, insurance contributions, or service charge during the Quarter just expired.

7 Meaning of "Open Market Rate"

"Open Market Rate" means the daily, monthly, quarterly or annual rental or licence value having regard to the best rental or licence values reasonably

obtainable as between a willing landlord/licensor and tenant/licensee (as the case may be) for market stalls, sites or stands or function venues or venues for the display of public art, public exhibitions or the playing of music or performances of comparable accommodation and size and location at the relevant date and on terms as are from time to time standard market practice for the letting or licensing of such space including:

- (a) lettings for a term from one day or more;
- (b) exclusive or inclusive of outgoings, insurance premiums and service charges as the Tenant may from time to time determine in accordance with good management practise.

7.1.2 The Open Market Rate is to be ascertained on the assumptions (if not the fact) that at the relevant time:

- 7.1.2.1 the stalls or function or exhibition venues or stands are available to be let with vacant possession;
- 7.1.2.2 the underlessee has received and has already enjoyed the full benefit of any concessionary rent, rent free period, or other inducement that a willing landlord might grant or give to a willing tenant in respect of the period for fitting out on such letting with vacant possession;
- 7.1.2.3 In case the Premises have been destroyed or damaged (or have become inaccessible by reason of damage to the Premises) they have been fully reinstated or rendered accessible;
- 7.1.2.4 the Market Square is fit for purpose and in a state of full repair, and the covenants of the Tenant and underlessee with respect to them have been fully observed and performed;
- 7.1.2.5 there is not in operation any statute, order or instrument, regulation or direction which has the effect of regulating or restricting the amount of rent of the premises which might otherwise be payable; and
- 7.1.2.6 the premises may be used for any of the purposes permitted by the Underlease.

7.2 In ascertaining the Open Market Rate, the effect upon it of the following matters are to be disregarded:

- 7.2.1 the occupation of the premises by the Tenant or the underlessee;
 - 7.2.2 any goodwill attaching to the premises by reason of the carrying on at the premises of the business of the Tenant or the underlessee, or the predecessors in title of the Tenant or the underlessee; and
 - 7.2.3 any improvements to the premises made by the underlessee, or the predecessors in title of the underlessee, otherwise than in pursuance of an obligation to the Tenant or to the cost of which the Tenant has or is under an obligation to make a contribution.
- 7.3 In this paragraph, references to "the premises" are to the whole of the Premises or the relevant unit of accommodation, as the circumstances may require.

Part 5

Tenant's covenants

1 Underleases

The Tenant covenants with the Landlord with respect to the grant of Underleases not to Underlet otherwise than at a rent equal to the Open Market Rate at the time of the grant of the Underlease.

2 Management of the Premises

The Tenant covenants with the Landlord:

- 2.1 to use all reasonable and proper endeavours to keep the whole of the Premises continuously Underlet; and
- 2.2 to manage the Premises in a good and efficient manner, and in accordance with the principles of good estate management.

3 Enforcement of Underleases

The Tenant covenants with the Landlord:

- 3.1 diligently to enforce the covenants of an underlessee, and the conditions in an Underlease and (if so required by the Landlord) to exercise by way of enforcement the powers of re-entry in the Underlease;
- 3.2 not without the consent of the Landlord to accept any sum or payment in kind by way of commutation of the rent payable by an underlessee; and

- 3.3 duly and punctually to exercise all rights to revise the rent reserved by an Underlease, and to notify the Landlord thereof in accordance with the provisions of paragraph 4 of schedule 3 part 4.

Part 6

Account Records Inspection Audit etc

- 1 The Tenant shall maintain the Account Records fully and accurately throughout the Term.
- 2 The Tenant shall keep safely on the Premises or in such other place reasonably accessible for inspection as the Landlord shall approve (which approval shall not be unreasonably withheld or delayed) the Account Records from time to time relating to the then current and two immediately preceding Years and the Tenant shall make the Account Records relating to such Years available for inspection at all reasonable times and upon reasonable notice by an employee or accountant (duly authorised in writing by the Landlord to make such inspection) of the Landlord.
- 3 The Landlord may at its discretion cause an audit of the Account Records relating to the then current Year or any preceding Year to be made by a professionally qualified accountant appointed by the Landlord and if it is established by such audit that the Gross Revenue for any Turnover Period has been understated by more than 5% then the cost of the audit shall be borne by the Tenant.
- 4 The Landlord shall not disclose the Gross Revenue nor any other information obtained from inspection or audit of the Account Records except to such extent as may be necessary:
 - 4.1 in order to comply with any lawful requirement of any interested authority; or
 - 4.2 for the proper conduct of the Landlord's business.
- 5 If it shall appear from any such inspection or audit or from any other circumstance that any further Additional Rent is payable then such Additional Rent shall be paid by the Tenant within 14 days after a written demand.

Schedule 4
Guarantee provisions

Part 1
Form of guarantee on assignment

1 Guarantee

- 1.1 The Guarantor covenants with the Landlord as primary obligor that the Tenant will pay the rents reserved by, and perform and observe the Tenant's covenants in, this Lease, and the Guarantor will pay and make good to the Landlord on demand any losses, damages, costs, and expenses suffered or incurred by the Landlord if the Tenant fails to do so.
- 1.2 The covenant in paragraph 1.1 remains in force for so long as, and to the extent that, the Tenant is not released by operation of law (otherwise than by disclaimer) from liability for the tenant covenants in this Lease.
- 1.3 The Guarantor also covenants with the Landlord as primary obligor that the Tenant will observe and perform its obligations under any authorised guarantee agreement to be entered into by the Tenant under the terms of this Lease, and will pay and make good to the Landlord on demand any losses, damages, costs and expenses suffered or incurred by the Landlord if the Tenant fails to do so.
- 1.4 For the purposes of this guarantee, references to the "Tenant" are to the assignee of this Lease in relation to whom the guarantee to the Landlord is given, and none other.

2 No waiver or release of liability

The liability of the Guarantor under these provisions will not be affected by:

- 2.1 forbearance, the granting of time or other indulgence of the Landlord;
- 2.2 a variation of this Lease, whether or not made with the consent of the Guarantor, (but subject to section 18 of the Landlord and Tenant (Covenants) Act 1995);
- 2.3 any act which is beyond the powers of the Tenant;
- 2.4 the surrender of part of the Premises, in which event the liability of the Guarantor under this guarantee will continue in respect of that part of the Premises not

surrendered (after making any necessary apportionments under section 140 of the Law of Property Act 1925); and/or

- 2.5 the existence of or dealing with, varying, exchanging or failing to perfect or enforce any rights against the Tenant or of any other rights or security which the Landlord may have or acquire against the Tenant or any other person who is liable in respect of its obligations under the Lease.

3 Guarantor to accept new lease upon re-entry and disclaimer

- 3.1 If this Lease is terminated by re-entry by the Landlord or by disclaimer, the Guarantor will (on notice given by the Landlord within three months after the date of termination) take from the Landlord a lease of the Premises.

- 3.2 The lease to be granted to the Guarantor under paragraph 3.1 is to be on the following terms:

- 3.2.1 the term is to commence on the date of termination of this Lease and to be equal to the residue of the Term which would have remained unexpired at that date if this Lease had not then been terminated;

- 3.2.2 the yearly rent is to be the same as would have been payable under this Lease if it had not been terminated and, if a rent review operative from a review date before the grant of the lease had not been completed, the Guarantor will complete the rent review with the Landlord as if it had been the Tenant under this Lease in order to establish the commencing yearly rent under the lease;

- 3.2.3 the lease is otherwise to be on the same terms and conditions as would have applied under this Lease if it had not been terminated; and

- 3.2.4 the Guarantor is to succeed to the rights, and assume the liability, of the Tenant under this Lease as if this Lease had not been terminated.

4 Subordination of rights of the Guarantor

- 4.1 The provisions of paragraph 4.1 are to apply unless the Landlord has no subsisting claim against the Tenant for non-payment of rent or for breach of obligation under this Lease.

- 4.2 The Guarantor may not:

- 4.2.1 seek to recover from the Tenant, or any third party whether directly or by way of set-off, lien, counterclaim or otherwise or accept any money or other property or security, or exercise any rights in respect of any sum which may be or become due to the Guarantor on account of the failure by the Tenant to observe and perform the tenant covenants in this Lease;
- 4.2.2 (in competition with the Landlord) claim, prove or accept any payment in a winding-up, liquidation, bankruptcy, composition with creditors or other form of arrangement on the insolvency of the Tenant, for money owing to the Guarantor by the Tenant; nor
- 4.2.3 exercise any right or remedy in respect of any amount paid by the Guarantor under this Lease or any liability incurred by the Guarantor in observing, performing or discharging the obligations and covenants of the Tenant.
- 4.3 The Guarantor warrants that it has not taken, and undertakes with the Landlord that it will not without the consent of the Landlord take, any security from the Tenant in respect of this guarantee and, if security is nevertheless taken, it is to be held on trust for the Landlord as security for the respective liabilities of the Guarantor and the Tenant.

Part 2

Form of authorised guarantee agreement

1 Guarantee

- 1.1 The Guarantor covenants with the Landlord as primary obligor that the Tenant will pay the rents reserved by, and perform and observe the Tenant's covenants in, this Lease, and the Guarantor will pay and make good to the Landlord on demand any losses, damages, costs, and expenses suffered or incurred by the Landlord if the Tenant fails to do so.
- 1.2 The covenant in paragraph 1.1 remains in force for so long as, and to the extent that, the Tenant is not released by operation of law (otherwise than by disclaimer) from liability for the tenant covenants in this Lease.
- 1.3 For the purposes of this guarantee, references to the "Tenant" are to the assignee of this Lease in relation to whom the guarantee to the Landlord is given, and none other.

2 No waiver or release of liability

The liability of the Guarantor will not be affected by:

- 2.1 forbearance, the granting of time or other indulgence of the Landlord;
- 2.2 a variation of this Lease, whether or not made with the consent of the Guarantor, (but subject to section 18 of the Landlord and Tenant (Covenants) Act 1995);
- 2.3 any act which is beyond the powers of the Tenant;
- 2.4 the surrender of part of the Premises, in which event the liability of the Guarantor under this guarantee will continue in respect of that part of the Premises not surrendered (after making any necessary apportionments under section 140 of the Law of Property Act 1925); and/or
- 2.5 the existence of or dealing with, varying, exchanging or failing to perfect or enforce any rights against the Tenant or of any other rights or security which the Landlord may have or acquire against the Tenant or any other person who is liable in respect of its obligations under the Lease.

3 Guarantor to accept new lease upon disclaimer

- 3.1 If this Lease is terminated by disclaimer, the Guarantor will (on notice given by the Landlord within three months after the date of termination) take from the Landlord a lease of the Premises.
- 3.2 The lease to be granted to the Guarantor under paragraph 3.1 is to be on the following terms:
 - 3.2.1 the term is to commence on the date of termination of this Lease and to be equal to the residue of the Term which would have remained unexpired at that date if this Lease had not then been terminated;
 - 3.2.2 the yearly rent is to be the same as would have been payable under this Lease if it had not been terminated and, if a rent review operative from a review date before the grant of the lease had not been completed, the Guarantor will complete the rent review with the Landlord as if it had been the Tenant under this Lease in order to establish the commencing yearly rent under the lease;
 - 3.2.3 the lease is otherwise to be on the same terms and conditions as would have applied under this Lease if it had not been terminated; and

- 3.2.4 the Guarantor is to succeed to the rights, and assume the liability, of the Tenant under this Lease as if this Lease had not been terminated.

4 Subordination of rights of the Guarantor

- 4.1 The provisions of paragraph 4.2 are to apply unless the Landlord has no subsisting claim against the Tenant for non-payment of rent or for breach of obligation under this Lease.

- 4.2 The Guarantor may not:

- 4.2.1 seek to recover from the Tenant, or any third party whether directly or by way of set-off, lien, counterclaim or otherwise or accept any money or other property or security, or exercise any rights in respect of any sum which may be or become due to the Guarantor on account of the failure by the Tenant to observe and perform the tenant covenants in this Lease;

- 4.2.2 (in competition with the Landlord) claim, prove or accept any payment in a winding-up, liquidation, bankruptcy, composition with creditors or other form of arrangement on the insolvency of the Tenant, for money owing to the Guarantor by the Tenant; nor

- 4.2.3 exercise any right or remedy in respect of any amount paid by the Guarantor under this Lease or any liability incurred by the Guarantor in observing, performing or discharging the obligations and covenants of the Tenant.

- 4.3 The Guarantor warrants that it has not taken, and undertakes with the Landlord that it will not without the consent of the Landlord take, any security from the Tenant in respect of this guarantee and, if security is nevertheless taken, it is to be held on trust for the Landlord as security for the respective liabilities of the Guarantor and the Tenant.

Schedule 5
Pre-emption Right

Part 1
Operative Provisions

1 Definitions and Interpretations

1.1 In this schedule 5 the following words and expressions shall bear the following meaning:

Additional Consideration means the value to be attributed to the Personal Conditions by the Landlord in accordance with the provisions of paragraph 3.4 of schedule 5 part 1.

Disposal has the meaning given to it in this schedule 5 paragraph 4 and Dispose has a corresponding meaning;

Disposal Period the period referred to in this schedule 5 part 1 paragraph 7.2 during which the Landlord may make a Disposal on Requisite Terms;

Master Developer means a developer who has been selected by the Landlord to redevelop and perform the functions of master developer in relation to the redevelopment of that land within the London Borough of Southwark shown as "Site 39P" by a broken red line on the plan in Appendix 6 (known as the "**Elephant and Castle Regeneration Area**") or a Group Company of such developer;

Master Disposal means a Disposal to the Master Developer of the freehold reversion to this Lease or the grant of a long leasehold in reversion to this Lease of a term not less than 250 years from the date of Disposal where the right to receive the rents under this Lease vests solely in the Master Developer.

Master Interest means the land interest created by the Master

	Disposal.
<i>Offer</i>	an offer made by the Landlord to the Tenant under this schedule 5 part 1 paragraph 5.2;
<i>Offer Notice</i>	the notice provided for in schedule 5 part 1 paragraph 5.2;
<i>Offer Price</i>	the price (which shall be exclusive of VAT, if any) for the Property contained in the Offer;
<i>Personal Conditions</i>	means any condition or consideration offered by a party acquiring the freehold interest in the Property after negotiations but before a Disposal which by their nature are incapable of performance by the Tenant by virtue of the fact that they are either personal to such third party its other property holdings or are in any other way unascertainable
<i>Pre-emption Right</i>	the right granted by the Landlord to the Tenant in this schedule 5 part 1 paragraph 2;
<i>Prescribed Time Limit</i>	the time for acceptance of an Offer set out in this schedule 5 part 1 paragraph 5.2;
<i>Property</i>	the property described in this schedule 5 part 2;
<i>Qualifying Event</i>	has the meaning given to it by this schedule 5 part 1 paragraph 3.1;
<i>Requisite Terms</i>	has the meaning, in relation to a Disposal or Master Disposal, given to it in this schedule part 1 paragraph 7.3;
<i>Sale Conditions</i>	the terms of the sale and purchase of the Property set out in this schedule 5 part 3 to the extent that these are not inconsistent with any provisions set out in the Offer Notice (where the Offer Notice is given after the conclusion of negotiations for a Disposal but excluding the Personal Conditions).

- 1.2 Words and expressions in clause 1 of this Lease shall bear the same meaning in this schedule 5 unless the context dictates otherwise.

2 Grant of Pre-emption Right

- 2.1 In consideration of the covenants on behalf of the Tenant in this Lease the Landlord grants the Pre-emption Right to the Tenant for a period of 80 years from the date of this Lease.

- 2.2 The Pre-emption Right confers the right on the Tenant to purchase the freehold interest (or as the case may be Master Interest) in the whole of the Property, and is exercisable by the Tenant following the occurrence of a Qualifying Event during the Term.

3 Qualifying Event

- 3.1 A Qualifying Event occurs at the time that the Landlord makes a decision to Dispose whether it be:

- 3.1.1 by one or more transactions, and, if by more than one, by simultaneous, or a series of, transactions; or

- 3.1.2 before or after negotiations with a party for a Disposal have been concluded.

- 3.2 Where the Landlord makes a decision to Dispose by a series of transactions, the Qualifying Event occurs at the time the decision is made in relation to the first transaction.

- 3.3 The Landlord may not make a Disposal of the Property without first carrying out the procedure in this schedule 5 part 1 paragraph 5, unless it is made on Requisite Terms within the Disposal Period under this schedule part 1 paragraph 7.2.

- 3.4 Where after negotiations with a third party have been concluded and the terms agreed include Personal Conditions, the Landlord shall prior to delivery to the Tenant of the Offer Notice determine the Additional Consideration which will be attributable to the Personal Conditions which will be equal to the difference between:

- 3.4.1 the best price at which the Property may reasonably and properly be expected to be sold by private treaty on the Sale Conditions and Personal Conditions; and

- 3.4.2 the best price at which the Property may reasonably and properly be expected to be sold by private treaty on the Sale Conditions;

Both at the date of the Disposal and both assuming:

- 3.4.3 a willing seller;
- 3.4.4 a reasonable and proper period within which to negotiate the sale taking into account the nature of the Property and the state of the market;
- 3.4.5 values remain static throughout that period;
- 3.4.6 the Property will be freely exposed to the market; and
- 3.4.7 no account will be taken of any additional bid by a purchaser with a special interest.

4 Disposal

- 4.1 Subject to paragraph 4.4 in relation to the Pre-emption Right, a Disposal is:

- 4.1.1 a sale or exchange of the freehold interest; or
- 4.1.2 the grant of a lease, or an agreement for lease, at a premium reserving less than the open market rent of the Property with the intention of realising capital value from the Property,
- 4.1.3 where the Landlord is a company, the sale of shares in the company,
- to a party other than the Tenant in respect of the whole, or a substantial part, of the Property, whether or not the Disposal is for money or money's worth, and a Disposal includes any arrangement to the same or similar effect as one specified in this paragraph 4.1.

- 4.2 A Disposal is to be treated as taking place when a binding contract for the Disposal is entered into, unless the contract is not completed, or alternatively is not performed as if completed.

- 4.3 In the case of an agreement for lease, it is to be treated as completed at the time that the tenant takes possession of, or the Landlord first becomes entitled to the receipt of the rents and profits from, the whole or part of the Property.

- 4.4 A transfer of the Property or the sale of shares in the company holding the Property between members of a group of which the Landlord is a member where the

Landlord is a corporate entity or the transfer of the Property to a statutory successor in title to the Landlord from time to time or to a public body exercising similar functions to the Landlord or the Master Disposal to the Master Developer is not to be treated as a Disposal if the following conditions are observed:

4.4.1 the Landlord and the transferee give notice to the Tenant of the transfer before it is effected; and

4.4.2 the transferee undertakes to the Tenant to be bound by this Lease as if it were the Landlord with effect from the time of transfer;

and two companies are to be treated as being members of a group of companies if one is the subsidiary of the other or both are subsidiaries of a third company, and "subsidiary" has the meaning given to it in section 736 of the Companies Act 1985 (as amended).

5 Pre-emption procedure

5.1 On the occurrence of a Qualifying Event, the procedure set out in this paragraph 5 is to take place.

5.2 The Landlord is to give notice to the Tenant of the occurrence of the Qualifying Event as soon as reasonably practicable after the making of the decision, and the notice is to contain:

5.2.1 the Offer Price; and

5.2.2 where the Offer to sell the Property takes place after the conclusion of negotiations for a Disposal:

5.2.2.1 the other material terms of the Offer and the extent to which they vary the terms of sale and purchase set out in schedule 5 part 3; and

5.2.2.2 details of any deposit payable; and

5.2.2.3 details of any Personal Conditions and the Additional Consideration determined in lieu thereof by the Landlord (if any);

5.2.3 the Offer to sell the Property to the Tenant at the Offer Price and if applicable the Additional Consideration, and otherwise subject to the Sale Conditions, capable of acceptance by the Tenant within the Prescribed Time Limit of 30 Working Days

after the giving of the notice, and for completion 20 Working Days after acceptance; and

- 5.2.4 where the notice is given after the conclusion of negotiations for a Disposal, the information which is required to be given under paragraph 8,

and is to be in the form prescribed in schedule 5 part 4 and duly signed by, or by the duly authorised agent of, the Landlord ("Offer Notice").

- 5.3 The Landlord is not entitled to vary or add to the terms of the Offer, and the Offer is to be irrevocable during the period for acceptance by the Tenant.

- 5.4 The Landlord will use reasonable and proper endeavours to reply to preliminary enquiries raised by the Tenant.

6 Exercise of the Pre-emption Right

- 6.1 The Tenant may, in exercise of the Pre-emption Right, accept the Offer by signing and returning the duplicate or another copy of the Offer to the Landlord and paying the Landlord's Solicitors as stakeholder a deposit (if any) equivalent to that set out in the Offer within the Prescribed Time Limit.

- 6.2 Following the exercise of the Pre-emption Right, the Landlord will sell and the Tenant will buy the freehold interest in the whole of the Property (or if applicable the Master Interest) at the Offer Price (together with Additional Consideration (if applicable)) on the terms of the Sale Conditions.

7 Effect of the rejection of the Offer or Master Disposal

- 7.1 If the Tenant rejects the Offer, or fails to accept the Offer within the Prescribed Time Limit, the following provisions of this paragraph are to operate.

- 7.2 The Landlord may make a Disposal on Requisite Terms at any time within the Disposal Period of 12 months after the rejection or lapse of the Offer and:

- 7.2.1 on the making of such a Disposal the Pre-Emption Right shall be extinguished but:

7.2.1.1 until such Disposal, the pre-emption right is to remain in operation against a disposal which would not be on Requisite Terms; and

7.2.1.2 if the Seller does not make a Disposal on Requisite Terms within the Disposal Period, the pre-emption right will resume full operation.

7.2.2 On completing the Master Disposal the Pre-Emption Right shall not be extinguished but shall continue to bind the freehold reversion to the Master Interest and as a precondition to granting its consent to the Master Disposal under paragraph 10.3 of this part 1 of schedule 5 the Landlord is to procure that the Master Developer enters into a deed of covenant with the Tenant covenanting in the form of this schedule 5 (other than the provisions relating to the Master Disposal, Master Developer and Master Interest) provided that reference therein to "Landlord" shall be to "Master Developer", to "Property" shall be to "Master Interest" and to "freehold interest" shall be to "leasehold interest" where a Master Interest created by the Master Disposal is a leasehold interest.

7.3 A Disposal will be on Requisite Terms only if:

7.3.1 the VAT exclusive price or value of the consideration for the Disposal, adjusted appropriately where the Disposal is of less than the whole of the Property, is no less than the Offer Price (exclusive of VAT); and

7.3.2 the other terms of the Disposal do not reduce the value of the price or consideration in a manner which could be regarded as an exercise principally to defeat the operation of the Pre-emption Right,

and a Disposal is to be treated as incorporating the terms of any collateral document or transaction on which the Disposal depends or which otherwise materially affects it.

7.4 A Disposal to a connected party may be treated as a Disposal on Requisite Terms only if it could not reasonably be regarded as an exercise principally to defeat the operation of the Pre-emption Right, and, in relation to a Disposal, a party is to be treated as connected if that party would be so connected for the purpose under section 839 of the Income and Corporation Taxes Act 1988.

7.5 A Master Disposal to the Master Developer shall be on Requisite Terms only if it complies with the requirements of the definition of "Master Disposal" and is to a "Master Developer".

8 Notification of the terms of a Disposal

8.1 The Landlord is to notify the Tenant of the details of a Disposal or Master Disposal that it intends to make before entering into a commitment to make it, and to allow reasonable and proper time before doing so for the Tenant to verify that the Disposal or Master Disposal qualifies as being on Requisite Terms, but:

8.1.1 for this purpose, a contract for a Disposal or Master Disposal, subject to a condition of agreement with the Tenant or the determination of an independent expert that it would be on Requisite Terms, is not to be treated as a commitment to make the Disposal or Master Disposal until the condition is discharged; and

8.1.2 if the condition is discharged, this schedule 5 paragraph 4.2 is then to apply.

8.2 If the Landlord has concluded negotiations for the Disposal or Master Disposal before notice has been given under this schedule 5 paragraph 5.2, the details required to be notified in relation to the Disposal or Master Disposal shall be incorporated in that notice.

8.3 The Landlord is required to notify the Tenant of all relevant information to enable the Tenant to ascertain whether the Disposal or Master Disposal would be on Requisite Terms, and in the case of a Disposal or Master Disposal :

8.3.1 of a substantial part of the Property, the details required to be given are of the value of the whole of the Property by reference to the Disposal of part, with any relevant supporting evidence and measurements of all relevant areas, and, where values of parts of the Property may vary otherwise than in relation to measurement, a supporting valuation;

8.3.2 by more than one transaction, details of the value of the whole of the Property by reference to the aggregate of the transactions; or

8.3.3 for a consideration which is not wholly for money or money's worth, or which is the grant of a lease or an agreement for lease, a valuation of the consideration and of the Property by reference to the Disposal,

and to give such other Information as may reasonably and properly be required for the purpose.

9 The Tenant's right to object to a Disposal

9.1 This paragraph applies to the right of the Tenant to object to a Disposal or Master Disposal as not being on Requisite Terms.

9.2 In order to make objection to the Disposal or Master Disposal, the Tenant is required to give notice to the Landlord setting out the grounds of objection within 20 Working Days after receipt of the notification and relevant information under this schedule 5 paragraph 8 but if the Tenant does not so object, then, in relation to the Disposal or Master Disposal , his right of objection to the Disposal or Master

Disposal and to submit the issue to the determination of an independent expert under this schedule 5 paragraph 13 will lapse.

- 9.3 Following the giving of notice of objection by the Tenant, either party may submit the objection for independent expert determination under the provisions of paragraph 13 of this schedule 5.
- 9.4 The Landlord may not make the Disposal or Master Disposal while the objection remains undetermined unless the Tenant waives the objection.
- 9.5 The Tenant may add to or change the grounds of objection as further relevant information or explanation is given to him.
- 9.6 The Tenant is to be treated as having reasonable and proper cause to object for so long as he is kept without sufficient information reasonably and properly to enable him to assess whether the Disposal or Master Disposal would be on Requisite Terms.
- 9.7 The Tenant may not object to an Offer Price.
- 9.8 Nothing in this paragraph 9 deprives a party of any right or remedy against the other to which he may be entitled for a breach of this Lease, but the determination of issues by the independent expert under this schedule 5 paragraph 13 (acting in accordance with this Lease) may not be challenged.

10 Protection of the Pre-emption Right

- 10.1 The Landlord will permit the Tenant to register a notice on the charges register and a restriction on the proprietorship register of the Landlord's title to the Property relating to the Pre-emption Right in the following form:

"no disposition of the registered estate by the proprietor of the registered estate is to be registered without a certificate signed on behalf of [the Tenant] of [•] by the proprietor or its conveyancers that the provisions of schedule 5 part 1 paragraph 10.3 of [the Lease dated [•] and made between [the Landlord] (1) and [the Tenant] (2) have been complied with."

- 10.2 If the Pre-emption Right lapses or is extinguished, the Tenant will immediately apply for cancellation of both the restriction referred to in paragraph 8.1 and the notice of the Pre-emption right on the charges register.

- 10.3 The Tenant will give consent to the registration of a Master Disposal while the restriction remains on the proprietorship register of the Property if the Master Disposal is on Requisite Terms and the Master Developer has complied with the provisions of schedule 5 paragraph 7.2.2.

11 Right of assignment

The Pre-emption Right is for the benefit of [NAME OF FIRST TENANT] and a Group Company to whom the Tenant assigns this Lease in accordance with the provisions of clause 3.17.3 and no other person shall exercise this Pre-emption Right.

12 Creation of encumbrances

- 12.1 The Landlord may not create any encumbrance over the Premises at any time during the period in paragraph 2.1 without the consent of the Tenant (such consent not to be unreasonably withheld).

- 12.2 Any "encumbrance" includes, without limitation, any easement, restrictive covenant, lease or other right of occupation, use or enjoyment of the whole or part of the Premises.

13 Disputes over Disposals on Requisite Terms

In case of dispute over or incidental to whether a Disposal or Master Disposal would be on Requisite Terms, the issue in dispute is to be dealt with by submission to an independent expert to be determined in accordance with the provisions of clause 13.

Part 2

Description of the Property

All the freehold land being part of the land registered under title numbers [NEW TITLE FOR BLUE LAND TRANSFERRED UNDER AGREEMENT FOR LEASE], LN206931, SGL455623, SGL456566 and TGL253362 as shown shaded yellow on the plan in Appendix 1. **[NOTE: TO BE UPDATED BEFORE COMPLETION]**

Part 3
Sale conditions

1 Definitions and interpretation

- 1.1 For the purposes of this schedule 5 part 3 the following words and expressions shall bear the following meanings:

<i>Actual Completion</i>	completion of the sale and purchase of the Property, whether or not it takes place on the Completion Date (referred to in the Standard Conditions as "the date of actual completion");
<i>CAA</i>	the Capital Allowances Act 2001;
<i>Completion Date</i>	20 Working Days after the Tenant's acceptance pursuant to the provisions of paragraph 5.2.2 of schedule 5 part 1 or such other time as is prescribed by Standard Condition 10.3.5;
<i>Completion Time</i>	1.00 pm;
<i>Contract Rate</i>	an interest rate equal to 4% over the base rate of Barclays Bank PLC from time to time; Standard Condition 1.1.1(e) is varied accordingly;
<i>Fixtures</i>	items which are fixtures in the Property for the purposes of chapter 14, part 2 CAA;
<i>HMRC</i>	HM Revenue & Customs; and
<i>Lease</i>	this Lease.

2 Agreement for sale and purchase

- 2.1 Following the exercise of the Pre-emption Right pursuant to paragraph 6.1 and 6.2 of this schedule 5 part 1, the Landlord is to sell, and the Tenant is to buy, the Property and the provisions of schedule 5 part 3 are to apply.
- 2.2 The interest to be sold is freehold.

2.3 The sale includes the Fixtures.

2.4 The risk of damage to or destruction of the Property now passes to the Tenant.

3 Capital allowances

3.1 The following provisions of this paragraph 3 apply in respect of the capital expenditure on the provision of the Fixtures; the Standard Commercial Property Conditions (Second Edition) part 2, B do not apply.

3.2 The Landlord warrants that it has not claimed and undertakes that it will not claim allowances for capital expenditure on the provision of the Fixtures.

3.3 The Landlord is to provide to the Tenant such information within its possession as may reasonably be requested by the Tenant to enable the Tenant to determine the amount on which the Tenant may claim industrial buildings allowances under part 3 CAA.

4 Completion arrangements

4.1 Completion is to take place on the Completion Date and before the Completion Time at the offices of the Landlord's solicitors, or elsewhere as they may reasonably direct. Standard Condition 8.1.1 is varied accordingly.

4.2 The Tenant is to pay the money due on completion by direct credit to a bank account nominated by the Landlord's solicitors. The money is to be treated as paid to the Landlord at the time that it is received in that bank account.

4.3 If the money due on completion is received after the Completion Time, completion is to be treated for the purposes only of Standard Conditions 8.3 and 9.3 as taking place on the next Working Day as a result of the Tenant's default. Standard Condition 8.1.2 is varied accordingly.

5 Title

5.1 The evidence of registered title required is:

5.2 official copies of the items referred to in rules 134(1)(a) and (b) of the Land Registration Rules 2003 and unedited copies or abstracts of the items referred to in rule 135(1)(a) of those rules (except charges and encumbrances registered or protected on the register which are to be discharged or overridden at or prior to completion); and

5.3 such copies, abstracts and evidence (if any) in respect of any subsisting rights and interests appurtenant to the Property as to which the register is not conclusive and of any matters excepted from the effect of registration as the Tenant would have been entitled to if the land had not been registered; Accordingly, Standard Condition 6.1.2 is varied.

5.4 The Landlord sells with full title guarantee; Standard Condition 6.6.2 does not apply.

6 Vacant possession

6.1 Subject to paragraph 8.1 the sale is with vacant possession of those parts of the Property not held subject to the Lease at the time of Actual Completion.

6.2 Apportionment is to be made with effect from the Completion Date; the Completion Date is to be the "apportionment date" for the purposes of applying the relevant provisions of Standard Condition 8.3 and paragraph 22; Standard Conditions 8.3.2 and 9.3.4 do not apply.

7 Specific matters subject to which the Property is sold

7.1 The Property is affected by and sold subject to:

7.1.1 the Lease[s]; and

7.1.2 the matters referred to in schedule 2 and the matters noted upon the property register and entered in the charges register relating to the title to the Property.

7.2 The Tenant or its solicitors have been supplied with official copy entries relating to the title to the Property a copy of the Lease[s] and other documents listed in schedule 2 and paragraph 8 below. The Tenant is to be treated as entering into this Lease knowing and fully accepting those terms and may not raise any objection to or requisition on them.

8 General matters subject to which the Property is sold

8.1 The Landlord is selling the Property free from encumbrances other than:

8.1.1 the encumbrances referred to in Standard Condition 3.1.2 (as varied by paragraph 8.3); and

8.1.2 any unregistered interests which fall within any of the paragraphs of schedule 1 of the Land Registration Act 2002 and any interests which fall within section 11(4)(c) of the Land Registration Act 2002.

any unregistered interests which override registered dispositions under schedule 3 of the Land Registration Act 2002.

such unregistered interests as may affect the Property to the extent and for so long as they are preserved by the transitional provisions of schedule 12 of the Land Registration Act 2002.

8.2 Nothing in paragraph 8.1 affects the duty of the Landlord to make disclosure of latent defects in title of which it is aware or of which it has the reasonable means of knowledge.

8.3 With respect to encumbrances subject to which the Property is being sold, Standard Condition 3.1.2(c) is replaced by the following condition:

"(c) those which the Landlord does not and could not reasonably know about even if discovered before completion"

8.4 The Landlord is not required to provide evidence of:

8.4.1 any liability to repair roads, pavements, paths, ways, sewers, drains, gutters, fences or other like materials; or

8.4.2 the creation or definition of the apportionment of any liability in paragraph 8.4.1.

8.5 Standard Condition 3.1.3 does not apply.

9 Transfer and Tenant's covenants

In the transfer of the Property to the Tenant, the Tenant is to covenant to perform the following obligations insofar as the Landlord remains bound by them after the date of the transfer:

9.1 obligations arising from any of the matters noted upon the property register or entered in the charges register relating to the title of the Property; and/or

9.2 obligations arising under the documents listed in paragraph 7.1; and/or

9.3 obligations of Landlord arising under the Lease[s],

and to indemnify the Landlord against any liability for future breaches of any of them.

10 Misrepresentation

10.1 The Tenant acknowledges that no statement or representation, whether oral or written, previously made to it, or any person concerned on its behalf, by or for the Landlord, its agents or solicitors, has induced it to enter into this Lease, apart from the written replies of the Landlord's solicitors to written enquiries raised by the Tenant's solicitors.

10.2 Liability of the Landlord and any remedy of the Tenant at law, in equity or under statute in respect of such a statement or representation innocently made, or for implied warranty, apart from the written replies of the Landlord's solicitors to written enquiries raised by the Tenant's solicitors, is excluded.

11 Costs

Each party is responsible for its own professional costs relating to the preparation and implementation of this Lease.

12 VAT

12.1 Standard Condition 1.4 does not apply.

12.2 The Landlord warrants to the Tenant that it has made no election to waive exemption from VAT with respect to the Property with effect from a date prior to this Lease.

12.3 Any consideration paid or given for taxable supplies of goods or services under this schedule 5 is to be treated as exclusive of VAT. The recipient of any such supply is, in addition to the consideration for such supply, to pay the supplier an amount equal to any VAT which is chargeable in respect of the supply in question on the later of:

12.3.1 the day on which the consideration for the supply is paid or given; and

12.3.2 the production of a proper VAT invoice.

13 Money laundering regulations

13.1 The Landlord and the Landlord's solicitors are not obliged to accept a payment under this Lease unless it is remitted by or drawn on an institution which carries on

activities of the nature listed in regulation 2(2)(a) of The Money Laundering Regulations 2003 (SI 2003 No 3075) and which is covered by the EC Money Laundering Directive (Directive 91/308/EEC on prevention of the use of the financial system for the purposes of money laundering, as amended by Directive 2001/97/EC).

- 13.2 A payment made other than in accordance with the provisions of this paragraph 13 may be rejected as payment not made in accordance with the terms of this Pre-emption Right.

14 Incorporation of contractual terms

This Lease incorporates the terms expressly agreed by the parties contained in the documents referred to in schedule 2 and paragraph 7.1.

15 Contracts (Rights of Third parties) Act 1999

- 15.1 Unless the right of enforcement is expressly provided, it is not intended that a third party should have the right to enforce provisions of this Lease under the Contracts (Rights of Third parties) Act 1999.

- 15.2 The parties may rescind or vary this Lease without the consent of a third party to whom a right of enforcement has been expressly provided.

16 Standard Conditions

This Lease incorporates the Standard Conditions. In case of conflict between this Lease and the Standard Conditions, this Lease prevails.

17 Treatment of apportionments

- 17.1 Apportionments of income and outgoings are to be made in accordance with Standard Conditions 8.3.1–8.3.5 (inclusive) as varied by paragraph 17.

- 17.2 Standard Condition 8.3.1 is varied so as to include:

- 17.2.1 as income - rents, licence fees and other forms of revenue derived from the use, occupation or enjoyment of the Property by tenants (apart from service charges and insurance premiums recoverable from tenants); and
- 17.2.2 as outgoings - rents, and (to the extent that they are not recoverable from tenants) service charges,

respectively receivable or payable by the Landlord as owner of the interest in the Property agreed to be sold to the Tenant.

17.3 Service charges are to be treated as not being recoverable from a tenant to the extent that there is less than full (or no) entitlement to recovery from the tenant or vacancy of the premises; the amount that is not so recoverable is to be treated as an outgoing and apportioned accordingly.

17.4 The Tenant is not required to account to the Landlord for:

17.4.1 apportioned income; and

17.4.2 arrears of service charges up to the apportionment day,

for which there is entitlement to recovery, and which have become due from a tenant but which have not been paid.

17.5 Apportionment is to be made with effect from Actual Completion; the date of Actual Completion is to be the "apportionment day" for the purpose of applying the relevant provisions of Standard Condition 8.3. Standard Conditions 8.3.2 and 9.3.4 do not apply.

Part 4

Prescribed form of notice

[To [the Tenant]

and to whom it may concern

In the matter of a Pre-emption Right (the "Pre-emption Right") contained in clause [7] and schedule 5 of a lease dated [•] made between [the Landlord] (1) and [the Tenant] (2) (the "Lease") relating to the Property (as defined in schedule 5 part 2 of this Lease (the "Property").

Take notice that [the Landlord] has made a decision to Dispose of the Property so that a Qualifying Event has now occurred entitling you to exercise the Pre-emption Right under the Lease.

An Offer is now made to you under schedule 5 part 1 paragraph 5 of the Lease on the following terms:

1 The Offer Price is £[•] plus VAT, if any.

2 [The Additional Consideration is £[•] plus VAT if any] (being in respect of the following Personal Covenants [•]) which has been calculated by reference to the terms of the Disposal and the Lease. The relevant information to support the calculation of the Additional Consideration is attached.

3 [The proposed Disposal is [intended to be effected by more than one transaction] [in respect of part of the Property only], and the Offer Price has been calculated by reference to the terms of the Disposal. The relevant information to support the calculation of the Offer Price is attached.]

[or]

[If the Offer is not accepted by you, it is intended to dispose of the Property in accordance with [negotiations which have] [a contract of sale conditional on your not exercising the Pre-emption Right which has] been concluded with a third party. A copy of the terms of the proposed disposal is attached.]

4 The conditions of sale (other than Personal Covenants) to the extent that they are inconsistent with the conditions set out in schedule 5 part 3 of the Lease are as follows:-

5 This notice constitutes an Offer to you to sell the Property to you at the Offer Price, capable of acceptance by you within 30 Working Days after the giving of this notice, and otherwise on the terms of the Sale Conditions.

6 The Sale Conditions as varied to incorporate the provisions set out in paragraph 3 above and terms of the Pre-emption Right in the Lease are incorporated by reference in this Offer.

7 The words and expressions designated by initial capital letters which are not defined in this notice are defined in the Pre-emption Right in the Lease and have the same meanings in this Offer.

You may accept this Offer by signing the duplicate of this letter, or another copy of it, in a manner indicating acceptance and giving or sending it to us.

You are referred to the Pre-emption Right in the Lease as to your rights, and the consequences of failure to accept the Offer in time or at all.

Dated [•]

.....
[The Landlord]

I acknowledge receipt of the notice of which this is the duplicate [a copy], and accept the Offer.

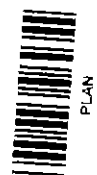
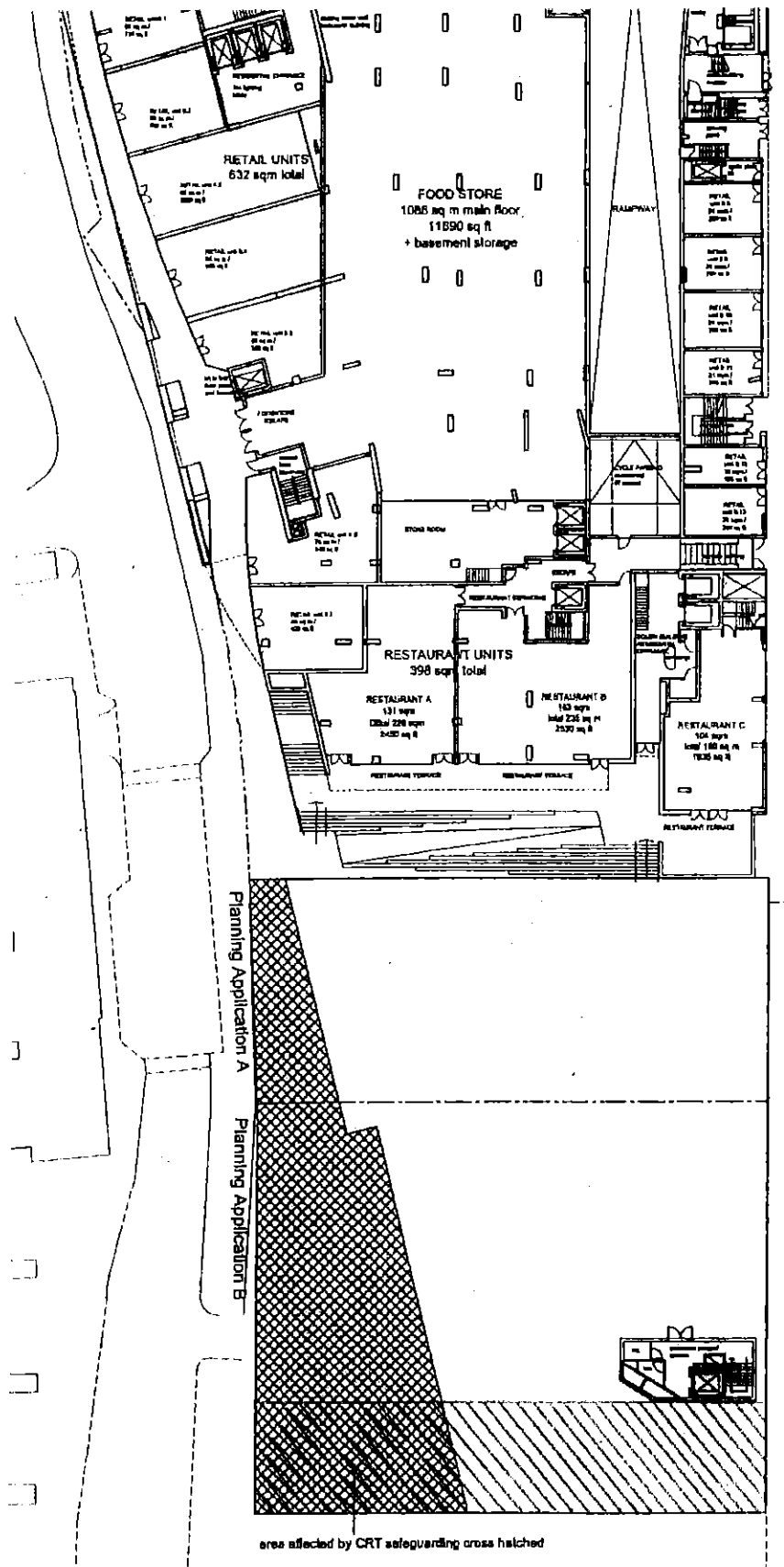
.....
[The Tenant]

Dated [●]

(

Appendix 1
Demise Plan - Market Square

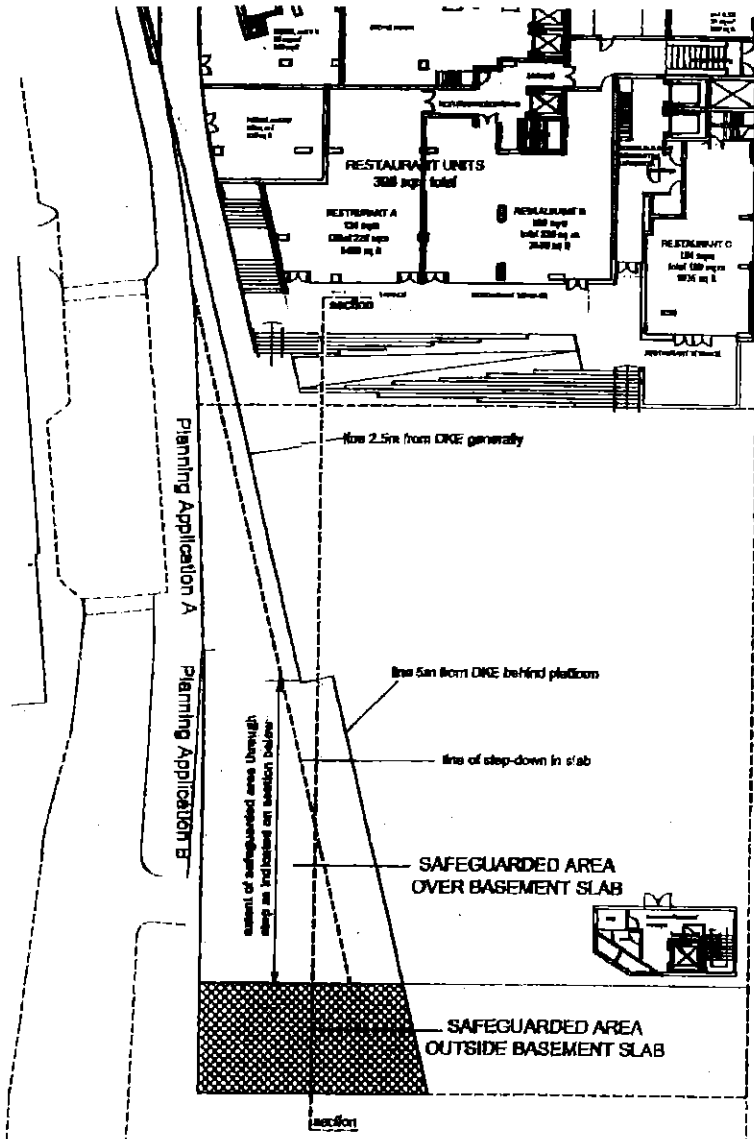
Appendix 1
Market Square
Demise Plan



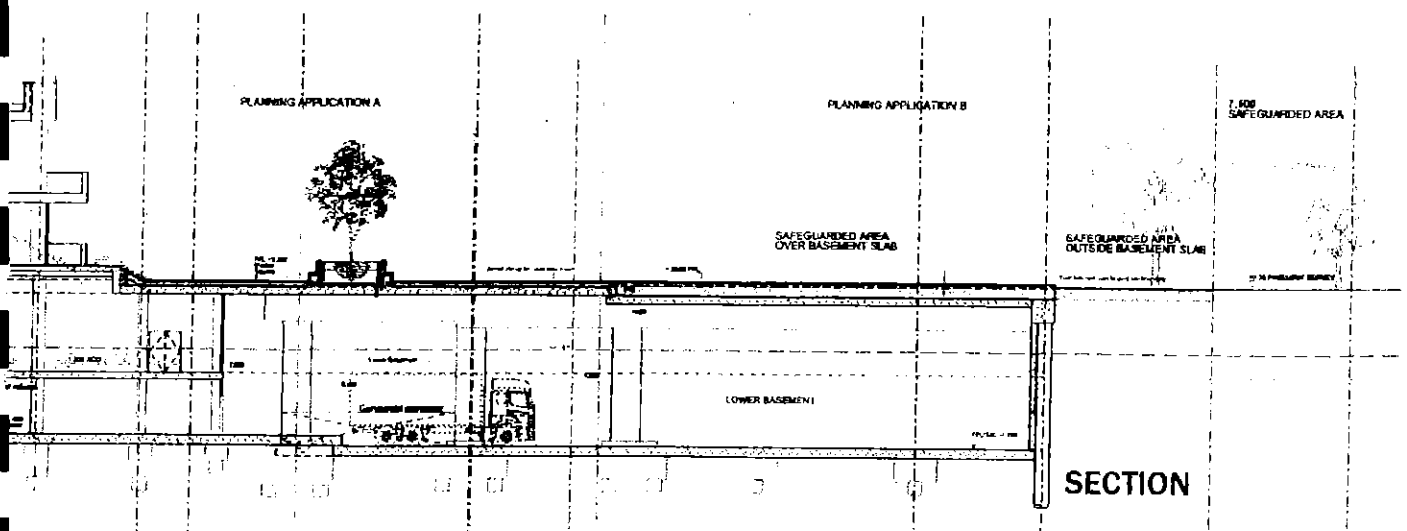
PLAN

Appendix 2
Sectional Plans - Market Square

Appendix 2. Market Square



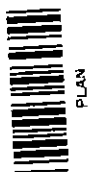
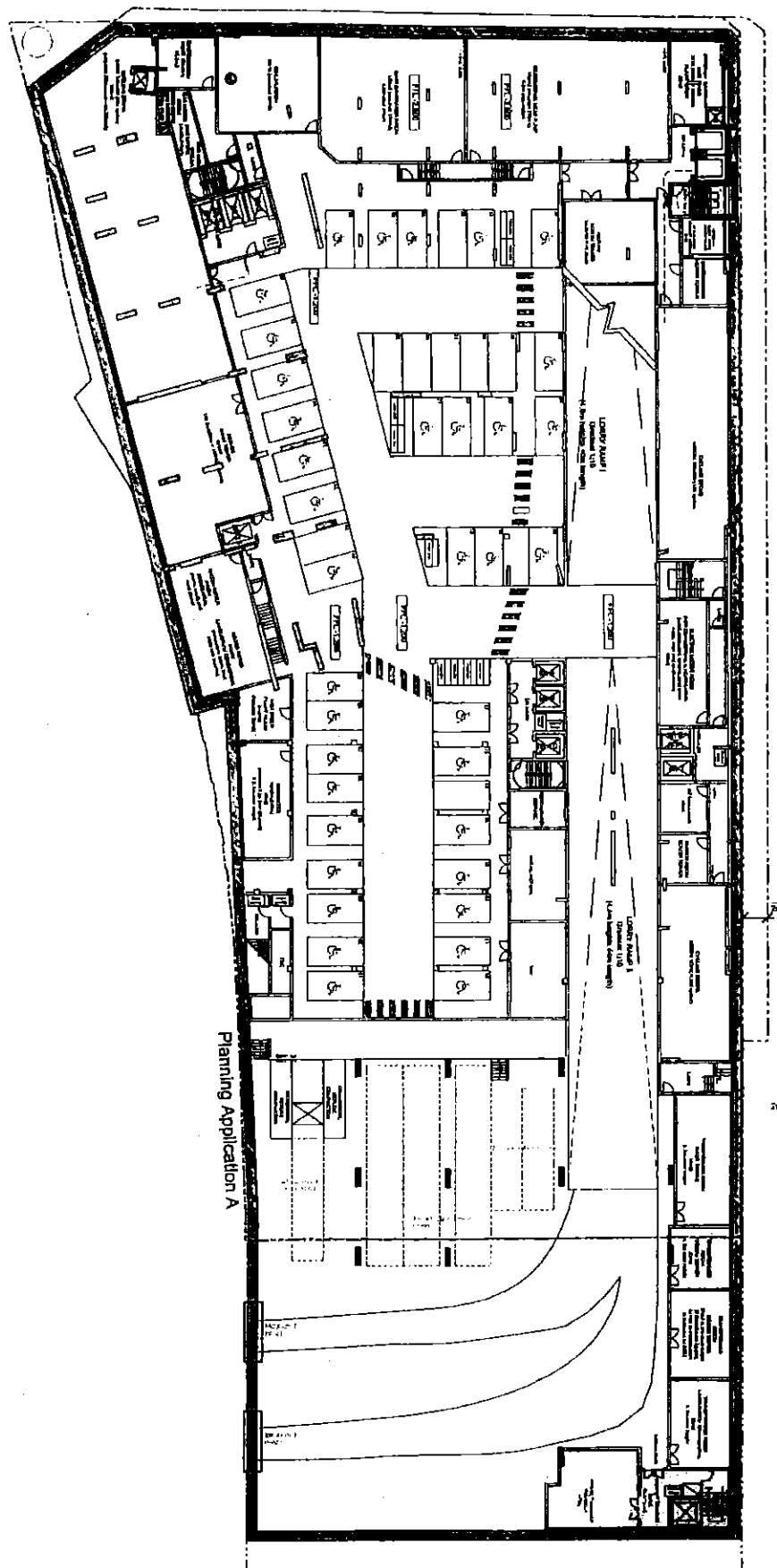
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Elephant Road SE17

Appendix 3
Market Store Plan

Appendix 3.
Market Store



Elephant Road SE17