

DATED

2019

LEASE

RELATING TO

**HIGHCROFT MANOR 48 MOOREND ROAD YARDLEY GOBION TOWCESTER
NORTHAMPTONSHIRE NN12 7UF**

**Clarence Leo Vaz , Caroline Ann Vaz and Charmaine Louise Vaz as Trustees of the
ParklandsRetirement Benefits Scheme(1)**

Step One Recovery (UK) Limited (2)

John Gillen, Graham Peasey and Ronald Clark (3)

Prescribed Clauses

LR1. Date of lease

LR2. Title number(s)

LR2.1 Landlord's title number(s)

NN127174

LR2.2 Other title numbers

None

LR3. Parties to this lease

Landlord

Clarence Leo Vaz, Caroline Ann Vaz and Charmaine Louise Vaz as Trustees of the Parklands Retirement Benefit Scheme of Grange Farm, Shotwell Mill Lane, Kettering, Northamptonshire, NN14 6HL, United Kingdom

Tenant

STEP ONE RECOVERY (UK) LIMITED

52 High Street, Pinner, Middlesex, HA5 5PW, United Kingdom

Company Number 11486710

Other parties

Guarantor

John Gillen of 17 Tankerfield Place, St Albans Herts AL34HH

Graham Peasey of 8 Reveley Cottages, Herkomer Road, Bushey, WD23 3NW

Ronald Clark of 24 Queensgate, 2 Lord Street, Watford WD17 2LQ

LR4. Property

In the case of a conflict between this clause and the remainder of this lease then, for the purposes of registration, this clause shall prevail.

See the definition of "Property" in clause 1.1 of this lease.

LR5. Prescribed statements etc.

LR5.1 Statements prescribed under rules 179 (dispositions in favour of a charity), 180 (dispositions by a charity) or 196 (leases under the Leasehold Reform, Housing and Urban Development Act 1993) of the Land Registration Rules 2003.

None.

LR5.2 This lease is made under, or by reference to, provisions of:

None.

LR6. Term for which the Property is leased

The term as specified in this lease at clause 1.1 in the definition of "Contractual Term".

LR7. Premium

£50,000 (FIFTY THOUSAND POUNDS ONLY)

LR8. Prohibitions or restrictions on disposing of this lease

This lease contains a provision that prohibits or restricts dispositions.

LR9. Rights of acquisition etc.

LR9.1 Tenant's contractual rights to renew this lease, to acquire the reversion or another lease of the Property, or to acquire an interest in other land

See clause 46

LR9.2 Tenant's covenant to (or offer to) surrender this lease

None.

LR9.3 Landlord's contractual rights to acquire this lease

None.

LR10. Restrictive covenants given in this lease by the Landlord in respect of land other than the Property

None.

LR11. Easements

LR11.1 Easements granted by this lease for the benefit of the Property

The easements as specified in clause 3 of this lease.

LR11.2 Easements granted or reserved by this lease over the Property for the benefit of other property

The easements as specified in clause 4 of this lease.

LR12. Estate rentcharge burdening the Property

None.

LR13. Application for standard form of restriction

None.

LR14. Declaration of trust where there is more than one person comprising the Tenant

THIS LEASE is dated

2019

PARTIES

- (1) **CAROLINE ANN VAZ and CLARENCE LEO VAZ both** of Grange Farm, Shotwell Mill Lane, Rothwell, Northamptonshire NN14 6HL and **CHARMAINE LOUISE VAZ** of 3 Verley Close Woughton on the Green Milton Keynes MK6 3ER as Trustees of the Parklands Retirement Benefit Scheme (**Landlord**).
- (2) **STEP ONE RECOVERY (UK) LIMITED**, a company incorporated and registered in England and Wales with company number 11486710, whose registered office is at 52 High Street, Pinner, Middlesex, HA5 5PW, United Kingdom (**Tenant**)
- (3) **JOHN GILLEN** of 17 Tankerfield Place, St Albans, Herts AL3 4HH **GRAHAM PEASEY** of 8 Reveley Cottages, Herkomer Road, Bushey WD23 3NW and **RONALD CLARK** of 24 Queensgate, 2 Lord Street, Watford WD17 2LQ (**Guarantor**).

AGREED TERMS

1. INTERPRETATION

The following definitions and rules of interpretation apply in this lease.

1.1 Definitions:

Act of Insolvency:

- (a) the taking of any step in connection with any voluntary arrangement or any other compromise or arrangement for the benefit of any creditors of the Tenant or any guarantor;
- (b) the making of an application for an administration order or the making of an administration order in relation to the Tenant or any guarantor;
- (c) the giving of any notice of intention to appoint an administrator, or the filing at court of the prescribed documents in connection with the appointment of an administrator, or the appointment of an administrator, in any case in relation to the Tenant or any guarantor;
- (d) the appointment of a receiver or manager or an administrative receiver in relation to any property or income of the Tenant or any guarantor;
- (e) the commencement of a voluntary winding-up in respect of the Tenant or any guarantor, except a winding-up for the purpose of amalgamation or reconstruction of a solvent company in respect of which a statutory declaration of solvency has been filed with the Registrar of Companies;
- (f) the making of a petition for a winding-up order or a winding-up order in respect of the Tenant or any guarantor;

- (g) the striking-off of the Tenant or any guarantor from the Register of Companies or the making of an application for the Tenant or any guarantor to be struck-off;
- (h) the Tenant or any guarantor otherwise ceasing to exist (but excluding where the Tenant or any guarantor dies);
- (i) the making of an application for a bankruptcy order, the presentation of a petition for a bankruptcy order or the making of a bankruptcy order against the Tenant or any guarantor; or
- (j) the levying of any execution or other such process on or against, or taking control or possession of, the whole of any part of the Tenant's assets.

The paragraphs above shall apply in relation to a partnership or limited partnership (as defined in the Partnership Act 1890 and the Limited Partnerships Act 1907 respectively) subject to the modifications referred to in the Insolvent Partnerships Order 1994 (SI 1994/2421) (as amended), and a limited liability partnership (as defined in the Limited Liability Partnerships Act 2000) subject to the modifications referred to in the Limited Liability Partnerships Regulations 2001 (SI 2001/1090) (as amended).

Act of Insolvency includes any analogous proceedings or events that may be taken pursuant to the legislation of another jurisdiction in relation to a tenant or guarantor incorporated or domiciled in such relevant jurisdiction.

Annual Rent: rent at an initial rate of £100,000 per annum and then as revised pursuant to this lease.

Base Month: January 2019

Base Rent: rent of £100,000 per annum.

CDM Regulations: the Construction (Design and Management) Regulations 2015 (SI 2015/51).

Contractual Term: a term of years beginning on and including the date of this lease and ending on and including 2029.

Default Interest Rate: 4.00% per annum above the Interest Rate.

Energy Assessor: an individual who is a member of an accreditation scheme approved by the Secretary of State in accordance with regulation 22 of the Energy Performance of Buildings (England and Wales) Regulations 2012 (SI 2012/3118) or regulation 30 of the Building Regulations 2010 (SI 2010/2214).

Energy Performance Certificate: a certificate as defined in regulation 2(1) of the Energy Performance of Buildings (England and Wales) Regulations 2012 (SI 2012/3118).

Insurance Rent: the aggregate in each year of:

- (a) the gross cost of the premium before any discount or commission for the insurance of:
 - (i) the Property, other than any plate glass, for its full reinstatement cost (taking inflation of building costs into account) against loss or

damage by or in consequence of the Insured Risks, including costs of demolition, site clearance, site protection and shoring-up, professionals' and statutory fees and incidental expenses, the cost of any work which may be required under any law and VAT in respect of all those costs, fees and expenses; and

(ii) loss of Annual Rent of the Property for three years;

(b) any insurance premium tax payable on the above.

Insured Risks: means fire, explosion, lightning, earthquake, storm, flood, bursting and overflowing of water tanks, apparatus or pipes, impact by aircraft and articles dropped from them, impact by vehicles, subsidence, ground slip, heave, riot, civil commotion and any other risks against which a prudent landlord should decide to insure against from time to time and Insured Risk means any one of the Insured Risks.

Interest Rate: the base rate from time to time of the Bank of England, or if that base rate stops being used or published then a comparable commercial rate reasonably determined by the Landlord.

Lease Premium: The sum of £50,000 to be paid by the Tenant to the Landlord upon the date of completion of this Lease

Lifts: all lifts and lift machinery and equipment within and forming part of the Property.

LTA 1954: Landlord and Tenant Act 1954.

Option: the option granted by the Landlord to the Tenant by clause 47

Option Notice: written notice exercising the Option in the form annexed to this lease at Annex A.

Option Period: subject to clause 47.3 and clause 47.4, the period from and including the date of this lease up to and including the day of 2023.

Permitted Use: within Use Class C2 of the Town and Country Planning (Use Classes) Order 1987 as at the date this lease is granted .

Property: the land and building at Highcroft Manor, 48 Moorend Road, Yardley Gobion, Towcester, Northamptonshire, NN12 7UF, United Kingdom being the whole of the land registered at HM Land Registry with title no. NN127174 shown edged red on the attached plan less the Encroachment Land.

Purchase Price: the amount equal to a base valuation of £1,500,000 (one million five hundred thousand pounds) as at the Base Month such Purchase Price increasing every month thereafter by the index value of the Retail Price Index or Consumer Price Index whichever is the greater less a sum equal in value to the Lease Premium. .

Recommendation Report: a report as defined in regulation 4 of the Energy Performance of Buildings (England and Wales) Regulations 2012 (SI 2012/3118).

Rent Commencement Date: the earlier of 2 months from the date of this Lease or the date of completion of the Landlord's Works

Rent Payment Dates: the usual quarter days being the 25th March, 24th June, 29th September and the 25th December.

Reservations: all of the rights excepted, reserved and granted to the Landlord by this lease.

Review Date: 2024

Sale Terms: the terms for the sale and purchase of the Landlord's Interest as set out in Schedule 2 to this lease.

Service Media: all media for the supply or removal of heat, electricity, gas, water, sewage, energy, telecommunications, data and all other services and utilities and all structures, machinery and equipment ancillary to those media.

Third Party Rights: all rights, covenants and restrictions affecting the Property including the matters referred to at the date of this lease in the property register and the charges register of title number NN127174

The Landlord's Works: The works agreed to be carried out by the Landlord set out in Schedule 3

The Encroachment Land: the land hatched black on the Plan

VAT: value added tax chargeable under the VATA 1994 and any similar replacement tax and any similar additional tax.

VATA 1994: Value Added Tax Act 1994.

- 1.2 A reference to this **lease**, except a reference to the date of this lease or to the grant of this lease, is a reference to this deed and any deed, licence, consent, approval or other instrument supplemental to it.
- 1.3 A reference to the **Landlord** includes a reference to the person entitled to the immediate reversion to this lease. A reference to the **Tenant** includes a reference to its successors in title and assigns. A reference to a **guarantor** includes a reference to the Guarantor and to any other guarantor of the tenant covenants of this lease including a guarantor who has entered into an authorised guarantee agreement.
- 1.4 In relation to any payment, a reference to a **fair proportion** is to a fair proportion of the total amount payable, determined conclusively (except as to questions of law) by the Landlord acting reasonably.
- 1.5 The expressions **landlord covenant** and **tenant covenant** each has the meaning given to it by the Landlord and Tenant (Covenants) Act 1995.
- 1.6 Unless the context otherwise requires, a reference to the **Property** is to the whole and any part of it.

- 1.7 A reference to the **term** is to the Contractual Term.
- 1.8 A reference to the **end of the term** is to the end of the term however it ends.
- 1.9 References to the **consent** of the Landlord are to the consent of the Landlord given in accordance with clause 42.5 and references to the **approval** of the Landlord are to the approval of the Landlord given in accordance with clause 42.6.
- 1.10 A **working day** is any day which is not a Saturday, a Sunday, a bank holiday or a public holiday in England.
- 1.11 A reference to laws in general is a reference to all local, national and directly applicable supra-national laws as amended, extended or re-enacted from time to time and shall include all subordinate laws made from time to time under them and all orders, notices, codes of practice and guidance made under them.
- 1.12 Unless otherwise specified, a reference to a statute or statutory provision is a reference to it as amended, extended or re-enacted from time to time and shall include all subordinate legislation made from time to time under that statute or statutory provision and all orders, notices, codes of practice and guidance made under it.
- 1.13 Any obligation on the Tenant not to do something includes an obligation not to allow that thing to be done and an obligation to use best endeavours to prevent that thing being done by another person.
- 1.14 Unless the context otherwise requires, any words following the terms **including, include, in particular, for example** or any similar expression shall be construed as illustrative and shall not limit the sense of the words, description, definition, phrase or term preceding those terms.
- 1.15 A **person** includes a natural person, corporate or unincorporated body (whether or not having separate legal personality).
- 1.16 Subject to clause 41.3 a reference to **writing** or **written** includes email.
- 1.17 Unless the context otherwise requires, references to clauses and Schedules are to the clauses and Schedules of this lease and references to paragraphs are to paragraphs of the relevant Schedule.
- 1.18 Clause, Schedule and paragraph headings shall not affect the interpretation of this lease.
- 1.19 Unless the context otherwise requires, a reference to one gender shall include a reference to the other genders.
- 1.20 Unless the context otherwise requires, words in the singular shall include the plural and in the plural shall include the singular.

2. GRANT

- 2.1 At the request of the Guarantor, the Landlord lets with full title guarantee the Property to the Tenant for the Contractual Term.
- 2.2 The grant is made together with the ancillary rights set out in clause 3, excepting and reserving to the Landlord the rights set out in clause 4, and subject to the Third Party Rights.
- 2.3 The grant is made with the Tenant paying the following as rent to the Landlord:
- (a) the Annual Rent and all VAT in respect of it;
 - (b) the Insurance Rent;
 - (c) all interest payable under this lease; and
 - (d) all other sums due under this lease.

3. ANCILLARY RIGHTS

- 3.1 Neither the grant of this lease nor anything in it confers any right over neighbouring property nor is to be taken to show that the Tenant may have any right over neighbouring property, and section 62 of the Law of Property Act 1925 does not apply to this lease.

4. RIGHTS EXCEPTED AND RESERVED

- 4.1 The following rights are excepted and reserved from this lease to the Landlord for the benefit of the Landlord's Neighbouring Property and to the extent possible for the benefit of any neighbouring or adjoining property in which the Landlord acquires an interest during the term:
- (a) rights of light, air, support and protection to the extent those rights are capable of being enjoyed at any time during the term;
 - (b) the right to use and to connect into Service Media at the Property which are in existence at the date of this lease or which are installed or constructed during the period of 10 years from the commencement of the Contractual Term;
 - (c) at any time during the term, the full and free right to develop the Landlord's Neighbouring Property and any neighbouring or adjoining property in which the Landlord acquires an interest during the term as the Landlord may think fit;
 - (d) the right to re-route any Service Media at or serving the Property or re-route any means of access to or egress from the Property;

notwithstanding that the exercise of any of the Reservations or the works carried out pursuant to them result in a reduction in the flow of light or air to the Property provided that they do not materially affect the use and enjoyment of the Property for the Permitted Use and provided that in the exercise of such rights the Landlord shall make good at its own cost any damage caused to the Property.

- 4.2 The Landlord reserves the right to enter the Property:
- (a) to repair, maintain or replace any Service Media or structure relating to any of the Reservations; and
 - (b) for any other purpose mentioned in or connected with:
 - (i) this lease;
 - (ii) the Reservations; and
 - (iii) the Landlord's interest in the Property.
- 4.3 The Reservations may be exercised by the Landlord and by anyone else who is or becomes entitled to exercise them, and by anyone authorised by the Landlord.
- 4.4 The Tenant shall allow all those entitled to exercise any right to enter the Property, to do so with their workers, contractors, agents and professional advisors, and to enter the Property at any reasonable time (whether or not during usual business hours) and, except in the case of an emergency, after having given reasonable notice (which need not be in writing) to the Tenant.
- 4.5 No party exercising any of the Reservations, nor its workers, contractors, agents and professional advisors, shall be liable to the Tenant or to any undertenant or other occupier of or person at the Property for any loss, damage, injury, nuisance or inconvenience arising by reason of its exercising any of those Reservations except for:
- (a) physical damage to the Property; or
 - (b) any loss, damage, injury, nuisance or inconvenience in relation to which the law prevents the Landlord from excluding liability.

5. THIRD PARTY RIGHTS

- 5.1 The Tenant shall comply with all obligations on the Landlord relating to the Third Party Rights (insofar as those obligations relate to the Property) and shall not do anything (even if otherwise permitted by this lease) that may interfere with any Third Party Right.
- 5.2 The Tenant shall allow the Landlord and any other person authorised by the terms of the Third Party Right to enter the Property in accordance with its terms.

6. THE ANNUAL RENT

- 6.1 The Tenant shall pay from the Rent Commencement Date until the third anniversary of the Lease the Annual Rent and any VAT in respect of it in advance on or before the Rent Payment Dates. The Tenant shall then pay from the third anniversary of the Lease until the Review Date the annual rent of £110,000 and any VAT in respect of it in advance on or before the Rent Payment Dates. All such payments shall be made by banker's standing order or by any other method that the Landlord requires at any time by giving notice to the Tenant.
- 6.2 The first instalment of the Annual Rent and any VAT in respect of it shall be made on the Rent Commencement Date of this lease and shall be the proportion, calculated on a daily basis, in respect of the period beginning on the Rent Commencement Date and ending on the day before the next Rent Payment Date.

7. REVIEW OF THE ANNUAL RENT

- 7.1 In this clause, the President is the President for the time being of the Institute of Chartered Accountants in England and Wales or a person acting on his behalf (**President**), and the Accountant is the independent valuer appointed pursuant to clause 7.10 (**Accountant**).
- 7.2 The Annual Rent shall be reviewed on each Review Date to equal the Annual Rent payable immediately before that Review Date (or which would then be payable but for any abatement or suspension of the Annual Rent or restriction on the right to collect it) or, £120,0000, or if greater, the indexed rent determined pursuant to this clause.
- 7.3 The indexed rent for a Review Date shall be determined by multiplying the Base Rent by the index value of the RPI or CPI whichever is the greater for the month two months before the month in which that Review Date falls, then dividing the product by the index value of the RPI or CPI (as the case may be) for the Base Month.
- 7.4 The Landlord shall calculate the indexed rent as soon as reasonably practicable and shall give the Tenant written notice of the indexed rent as soon as it has been calculated.
- 7.5 If the revised Annual Rent has not been calculated by the Landlord and notified to the Tenant on or before a Review Date, the Annual Rent payable from that Review Date shall continue at the rate payable immediately before that Review Date. No later than five working days after the revised Annual Rent is notified by the Landlord to the Tenant, the Tenant shall pay:
- (a) the shortfall (if any) between the amount that it has paid for the period from the Review Date until the Rent Payment Date following the date of notification of the revised Annual Rent and the amount that would have been payable had the revised Annual Rent been notified on or before that Review Date; and

- (b) interest at the Interest Rate on that shortfall calculated on a daily basis by reference to the Rent Payment Dates on which parts of the shortfall would have been payable if the revised Annual Rent had been notified on or before that Review Date and the date payment is received by the Landlord.

- 7.6 Time shall not be of the essence for the purposes of this clause.
- 7.7 Subject to clause 7.8, if there is any change to the methods used to compile the RPI or CPI, including any change to the items from which the index of the RPI or CPI is compiled, or if the reference base used to compile the RPI or CPI changes, the calculation of the indexed rent shall be made taking into account the effect of this change.
- 7.8 The Landlord and the Tenant shall endeavour, within a reasonable time, to agree an alternative mechanism for setting the Annual Rent if either:
- (a) the Landlord or the Tenant reasonably believes that any change referred to in clause 7.7 would fundamentally alter the calculation of the indexed rent in accordance with this clause 7, and has given notice to the other party of this belief; or
 - (b) it becomes impossible or impracticable to calculate the indexed rent in accordance with this clause 7.

This alternative mechanism may (where reasonable) include, or consist of, substituting an alternative index for the RPI or CPI. In default of agreement between the Landlord and the Tenant on an alternative mechanism for setting the Annual Rent, the Accountant shall determine an alternative mechanism.

- 7.9 The Accountant shall determine a question, dispute or disagreement that arises between the parties in the following circumstances:
- (a) where any question or dispute arises between the parties as to the amount of the Annual Rent payable or as to the interpretation, application or effect of any part of this clause 7; or
 - (b) where the Landlord and the Tenant fail to reach agreement under clause 7.8.

The Accountant shall have full power to determine the question, dispute or disagreement, and shall have power to determine any issue involving the interpretation of any provision of this lease, his jurisdiction to determine the question, dispute or disagreement referred to him or his terms of reference. When determining such a question, dispute or disagreement, the Accountant may, if he considers it appropriate, specify that an alternative mechanism for setting the Annual Rent should apply to this

lease, and this includes (but is not limited to) substituting an alternative index for the RPI or CPI.

- 7.10 The Accountant shall be an independent valuer who is a Member of the Institute of Chartered Accountants in England and Wales. The Landlord and the Tenant may, by agreement, appoint the Accountant at any time before either of them applies to the President for the Accountant to be appointed.
- 7.11 The Accountant shall act as an expert and not as an arbitrator. The Accountant's decision shall be given in writing, and the Accountant shall provide reasons for any determination. The Accountant's written decision on the matters referred to him shall be final and binding in the absence of manifest error or fraud.
- 7.12 The Accountant shall give the Landlord and the Tenant an opportunity to make written representations to the Accountant and to make written counter-representations commenting on the representations of the other party to the Accountant. The parties will provide (or procure that others provide) the Accountant with such assistance and documents as the Accountant reasonably requires for the purpose of reaching a decision.
- 7.13 Either the Landlord or the Tenant may apply to the President to discharge the Accountant if the Accountant:
- (a) dies;
 - (b) becomes unwilling or incapable of acting; or
 - (c) unreasonably delays in making any determination.

clause 7.10 shall then apply in relation to the appointment of a replacement.

- 7.14 The fees and expenses of the Accountant and the cost of the Accountant's appointment and any counsel's fees, or other fees, reasonably incurred by the Accountant shall be payable by the Landlord and the Tenant in the proportions that the Accountant directs (or if the Accountant makes no direction, then equally). If the Tenant does not pay its part of the Accountant's fees and expenses within ten working days after demand by the Accountant, the Landlord may pay that part and the amount it pays shall be a debt of the Tenant due and payable on demand to the Landlord. The Landlord and the Tenant shall otherwise each bear their own costs in connection with the rent review. The Landlord and the Tenant shall otherwise each bear their own costs in connection with the rent review.

8. INSURANCE

- 8.1 Subject to clause 8.2, the Landlord shall keep the Property (other than any plate glass at the Property and the separate lift insurance) insured against loss or damage by the Insured Risks for the sum which the Landlord reasonably considers to be its full

reinstatement cost (taking inflation of building costs into account). The Landlord shall not be obliged to insure any part of the Property installed by the Tenant.

- 8.2 The Landlord's obligation to insure is subject to:
- (a) any exclusions, limitations, excesses and conditions that may be imposed by the insurers; and
 - (b) insurance being available in the London insurance market on reasonable terms acceptable to the Landlord.
- 8.3 The Tenant shall pay to the Landlord on demand:
- (a) the Insurance Rent;
 - (b) any amount that is deducted or disallowed by the insurers pursuant to any excess provision in the insurance policy; and
 - (c) any costs that the Landlord incurs in obtaining a valuation of the Property for insurance purposes.

If the Landlord insures the Property together with other land, the amount of the Insurance Rent shall be a fair proportion of the total for the Property and the other land.

- 8.4 The Tenant shall:
- (a) immediately inform the Landlord if any matter occurs that any insurer or underwriter may treat as material in deciding whether or on what terms to insure or to continue to insure the Property and shall give the Landlord notice of that matter;
 - (b) not do or omit anything as a result of which any policy of insurance of the Property or any neighbouring property may become void or voidable or otherwise prejudiced, or the payment of any policy money may be withheld, nor (unless the Tenant has previously notified the Landlord and has paid any increased or additional premium) anything as a result of which any increased or additional insurance premium may become payable;
 - (c) comply at all times with the requirements and recommendations of the insurers relating to the Property;
 - (d) give the Landlord immediate notice of the occurrence of any damage or loss relating to the Property arising from an Insured Risk or of any other event that might affect any insurance policy relating to the Property;
 - (e) not effect any insurance of the Property (except any plate glass or lift at the Property), but if it becomes entitled to the benefit of any insurance proceeds in respect of the Property

(other than in respect of plate glass or a lift) pay those proceeds or cause them to be paid to the Landlord; and

- (f) pay the Landlord an amount equal to any insurance money that the insurers of the Property refuse to pay by reason of any act or omission of the Tenant or any undertenant, their workers, contractors or agents or any person at the Property with the actual or implied authority of any of them.

8.5 The Landlord shall, subject to obtaining all necessary planning and other consents, use all insurance money received (other than for loss of rent) to repair the damage for which the money has been received or (as the case may be) in rebuilding the Property. The Landlord shall not be obliged to:

- (a) provide accommodation identical in layout or design so long as accommodation reasonably equivalent to that previously at the Property is provided; or
- (b) repair or rebuild if the Tenant has failed to pay any of the Insurance Rent; or
- (c) repair or rebuild the Property after a notice has been served pursuant to clause 8.7 or clause 8.8.

8.6 If the Property is damaged or destroyed by an Insured Risk so as to be unfit for occupation and use then, unless the policy of insurance of the Property has been vitiated in whole or in part in consequence of any act or omission of the Tenant, any undertenant or their respective workers, contractors or agents or any other person on the Property with the actual or implied authority of any of them, payment of the Annual Rent, or a fair proportion of it according to the nature and extent of the damage, shall be suspended until the Property has been reinstated and made fit for occupation and use, or until the end of three years from the date of damage or destruction, if sooner.

8.7 If, following damage to or destruction of the Property, the Landlord considers that it is impossible or impractical to reinstate the Property, the Landlord may terminate this lease by giving notice to the Tenant. On giving notice this lease shall determine but this shall be without prejudice to any right or remedy of either party in respect of any breach of the covenants of this lease by the other. Any proceeds of the insurance (other than any insurance for plate glass) shall belong to the Landlord.

8.8 Provided that the Tenant has complied with its obligations in this clause, the Tenant may terminate this lease by giving notice to the Landlord if, following damage or destruction by an Insured Risk, the Property has not been reinstated so as to be fit for occupation and use within three years after the date of damage or destruction. On giving this notice this lease shall determine but this shall be without prejudice to any right or remedy of either party in respect of any breach of the covenants of this lease by the other. Any proceeds of the insurance (other than any insurance for plate glass) shall belong to the Landlord.

9. RATES AND TAXES

- 9.1 The Tenant shall pay all present and future rates, taxes and other impositions and outgoings payable in respect of the Property, its use and any works carried out there, except:
- (a) any taxes payable by the Landlord in connection with any dealing with or disposition of the reversion to this lease; or
 - (b) any taxes (other than VAT and insurance premium tax) payable by the Landlord by reason of the receipt of any of the rents due under this lease.
- 9.2 If any rates taxes or other impositions and outgoings are payable in respect of the Property together with other property, the Tenant shall pay a fair proportion of the total.
- 9.3 The Tenant shall not make any proposal to alter the rateable value of the Property or that value as it appears on any draft rating list, without the approval of the Landlord.
- 9.4 If, after the end of the term, the Landlord loses rating relief (or any similar relief or exemption) because it has been allowed to the Tenant, then the Tenant shall pay the Landlord an amount equal to the relief or exemption that the Landlord has lost.

10. UTILITIES

- 10.1 The Tenant shall pay all costs in connection with the supply and removal of electricity, gas, water, sewage, telecommunications, data and other services and utilities to or from the Property.
- 10.2 If any of those costs are payable in relation to the Property together with other property, the Tenant shall pay a fair proportion of all those costs.
- 10.3 The Tenant shall comply with all laws and with any recommendations of the relevant suppliers relating to the use of those services and utilities.

11. COMMON ITEMS

- 11.1 The Tenant shall pay the Landlord on demand a fair proportion of all costs payable for the maintenance, repair, lighting, cleaning and renewal of all Service Media, structures and other items used or capable of being used by the Property in common with other property.
- 11.2 The Tenant shall comply with all reasonable regulations the Landlord may make from time to time in connection with the use of any of those Service Media, structures or other items.

12. VAT

- 12.1 All sums payable by the Tenant are exclusive of any VAT that may be chargeable. The Tenant shall pay VAT in respect of all taxable supplies made to it in connection with this lease on the due date for making any payment or, if earlier, the date on which that supply is made for VAT purposes.
- 12.2 Every obligation on the Tenant, under or in connection with this lease, to pay the Landlord or any other person any sum by way of a refund or indemnity, shall include an obligation to pay an amount equal to any VAT incurred on that sum by the Landlord or other person, except to the extent that the Landlord or other person obtains credit for such VAT under the Value Added Tax Act 1994.
- 12.3 While the Tenant is Step One Recovery (UK) Limited, the Landlord shall not elect to charge VAT on the Annual Rent, unless required by law.

12.3

13. DEFAULT INTEREST AND INTEREST

- 13.1 If any Annual Rent or any other money payable under this lease has not been paid by the date it is due, whether it has been formally demanded or not, the Tenant shall pay the Landlord interest on that amount at the Default Interest Rate (both before and after any judgment). Such interest shall accrue on a daily basis for the period beginning on the due date to and including the date of payment.
- 13.2 If the Landlord does not demand or accept any Annual Rent or other money due or tendered under this lease because the Landlord reasonably believes that the Tenant is in breach of any of the tenant covenants of this lease, then the Tenant shall, when that amount is accepted by the Landlord, also pay interest at the Interest Rate on that amount for the period beginning on the date the amount (or each part of it) became due until the date it is accepted by the Landlord.

14. COSTS

- 14.1 The Tenant shall pay the costs and expenses of the Landlord including any solicitors' or other professionals' costs and expenses (reasonably and properly incurred both during and after the end of the term) in connection with or in contemplation of any of the following:
- (a) the enforcement of the tenant covenants of this lease;
 - (b) serving any notice in connection with this lease under section 146 or 147 of the Law of Property Act 1925 or taking any proceedings under either of those sections, notwithstanding that forfeiture is avoided otherwise than by relief granted by the court;

- (c) serving any notice in connection with this lease under section 17 of the Landlord and Tenant (Covenants) Act 1995;
- (d) the preparation and service of a schedule of dilapidations in connection with this lease; or
- (e) any consent or approval applied for under this lease, whether or not it is granted.

14.2 Where the Tenant is obliged to pay or indemnify the Landlord against any solicitors' or other professionals' costs and expenses (whether under this or any other clause of this lease) that obligation extends to those costs and expenses assessed on a full indemnity basis.

15. COMPENSATION ON VACATING

Any right of the Tenant or anyone deriving title under the Tenant to claim compensation from the Landlord on leaving the Property under the LTA 1954 is excluded, except to the extent that the legislation prevents that right being excluded.

16. SET-OFF

The Annual Rent and all other amounts due under this lease shall be paid by the Tenant or any guarantor (as the case may be) in full without any set-off, counterclaim, deduction or withholding (other than any deduction or withholding of tax as required by law).

17. REGISTRATION OF THIS LEASE

Promptly following the grant of this lease, the Tenant shall apply to register this lease at HM Land Registry. The Tenant shall ensure that any requisitions raised by HM Land Registry in connection with that application are dealt with promptly and properly. Within one month after completion of the registration, the Tenant shall send the Landlord official copies of its title.

18. ASSIGNMENTS

18.1 The Tenant shall not assign the whole of this lease without the consent of the Landlord, such consent not to be unreasonably withheld or unreasonably delayed.

18.2 The Tenant shall not assign part only of this lease.

18.3 The Landlord and the Tenant agree that for the purposes of section 19(1A) of the Landlord and Tenant Act 1927 the Landlord may give its consent to an assignment subject to any or all of the following conditions:

- (a) a condition that the assignor enters into an authorised guarantee agreement which:
 - (i) is in respect of all the tenant covenants of this lease;

- (ii) is in respect of the period beginning with the date the assignee becomes bound by those covenants and ending on the date when the assignee is released from those covenants by virtue of section 5 of the Landlord and Tenant (Covenants) Act 1995;
- (iii) imposes principal debtor liability on the assignor;
- (iv) requires (in the event of a disclaimer of this lease) the assignor to enter into a new tenancy for a term equal to the unexpired residue of the Contractual Term
 - (b) a condition that a person of standing acceptable to the Landlord acting reasonably enters into a guarantee and indemnity in the form set out in the Schedule (with such amendments and additions as the Landlord may reasonably require).

18.4 The Landlord and the Tenant agree that for the purposes of section 19(1A) of the Landlord and Tenant Act 1927 the Landlord may refuse its consent to an assignment if any of the following circumstances exist at the date of the Tenant's application for consent to assign the lease:

- (a) the Annual Rent or any other money due under this lease is outstanding or there is a substantial breach of covenant by the Tenant that has not been remedied
- (b) in the Landlord's reasonable opinion the assignee is not of sufficient financial standing to enable it to comply with the Tenant's covenants and conditions contained in this lease; or
- (c) the assignee and the Tenant are group companies within the meaning of section 42 of the LTA 1954.

18.5 Nothing in this clause shall prevent the Landlord from giving consent subject to any other reasonable condition, nor from refusing consent to an assignment in any other circumstance where it is reasonable to do so.

19. UNDERLETTINGS

19.1 The Tenant shall not underlet the whole of the Property except in accordance with this clause nor without the consent of the Landlord, such consent not to be unreasonably withheld.

19.2 The Tenant shall not underlet part only of the Property.

19.3 The Tenant shall not underlet the Property:

- (a) together with any property or any right over property that is not included within this lease;
- (b) at a fine or premium or reverse premium; nor

- (c) allowing any rent free period to the undertenant that exceeds the period as is then usual in the open market in respect of such a letting.

19.4 The Tenant shall not underlet the Property unless, before the underlease is granted, the Tenant has given the Landlord:

- (a) a certified copy of the notice served on the undertenant, as required by section 38A(3)(a) of the LTA 1954, applying to the tenancy to be created by the underlease; and
- (b) a certified copy of the declaration or statutory declaration made by the undertenant in accordance with the requirements of section 38A(3)(b) of the LTA 1954.

19.5 Any underletting by the Tenant shall be by deed and shall include:

- (a) an agreement between the Tenant and the undertenant that the provisions of sections 24 to 28 of the LTA 1954 are excluded from applying to the tenancy created by the underlease;
- (b) the reservation of a rent which is not less than the open market rental value of the Property at the date the Property is underlet and which is payable at the same times as the Annual Rent under this lease (but this shall not prevent an underlease providing for a rent-free period of a length permitted by clause 19.3(c));
- (c) provisions for the review of rent at the same dates and on the same basis as the review of rent in this lease, unless the term of the underlease does not extend beyond the next Review Date;
- (d) a covenant by the undertenant, enforceable by and expressed to be enforceable by the Landlord (as superior landlord at the date of grant) and its successors in title in their own right, to observe and perform the tenant covenants in the underlease and any document that is supplemental or collateral to it and the tenant covenants in this lease, except the covenants to pay the rents reserved by this lease; and
- (e) provisions requiring the consent of the Landlord to be obtained in respect of any matter for which the consent of the Landlord is required under this lease,

and shall otherwise be consistent with and include tenant covenants no less onerous (other than as to the Annual Rent) than those in this lease and in a form approved by the Landlord, such approval not to be unreasonably withheld.

19.6 In relation to any underlease granted by the Tenant, the Tenant shall:

- (a) not vary the terms of the underlease nor accept a surrender of the underlease without the consent of the Landlord, such consent not to be unreasonably withheld;
- (b) enforce the tenant covenants in the underlease and not waive any of them nor allow any reduction in the rent payable under the underlease; and
- (c) ensure that in relation to any rent review the revised rent is not agreed without the approval of the Landlord, such approval not to be unreasonably withheld.

20. SHARING OCCUPATION

The Tenant may share occupation of the Property with any company that is a member of the same group (within the meaning of section 42 of the LTA 1954) as the Tenant for as long as that company remains within that group and provided that no relationship of landlord and tenant is established by that arrangement.

21. CHARGING

21.1 The Tenant shall not charge the whole of this lease without the consent of the Landlord, such consent not to be unreasonably withheld.

21.2 The Tenant shall not charge part only of this lease.

22. PROHIBITION OF OTHER DEALINGS

Except as expressly permitted by this lease, the Tenant shall not assign, underlet, charge, part with or share possession or share occupation of this lease or the Property or hold the lease on trust for any person (except pending registration of a dealing permitted by this lease at HM Land Registry or by reason only of joint legal ownership).

23. REGISTRATION AND NOTIFICATION OF DEALINGS AND OCCUPATION

23.1 In this clause a Transaction is:

- (a) any dealing with this lease or the devolution or transmission of, or parting with possession of any interest in it; or
- (b) the creation of any underlease or other interest out of this lease, or out of any interest, underlease derived from it, and any dealing, devolution or transmission of, or parting with possession of any such interest or underlease; or
- (c) the making of any other arrangement for the occupation of the Property.

23.2 In respect of every Transaction that is registrable at HM Land Registry, the Tenant shall promptly following completion of the Transaction apply to register it (or procure

that the relevant person so applies). The Tenant shall (or shall procure that) any requisitions raised by HM Land Registry in connection with an application to register a Transaction are dealt with promptly and properly. Within one month of completion of the registration, the Tenant shall send the Landlord official copies of its title (and where applicable of the undertenant's title).

23.3 No later than one month after a Transaction the Tenant shall:

- (a) give the Landlord's solicitors notice of the Transaction;
- (b) deliver two certified copies of any document effecting the Transaction to the Landlord's solicitors; and
- (c) pay the Landlord's solicitors a registration fee of £50 (plus VAT).
- (d) deliver to the landlord's solicitors a copy of any Energy Performance Certificate and Recommendation Report issued as a result of the Transaction.

23.4 If the Landlord so requests, the Tenant shall promptly supply the Landlord with full details of the occupiers of the Property and the terms upon which they occupy it.

24. CLOSURE OF THE REGISTERED TITLE OF THIS LEASE

Within one month after the end of the term (and notwithstanding that the term has ended), the Tenant shall make an application to close the registered title of this lease and shall ensure that any requisitions raised by HM Land Registry in connection with that application are dealt with promptly and properly; the Tenant shall keep the Landlord informed of the progress and completion of its application.

25. REPAIRS

25.1 The Tenant shall keep the Property clean and tidy and in good repair and condition save that the Tenant shall be under no obligation to keep in good repair and condition the Landlords Works until the Landlord has carried out the Landlords Works and the Tenant shall in addition ensure that any Lifts and Service Media within and exclusively serving the Property are kept in good working order.

25.2 The Tenant shall not be liable to repair the Property to the extent that any disrepair has been caused by an Insured Risk, unless and to the extent that:

- (a) the policy of insurance of the Property has been vitiated or any insurance proceeds withheld in consequence of any act or omission of the Tenant, any undertenant or their respective workers, contractors or agents or any person on the Property with the actual or implied authority of any of them;

- (b) The insurance cover in relation to that disrepair is excluded, limited, is unavailable or has not been extended as mentioned in clause 8.2.

26. DECORATION

- 26.1 Save for the Landlord's Works until such time as they shall have been carried out, the Tenant shall decorate the outside and the inside of the Property as often as is reasonably necessary and also in the last three months before the end of the term
- 26.2 All decoration shall be carried out in a good and proper manner using good quality materials that are appropriate to the Property and the Permitted Use and shall include all appropriate preparatory work.
- 26.3 All decoration carried out in the last three months of the term shall also be carried out to the satisfaction of the Landlord and using materials, designs and colours approved by the Landlord.
- 26.4 The Tenant shall replace the floor coverings at the Property within the three months before the end of the term with new ones of good quality and appropriate to the Property and the Permitted Use.

27. ALTERATIONS

- 27.1 The Tenant shall not make any external or structural alteration or addition to the Property and shall not make any opening in any boundary structure of the Property without the Landlord's consent (such consent not to be unreasonably withheld or delayed). If consent is sought in relation to any extensions or alterations the Landlord reserves the right to carry out the works and amortise agreed expenditure over the lease term remaining at that time by way of increased rental. Such increase in rental and works to be documented by way of a Licence for Alterations and Deed of Variation
- 27.2 The Tenant shall not install any Service Media on the exterior of the Property nor alter the route of any Service Media at the Property without the consent of the Landlord, such consent not to be unreasonably withheld.
- 27.3 The Tenant shall not make any internal, non-structural alteration to the Property without the consent of the Landlord, such consent not to be unreasonably withheld.
- 27.4 The Tenant shall not carry out any alteration to the Property which would, or may reasonably be expected to, have an adverse effect on the asset rating in any Energy Performance Certificate commissioned in respect of the Property.

28. SIGNS

- 28.1 In this clause **Signs** include signs, fascia, placards, boards, posters and advertisements.

- 28.2 The Tenant shall not attach any Signs to the exterior of the Property or display any inside the Property so as to be seen from the outside except Signs of a design, size and number and in a position that are appropriate to the Property and the Permitted Use, without the consent of the Landlord, such consent not to be unreasonably withheld.
- 28.3 Before the end of the term, the Tenant shall remove any Signs placed by it at the Property and shall make good any damage caused to the Property by that removal.
- 28.4 The Tenant shall allow the Landlord to fix to and keep at the Property any sale or re-letting board as the Landlord reasonably requires.

29. RETURNING THE PROPERTY TO THE LANDLORD

- 29.1 Unless the term is terminated by the Tenant exercising its Option to Purchase the Landlord's Interest under clause 47 at the end of the term, the Tenant shall return the Property to the Landlord in the repair and condition required by this lease.
- 29.2 At the end of the term, the Tenant shall remove from the Property all chattels belonging to or used by it.
- 29.3 The Tenant irrevocably appoints the Landlord to be the Tenant's agent to store or dispose of any chattels or items it has fixed to the Property and which have been left by the Tenant on the Property for more than twenty working days after the end of the term. The Landlord shall not be liable to the Tenant by reason of that storage or disposal. The Tenant shall indemnify the Landlord in respect of any claim made by a third party in relation to that storage or disposal.

30. USE

- 30.1 The Tenant shall not use the Property for any purpose other than the Permitted Use.
- 30.2 The Tenant shall not use the Property for any illegal purpose nor for any purpose or in a manner that would cause loss, damage, injury, nuisance or inconvenience to the Landlord, its other tenants or any other owner or occupier of neighbouring property.
- 30.3 The Tenant shall not overload any structural part of the Property nor any machinery or equipment at the Property nor any Service Media at or serving the Property.

31. COMPLIANCE WITH LAWS

- 31.1 The Tenant shall comply with all laws relating to:
- (a) the Property and the occupation and use of the Property by the Tenant;
 - (b) the use or operation of all Service Media and machinery and equipment at or serving the Property whether or not used or operated, and shall, where necessary, replace or convert such

Service Media within or exclusively serving the Property so that it is capable of lawful use or operation;

- (c) any works carried out at the Property; and
- (d) all materials kept at or disposed from the Property.

31.2 Without prejudice to any obligation on the Tenant to obtain any consent or approval under this lease, the Tenant shall carry out all works that are required under any law to be carried out at the Property whether by the owner or the occupier.

31.3 Within ten working days after receipt of any notice or other communication affecting the Property (and whether or not served pursuant to any law) the Tenant shall:

- (a) send a copy of the relevant document to the Landlord; and
- (b) take all steps necessary to comply with the notice or other communication and take any other action in connection with it as the Landlord may require.

31.4 The Tenant shall not apply for any planning permission for the Property without the Landlord's consent such consent not to be unreasonably withheld.

31.5 The Tenant shall comply with its obligations under the CDM Regulations, including all requirements in relation to the provision and maintenance of a health and safety file. The Tenant shall maintain the health and safety file for the Property in accordance with the CDM Regulations and shall give it to the Landlord at the end of the term.

31.6 The Tenant shall supply all information to the Landlord that the Landlord reasonably requires from time to time to comply with the Landlord's obligations under the CDM Regulations.

31.7 As soon as the Tenant becomes aware of any defect in the Property, it shall give the Landlord notice of it. The Tenant shall indemnify the Landlord against any liability under the Defective Premises Act 1972 in relation to the Property by reason of any failure of the Tenant to comply with any of the tenant covenants in this lease.

31.8 The Tenant shall keep the Property equipped with all fire prevention, detection and fighting machinery and equipment and fire alarms which are required under all relevant laws or required by the insurers of the Property or reasonably recommended by them or reasonably required by the Landlord and shall keep that machinery, equipment and alarms properly maintained and available for inspection.

32. ENERGY PERFORMANCE CERTIFICATES

32.1 The Tenant shall:

- (a) co-operate with the Landlord so far as is reasonably necessary to allow the Landlord to obtain an Energy Performance Certificate and Recommendation Report for the

Property including providing the Landlord with copies of any plans or other information held by the Tenant that would assist in obtaining an Energy Performance Certificate; and

- (b) allow such access to any Energy Assessor appointed by the Landlord as is reasonably necessary to inspect the Property for the purposes of preparing an Energy Performance Certificate and/or Recommendation Report for the Property.

- 32.2 The Tenant shall not commission an Energy Performance Certificate for the Property except in order to assist it in dealing with its interest in the Property.

33. ENCROACHMENTS, OBSTRUCTIONS AND ACQUISITION OF RIGHTS

- 33.1 The Tenant shall not grant any right or licence (other than for the accommodation of its clients in the ordinary course of its business) over the Property to a third party.

- 33.2 If a third party makes or attempts to make any encroachment over the Property or takes any action by which a right may be acquired over the Property, the Tenant shall:

- (a) immediately inform the Landlord and shall give the Landlord notice of that encroachment or action; and
- (b) take all steps (including any proceedings) the Landlord reasonably requires to prevent or license the continuation of that encroachment or action.

- 33.3 The Tenant shall not obstruct the flow of light or air to the Property nor obstruct any means of access to the Property.

- 33.4 The Tenant shall not make any acknowledgement that the flow of light or air to the Property or that the means of access to the Property is enjoyed with the consent of any third party.

- 33.5 If any person takes or threatens to take any action to obstruct the flow of light or air to the Property or obstruct the means of access to the Property, the Tenant shall:

- (a) immediately inform the Landlord and shall give the Landlord notice of that action; and
- (b) take all steps (including proceedings) the Landlord reasonably requires to prevent or secure the removal of the obstruction.

34. BREACH OF REPAIR AND MAINTENANCE OBLIGATIONS

- 34.1 The Landlord may enter the Property to inspect its condition and state of repair and may give the Tenant a notice of any breach of any of the tenant covenants in this lease relating to the condition or repair of the Property.

- 34.2 If the Tenant has not begun any works needed to remedy that breach within two months following that notice (or if works are required as a matter of emergency, then immediately) or if the Tenant is not carrying out the works with all due speed, then the Landlord may enter the Property and carry out the works needed.
- 34.3 The costs incurred by the Landlord in carrying out any works pursuant to this clause (and any professional fees and any irrecoverable VAT in respect of those costs) shall be a debt due from the Tenant to the Landlord and payable on demand.
- 34.4 Any action taken by the Landlord pursuant to this clause shall be without prejudice to the Landlord's other rights, including those under clause 39.

35. INDEMNITY

The Tenant shall keep the Landlord indemnified against all liabilities, expenses, costs (including but not limited to any solicitors or other professionals costs and expenses), claims, damages and losses (including but not limited to any diminution in the value of the Landlord's interest in the Property and loss of amenity of the Property) suffered or incurred by the Landlord arising out of or in connection with any breach of any tenant covenants in this lease, or any act or omission of the Tenant, any undertenant or their respective workers, contractors or agents or any other person on the Property with the actual or implied authority of any of them.

36. LANDLORD'S COVENANT FOR QUIET ENJOYMENT

The Landlord covenants with the Tenant, that, so long as the Tenant pays the rents reserved by and complies with its obligations in this lease, the Tenant shall have quiet enjoyment of the Property without any interruption by the Landlord or any person claiming under the Landlord or by title paramount except as otherwise permitted by this lease.

37. LANDLORD'S WORKS

The Landlord covenants to carry out the Landlord's Works at its own cost in a good and workmanlike manner within 2 months of the date of this Lease to the reasonable satisfaction of the Tenant.

38. GUARANTEE AND INDEMNITY

- 38.1 The provisions of the Schedule apply.
- 38.2 If an Act of Insolvency occurs in relation to a guarantor, or if any guarantor (being an individual) dies or becomes incapable of managing his affairs the Tenant shall, if the Landlord requests, procure that a person of standing acceptable to the Landlord, within 28 days of that request, enters into a replacement or additional guarantee and indemnity of the tenant covenants of this lease in the same form as that entered into by the former guarantor.

38.3 Clause 38.2 shall not apply in the case of a person who is guarantor by reason of having entered into an authorised guarantee agreement.

38.4 For so long as any guarantor remains liable to the Landlord, the Tenant shall, if the Landlord requests, procure that that guarantor joins in any consent or approval required under this lease and consents to any variation of the tenant covenants of this lease.

39. RE-ENTRY AND FORFEITURE

39.1 The Landlord may re-enter the Property (or any part of the Property in the name of the whole) at any time after any of the following occurs:

- (a) any rent is unpaid 21 days after becoming payable whether it has been formally demanded or not;
- (b) any breach of any condition of, or tenant covenant in, this lease;
- (c) an Act of Insolvency.

39.2 If the Landlord re-enters the Property (or any part of the Property in the name of the whole) pursuant to this clause, this lease shall immediately end, but without prejudice to any right or remedy of the Landlord in respect of any breach of covenant by the Tenant or any guarantor.

40. JOINT AND SEVERAL LIABILITY

40.1 Where the Tenant comprises more than one person, those persons shall be jointly and severally liable for the obligations and liabilities of the Tenant arising under this lease. The Landlord may take action against, or release or compromise the liability of, or grant time or other indulgence to, any one of those persons without affecting the liability of any other of them.

40.2 Where a guarantor comprises more than one person, those persons shall be jointly and severally liable for the obligations and liabilities of a guarantor arising under this lease. The Landlord may take action against, or release or compromise the liability of, or grant time or other indulgence to, any one of those persons without affecting the liability of any other of them.

40.3 The obligations of the Tenant and any guarantor arising by virtue of this lease are owed to the Landlord and the obligations of the Landlord are owed to the Tenant.

40.4 The Landlord shall not be liable to the Tenant for any failure of the Landlord to perform any landlord covenant in this lease, unless and until the Tenant has given the Landlord notice of the failure and the Landlord has not remedied the failure within a reasonable time of service of that notice.

40.5 The tenant agrees to indemnify and hold harmless the Landlord, against any and all

- 40.6 claims whatsoever or however they may have arisen. This indemnification will survive the termination of this agreement.

41. ENTIRE AGREEMENT

- 41.1 This lease constitutes the whole agreement between the parties and supersedes all previous discussions, correspondence, negotiations, arrangements, understandings and agreements between them relating to its subject matter.

- 41.2 Each party acknowledges that in entering into this lease it does not rely on, and shall have no remedies in respect of, any representation or warranty (whether made innocently or negligently) other than those contained in any written replies that Andrew Boddy Solicitors has given to any written enquiries raised by Howman Solicitors before the date of this lease.

- 41.3 For the purposes of clause 41.2, **written enquiries** and **written replies** include:

- (a) any pre-contract enquiries and any replies to pre-contract enquiries that are requested or given by reference to the Property and include enquiries or replies so requested or given by email; and
- (b) following pre-contract enquiries and replies that were sent or received by email:

CPSE1 (version 3.7); CPSE 3 (version 3.7) and other additional enquiries

- 41.4 Nothing in this lease constitutes or shall constitute a representation or warranty that the Property may lawfully be used for any purpose allowed by this lease.

- 41.5 Nothing in this clause shall limit or exclude any liability for fraud.

42. NOTICES, CONSENTS AND APPROVALS

- 42.1 Except where this lease specifically states that a notice need not be in writing, any notice given under or in connection with this lease shall be:

- (a) in writing and for the purposes of this clause an email is not in writing; and
- (b) given:
 - (i) by hand or by pre-paid first-class post or other next working day delivery service at the party's registered office address (if the party is a company) or (in any other case) at the party's principal place of business; or
 - (ii) by fax to the party's main fax number.

- 42.2 If a notice complies with the criteria in clause 42.1, whether or not this lease requires that notice to be in writing, it shall be deemed to have been received:
- (a) if delivered by hand, at the time the notice is left at the proper address;
 - (b) if sent by pre-paid first-class post or other next working day delivery service, on the second working day after posting; or
 - (c) if sent by fax, at 9.00 am on the next working day after transmission.
- 42.3 This clause does not apply to the service of any proceedings or other documents in any legal action or, where applicable, any arbitration or other method of dispute resolution.
- 42.4 Section 196 of the Law of Property Act 1925 shall otherwise apply to notices given under this lease.
- 42.5 Where the consent of the Landlord is required under this lease, a consent shall only be valid if it is given in writing and signed by the Landlord or a person duly authorised on its behalf
- 42.6 Where the approval of the Landlord is required under this lease, an approval shall only be valid if it is in writing and signed by or on behalf of the Landlord, unless:
- (a) the approval is being given in a case of emergency; or
 - (b) this lease expressly states that the approval need not be in writing.
- 42.7 If the Landlord gives a consent or approval under this lease, the giving of that consent or approval shall not imply that any consent or approval required from a third party has been obtained, nor shall it obviate the need to obtain any consent or approval from a third party.

43. GOVERNING LAW

This lease and any dispute or claim arising out of or in connection with it or its subject matter or formation (including non-contractual disputes or claims) shall be governed by and construed in accordance with the law of England and Wales.

44. JURISDICTION

Each party irrevocably agrees that the courts of England and Wales shall have exclusive jurisdiction to settle any dispute or claim arising out of or in connection with this lease or its subject matter or formation (including non-contractual disputes or claims).

45. EXCLUSION OF SECTIONS 24-28 OF THE LTA 1954

- 45.1 The parties confirm that:

- (a) the Landlord served a notice on the Tenant, as required by section 38A(3)(a) of the LTA 1954, applying to the tenancy created by this lease, before this lease was entered into a certified copy of which notice is annexed to this lease;
- (b) the Tenant made a statutory declaration dated the 2019 in accordance with the requirements of section 38A(3)(b) of the LTA 1954 a certified copy of which statutory declaration is annexed to this lease; and
- (c) there is no agreement for lease to which this lease gives effect.

45.2 The parties agree that the provisions of sections 24 to 28 of the LTA 1954 are excluded in relation to the tenancy created by this lease.

45.3 The parties confirm that:

- (a) the Landlord served a notice on the Guarantor, as required by section 38A(3)(a) of the LTA 1954, applying to the tenancy to be entered into by the Guarantor pursuant to paragraph 4 of the Schedule, before this lease was entered into (a certified copy of which notice is annexed to this lease); and
- (b) the Guarantor, made a statutory declaration dated 2019 in accordance with the requirements of section 38A(3)(b) of the LTA 1954 (a certified copy of which statutory declaration is annexed to this lease).

46. CONTRACTS (RIGHTS OF THIRD PARTIES) ACT 1999

A person who is not a party to this lease shall not have any rights under the Contracts (Rights of Third Parties) Act 1999 to enforce any term of this lease. This does not affect any right or remedy of a third party which exists, or is available, apart from that Act.

47. OPTION TO PURCHASE THE LANDLORD'S INTEREST

47.1 The Landlord grants the Tenant an option during the Option Period to purchase the freehold interest in the Property (**Landlord's Interest**) at the Purchase Price.

47.2 Subject to clause 47, the Tenant may exercise the Option at any time during the Option Period by serving an Option Notice on the Landlord.

47.3 The Option shall immediately terminate if this lease is lawfully determined by the Landlord under the right for re-entry and forfeiture contained in the lease or if the lease otherwise ceases to exist before the end of the Contractual Term.

47.4 The Option shall immediately terminate if the Tenant fails to protect it by entry of a notice against the title to the Landlord's Interest.

48. PRE-CONDITIONS

The Option Notice shall be of no effect unless it is given:

- (a) by, or on behalf of, each and every person who together constitute the Tenant at the date of exercise of the Option;
- (b) in accordance with the notice provisions contained in clause 50; and
- (c) in respect of the whole of the Landlord's Interest under this Lease.

49. DEPOSIT

- 49.1 On the date of exercise of the Option to Purchase the Landlord's Interest, the Tenant shall pay the Deposit to the Landlord's Conveyancer as stakeholder on terms that on completion the Deposit is paid to the Landlord with accrued interest.
- 49.2 The Deposit must be paid by Electronic Payment.
- 49.3 If the Deposit is not paid on the date of exercise of the Option, the Option Notice shall be null and void.

50. SERVICE OF OPTION NOTICE

- 50.1 The Option Notice must be signed by or on behalf of the Tenant.
- 50.2 The Option Notice must be served by delivering it personally or sending it by prepaid first class post or recorded delivery to the Landlord at the address referred to herein to be marked for the attention of The Trustees of Parklands Retirement Benefit Scheme or to such other address, or for the attention of such other person as was last notified in writing by the Landlord to the Tenant.

And in addition to the above; an email is sent to confirm that the Option has been exercised and that a notice has been sent. The following two email addresses should both be used (or to any other email address from time to time provided by the Landlord for the attention of such other persons as last notified in writing by the Landlord to the Tenant): Clarence.vaz@me.com or manager@pnh.demon.co.uk

- 50.3 The Option Notice shall be deemed to have been received:
 - (a) if delivered personally, at the time of delivery; and
 - (b) in the case of prepaid first-class post or recorded delivery, on the second Working Day after posting.(c)and in the case of an email in accordance with the requirement of clause 50.2

- 50.4 In proving service it shall be sufficient to prove that delivery was made or that the envelope was properly addressed and posted as a prepaid first class or recorded delivery letter.

51. EXERCISE OF OPTION

If the Option is validly exercised, the Landlord shall sell and the Tenant shall purchase the Landlord's Interest for the Purchase Price on the Sale Terms.

52. NON-EXERCISE OF OPTION

If the Option is not exercised then, immediately after the expiry of the Option Period, the Tenant shall remove all entries relating to the Option registered against the Landlord's Interest.

53. MUTUAL BREAK CLAUSE (FIXED DATE)

53.1 Definitions

Break Date: 2023

Break Notice: written notice to terminate this lease on the Break Date specifying the relevant Break Date and served in accordance with clause 53.2.

53.2 Exercise of break

Either the Landlord or the Tenant may terminate this lease by serving a Break Notice on the other party at least 6 months before the relevant Break Date.

53.3 Conditions

A Break Notice served by the Tenant shall be of no effect if, at the Break Date stated in the Break Notice:

- (a) the Tenant has not paid any part of the Annual Rent, or any VAT in respect of it, which was due to have been paid; or
- (b) vacant possession of the whole of the Property is not given
- (c) there is a subsisting substantial breach of any of the tenant covenants of this lease relating to the state of repair and condition of the Property.

53.4 Termination

Subject to clause 53.3, following service of a Break Notice this lease shall terminate on the relevant Break Date.

- 53.5 Termination of this lease on the Break Date shall not affect any other right or remedy that either party may have in relation to any earlier breach of this lease.
- 53.6 If this lease terminates in accordance with clause 53.4 then, within 14 days after the relevant Break Date, the Landlord shall refund to the Tenant the proportion of the Annual Rent, and any VAT paid in respect of it, for the period from and excluding the relevant Break Date up to and excluding the next Rent Payment Date, calculated on a daily basis.

This document has been executed as a deed and is delivered and takes effect on the date stated at the beginning of it.

Schedule 1 - Guarantee and indemnity

1. **GUARANTEE AND INDEMNITY**

- 1.1 The Guarantor guarantees to the Landlord that the Tenant shall:
- (a) pay the rents reserved by this lease and observe and perform the tenant covenants of this lease and that if the Tenant fails to pay any of those rents or to observe or perform any of those tenant covenants, the Guarantor shall pay or observe and perform them; and
 - (b) observe and perform any obligations the Tenant enters into in an authorised guarantee agreement made in respect of this lease (the **Authorised Guarantee Agreement**) and that if the Tenant fails to do so, the Guarantor shall observe and perform those obligations.
- 1.2 The Guarantor covenants with the Landlord as principal obligor and as a separate and independent obligation and liability from its obligations and liabilities under paragraph 1.1 to indemnify and keep indemnified the Landlord against any failure by the Tenant:
- (a) to pay any of the rents reserved by this lease or any failure to observe or perform any of the tenant covenants of this lease; or
 - (b) to observe or perform any of the obligations the Tenant enters into in the Authorised Guarantee Agreement.

2. **GUARANTOR'S LIABILITY**

- 2.1 The liability of the Guarantor under paragraph 1.1(a) and paragraph 1.2(a) shall continue until the end of the term, or until the Tenant is released from the tenant covenants of this lease by virtue of the Landlord and Tenant (Covenants) Act 1995, if earlier.
- 2.2 The liability of the Guarantor shall not be reduced, discharged or otherwise adversely affected by:
- (a) any time or indulgence granted by the Landlord to the Tenant; or
 - (b) any delay or forbearance by the Landlord in enforcing the payment of any of the rents or the observance or performance of any of the tenant covenants of this lease (or the Tenant's obligations under the Authorised Guarantee Agreement) or in making any demand in respect of any of them; or
 - (c) any refusal by the Landlord to accept any rent or other payment due under this lease where the Landlord believes that the acceptance of such rent or payment may prejudice its ability to re-enter the Property; or
 - (d) the Landlord exercising any right or remedy against the Tenant for any failure to pay the rents reserved by this lease or to observe or perform the tenant covenants of this lease (or the Tenant's obligations under the Authorised Guarantee Agreement); or

- (e) the Landlord taking any action or refraining from taking any action in connection with any other security held by the Landlord in respect of the Tenant's liability to pay the rents reserved by this lease or observe and perform the tenant covenants of the lease (or the Tenant's obligations under the Authorised Guarantee Agreement) including the release of any such security; or
- (f) a release or compromise of the liability of any one of the persons who is the Guarantor, or the grant of any time or concession to any one of them; or
- (g) any legal limitation or disability on the Tenant or any invalidity or irregularity of any of the tenant covenants of the lease (or the Tenant's obligations under the Authorised Guarantee Agreement) or any unenforceability of any of them against the Tenant; or
- (h) the Tenant being dissolved, or being struck off the register of companies or otherwise ceasing to exist, or, if the Tenant is an individual, by the Tenant dying or becoming incapable of managing its affairs; or
- (i) without prejudice to paragraph 4, the disclaimer of the Tenant's liability under this lease or the forfeiture of this lease; or
- (j) the surrender of the lease in respect of part only of the Property, except that the Guarantor shall not be under any liability in relation to the surrendered part in respect of any period after the surrender; or

by any other act or omission except an express written release by deed of the Guarantor by the Landlord.

2.3 The liability of each of the persons making up the Guarantor is joint and several.

2.4 Any sum payable by the Guarantor shall be paid without any deduction, set-off or counter-claim against the Landlord or the Tenant.

3. VARIATIONS AND SUPPLEMENTAL DOCUMENTS

3.1 The Guarantor shall, at the request of the Landlord, join in and give its consent to the terms of any consent, approval, variation or other document that may be entered into by the Tenant in connection with this lease (or the Authorised Guarantee Agreement).

3.2 The Guarantor shall not be released by any variation of the rents reserved by, or the tenant covenants in, this lease (or the Tenant's obligations under the Authorised Guarantee Agreement) whether or not:

- (a) the variation is material or prejudicial to the Guarantor; or
- (b) the variation is made in any document; or
- (c) the Guarantor has consented, in writing or otherwise, to the variation.

- 3.3 The liability of the Guarantor shall apply to the rents reserved by and the tenant covenants in this lease (and the Tenant's obligations under the Authorised Guarantee Agreement) as varied except to the extent that the liability of the Guarantor is affected by section 18 of the Landlord and Tenant (Covenants) Act 1995.

4. GUARANTOR TO TAKE A NEW LEASE OR MAKE PAYMENT

- 4.1 If this lease is forfeited or the liability of the Tenant under this lease is disclaimed and the Landlord gives the Guarantor notice not later than six months after the forfeiture or the Landlord having received notice of the disclaimer, the Guarantor shall enter into a new lease of the Property on the terms set out in paragraph 4.2.

- 4.2 The rights and obligations under the new lease shall take effect beginning on the date of the forfeiture or disclaimer and the new lease shall:

- (a) be granted subject to the right of any person to have this lease vested in them by the court and to the terms on which any such order may be made and subject to the rights of any third party existing at the date of the grant;
- (b) be for a term that expires at the same date as the end of the Contractual Term of this lease had there been no forfeiture or disclaimer;
- (c) reserve as an initial annual rent an amount equal to the Annual Rent payable under this lease at the date of the forfeiture or disclaimer or which would be payable but for any abatement or suspension of the Annual Rent or restriction on the right to collect it (subject to paragraph 5) and which is subject to review on the same terms and dates provided by this lease;
- (d) be excluded from sections 24 to 28 of the LTA 1954; and
- (e) otherwise be on the same terms as this lease (as varied if there has been any variation).

- 4.3 The Guarantor shall pay the Landlord's solicitors' costs and disbursements (on a full indemnity basis) and any VAT in respect of them in relation to the new lease and shall execute and deliver to the Landlord a counterpart of the new lease within one month after service of the Landlord's notice.

- 4.4 The grant of a new lease and its acceptance by the Guarantor shall be without prejudice to any other rights which the Landlord may have against the Guarantor or against any other person or in respect of any other security that the Landlord may have in connection with this lease.

- 4.5 The Landlord may, instead of giving the Guarantor notice pursuant to paragraph 4.1 but in the same circumstances and within the same time limit, require the Guarantor to pay an amount equal to six months Annual Rent and the Guarantor shall pay that amount on demand.

5. RENT AT THE DATE OF FORFEITURE OR DISCLAIMER

If at the date of the forfeiture or disclaimer there is a rent review pending under this lease, then the initial annual rent to be reserved by the new lease shall be the greater of:

- (a) the Annual Rent previously payable (or which would have been payable but for any abatement or suspension of the Annual Rent or restriction on the right to collect it) under the lease prior to forfeiture or disclaimer; and
- (b) the open market rent of the Property at the relevant Review Date, as determined by the Landlord before the grant of the new lease.

6. PAYMENTS IN GROSS AND RESTRICTIONS ON THE GUARANTOR

- 6.1 Any payment or dividend that the Landlord receives from the Tenant (or its estate) or any other person in connection with any insolvency proceedings or arrangement involving the Tenant shall be taken and applied as a payment in gross and shall not prejudice the right of the Landlord to recover from the Guarantor to the full extent of the obligations that are the subject of this guarantee and indemnity.
- 6.2 The Guarantor shall not claim in competition with the Landlord in any insolvency proceedings or arrangement of the Tenant in respect of any payment made by the Guarantor pursuant to this guarantee and indemnity. If it otherwise receives any money in such proceedings or arrangement, it shall hold that money on trust for the Landlord to the extent of its liability to the Landlord.
- 6.3 The Guarantor shall not, without the consent of the Landlord, exercise any right or remedy that it may have (whether against the Tenant or any other person) in respect of any amount paid or other obligation performed by the Guarantor under this guarantee and indemnity unless and until all the obligations of the Guarantor under this guarantee and indemnity have been fully performed.

7. OTHER SECURITIES

- 7.1 The Guarantor warrants that it has not taken and covenants that it shall not take any security from or over the assets of the Tenant in respect of any liability of the Tenant to the Guarantor. If it does take or hold any such security it shall hold it for the benefit of the Landlord.
- 7.2 This guarantee and indemnity is in addition to and independent of any other security that the Landlord may from time to time hold from the Guarantor or the Tenant or any other person in respect of the liability of the Tenant to pay the rents reserved by this lease and to observe and perform the tenant covenants of this lease. It shall not merge in or be affected by any other security.
- 7.3 The Guarantor shall not be entitled to claim or participate in any other security held by the Landlord in respect of the liability of the Tenant to pay the rents reserved by this lease or to observe and perform the tenant covenants of this lease.

Schedule 2 – Sale Terms

In this Schedule, the following words and expressions have the following meanings:

Charges: the charge appearing at entry 1 of the charges register of title number NN127174 as at 24th January 2019 or any other financial charge subsisting at the Completion Date.

Completion Date: the date determined in accordance with paragraph 11.1 of this Schedule.

Contract Rate: 4% per annum above the base rate from time to time of Barclays Bank plc.

Part 1 Conditions: Part 1 of the Standard Commercial Property Conditions (Third Edition - 2018 Revision) and **Condition** means any one of them.

Part 2 Conditions: Part 2 of the Standard Commercial Property Conditions (Third Edition - 2018 Revision).

Tenant's Conveyancer: Howman Solicitors 52/53 Margaret Street London W1W 8SQ or any other conveyancer whose details may be notified in writing from time to time by the Tenant to the Landlord.

1. Sale and purchase

1.1 Following the valid exercise of the Option, the Landlord shall sell and the Tenant shall purchase the Landlord's Interest for the Purchase Price.

1.2 The Tenant cannot require the Landlord to:

- (a) transfer the Landlord's Interest or any part of it to any person other than the Tenant; or
- (b) transfer the Landlord's Interest in more than one parcel or by more than one transfer; or
- (c) apportion the Purchase Price between different parts of the Landlord's Interest.

2. Conditions

2.1 Upon exercise of the Option, the Part 1 Conditions shall be incorporated in the Sale Terms so far as they:

- (a) apply to a sale by private treaty;
- (b) relate to freehold property;
- (c) are not inconsistent with the other Sale Terms; and

- (d) have not been modified or excluded by any of the other Sale Terms.
- 2.2 The terms used in this lease have the same meaning when used in the Part 1 Conditions.
- 2.3 References in the Part 1 Conditions to:
 - (a) "seller" mean the Landlord; and
 - (b) "buyer" mean the Tenant.
- 2.4 Upon exercise of the Option, the Part 2 Conditions shall not be incorporated into the Sale Terms.
- 2.5 The following Conditions are amended:
 - (a) Condition 1.1.1(d) so that reference to completion date in Condition 1.1.1(d) is to the Completion Date as defined in this lease;
 - (b) Condition 1.1.1(e) so that reference to contract rate in Condition 1.1.1(e) is to the Contract Rate as defined in this lease;
 - (c) Condition 1.1.1(p) so that reference to working day in Condition 1.1.1(p) is to Working Day as defined in this lease;
 - (d) Condition 1.1.3(b) so as to read "in the case of the seller, even though a mortgage remains secured on the property, if the amount to be paid on completion enables the property to be transferred freed of all mortgages, (except those to which the sale is expressly subject) or if the seller produces reasonable evidence that this is the case.";
 - (e) Condition 9.1.1 by the deletion of the words "Completion date is twenty working days after the date of the contract";
 - (f) Conditions 9.1.2 and 9.1.3 by the deletion of 2.00 pm as the stipulated time and the substitution of 1.00 pm;
 - (g) Condition 9.4 so as to add "(d) any other sum which the parties agree under the terms of the contract should be paid or allowed on completion";
 - (h) Condition 9.7 is amended to read: "The buyer is to pay the money due on completion by Electronic Payment and, if appropriate, by an unconditional release of a deposit held by a stakeholder"; and
 - (i) Condition 10.1, so the first paragraph reads, "If any plan or statement in the contract, or in written replies which the seller's conveyancer has given to any enquiry raised by the buyer's conveyancer before the date of the contract, is or was misleading or inaccurate due to any error or omission, the remedies available are as follows:".
- 2.6 The following Conditions shall not apply:
 - (a) Condition 1.1.4(a);
 - (b) Condition 1.3;

- (c) Condition 2.1 and 2.2;
- (d) Conditions 3.2.1 and 3.2.2;
- (e) Conditions 4.1.1, 4.1.2 and 4.1.3;
- (f) Conditions 7.1, 7.2, 7.3.1, 7.4.2 and 7.6.2;
- (g) Condition 7.6.5(b);
- (h) Conditions 8.2.2, 8.2.3 and 8.2.4; and
- (i) Condition 9.2.1; and
- (j) Condition 9.8.3.

3. Continuance of lease

- 3.1 The Landlord's Interest shall be sold subject to and with the benefit of this lease, which shall continue in full force until actual completion.
- 3.2 The residue of the term granted by the lease shall merge and be extinguished in the Landlord's Interest immediately upon completion.

4. Risk and insurance

- 4.1 Following exercise of the Option, the Landlord shall continue to insure the Property in accordance with the Landlord's obligations contained in the lease until completion.
- 4.2 No damage to or destruction of the Property nor any deterioration in its condition, however caused, shall entitle the Tenant either to any reduction of the Purchase Price or to refuse to complete or to delay completion.
- 4.3 If in the period between the date of exercise of the Option and completion, the Property is damaged or destroyed by a risk against which the Landlord has insured:
 - (a) the Landlord shall make a claim under the Landlord's insurance policy in respect of that damage or destruction;
 - (b) to the extent that any insurance money in respect of the damage or destruction is paid to the Landlord before completion, and to the extent that the Landlord is not under any statutory or contractual obligation to use any insurance money received by it to repair or rebuild the Property before completion, the Landlord shall hold the insurance money received by it on trust for the Tenant pending completion and shall pay the money to the Tenant on completion;
 - (c) to the extent that any insurance money in respect of the damage or destruction is paid to the Landlord after completion, the Landlord shall hold the insurance money on trust for the Tenant and shall, as soon as is reasonably practicable, pay it to the Tenant; and
 - (d) to the extent that any insurance money in respect of the damage or destruction has not been paid to the Landlord before completion, the Landlord shall on

completion, to the extent permitted by the policy and at the Tenant's expense, assign to the Tenant all rights to claim under the policy, the assignment being in the form reasonably required by the Tenant.

5. Title

5.1 Title to the Landlord's Interest has been deduced to the Tenant's Conveyancer before the date of this lease.

5.2 The Tenant is deemed to have full knowledge of the Landlord's title and is not entitled to raise any objection, enquiry, requisition or claim in relation to it save in relation to any incumbrance affecting the Landlord's Interest that arises after the date of this lease

6. Title guarantee

The Landlord shall transfer the Landlord's Interest with full title guarantee.

7. Matters affecting the Landlord's Interest

7.1 The Landlord shall sell the Landlord's Interest free from incumbrances other than:

- (a) this lease;
- (b) any matters, other than the Charges, contained or referred to in the entries or records made in registers maintained by HM Land Registry under title number NN127174;
- (c) any matters discoverable by inspection of the Property before the date of exercise of the Option;
- (d) any matters which the Landlord does not and could not reasonably know about;
- (e) any matters, other than the Charges, disclosed or which would have been disclosed by the searches and enquiries which a prudent buyer would have made before exercise of the Option;
- (f) public requirements; and
- (g) any matters which are unregistered interests which override registered dispositions under Schedule 3 to the Land Registration Act 2002

7.2 The Tenant is deemed to have full knowledge of the matters referred to in paragraph 8.1 and shall not raise any enquiry, objection, requisition or claim in respect of any of them.

8. Transfer

8.1 The transfer to the Tenant shall contain:

- (a) a declaration as to the title guarantee with which the transfer is made as stated in the Sale Terms;

- (b) a provision that the disposition effected by the transfer is made subject to all the matters to which the sale is made subject as set out in paragraph 8.1;
- (c) a provision that all matters recorded at the date of the transfer in registers open to public inspection, are deemed to be within the actual knowledge of the Tenant for the purposes of section 6(2)(a) of the Law of Property (Miscellaneous Provisions) Act 1994, notwithstanding section 6(3) of that Act;
- (d) a provision that the Property shall not, by virtue of the transfer, have any rights, easements or the benefit of any other matters over the Landlord's Retained Land other than those (if any) which are expressly mentioned in or granted by the transfer and a provision that section 62 of the Law of Property Act 1925 shall not apply to the transfer;
- (e) a covenant by the Tenant by way of indemnity only, on its own behalf and on behalf of its successors in title, to observe and perform the charges, incumbrances, covenants and restrictions contained or referred to in the property and charges registers of NN127174 in so far as they are subsisting and capable of taking effect and shall keep the Landlord indemnified against all proceedings, costs, claims and expenses arising from any failure to do so;

8.2 The Landlord and the Tenant shall execute the transfer in original and counterpart.

9. **Purchase Price**

- 9.1 The Purchase Price shall be the amount agreed to a base valuation of £1,500,000 as at the Base Month such Purchase Price increasing every month thereafter by the index value of the Retail Price Index or Consumer Price Index whichever is the greater less a sum equal in value to the Lease Premium.
- 9.2 If the parties reach agreement on the Purchase Price within 4 weeks after the date of exercise of the Option, they shall immediately endorse and date a memorandum of the Purchase Price on the Option Notice and the date of the memorandum shall be the date of agreement of the Purchase Price for the purposes of paragraph 12.1(b).
- 9.3 If the parties fail to agree on the Purchase Price within 4 weeks after the date of exercise of the Option, either party may refer the matter to an independent Chartered Accountant appointed jointly by the parties with at least 10 years' experience in valuing properties similar to the Property, whose usual place of practice is within a 30 mile radius from the Property.
- 9.4 In default of agreement on the identity of the independent Chartered Accountant within 14 Working Days after either party serving details of a suggested independent Chartered Accountant, either party may apply to the President of the Royal Institution of Chartered Accountants requesting that an appointment be made.

- 9.5 If the independent Chartered Accountant appointed dies or becomes unwilling or incapable of acting, or does not deliver the decision within the time required by this paragraph, then:
- (a) either party may apply to the President to discharge the appointed independent Chartered Accountant and to appoint a replacement independent Chartered Accountant; and
 - (b) this paragraph shall apply in relation to the replacement independent Chartered Accountant as if the first appointed independent Chartered Accountant.
- 9.6 The independent Chartered Accountant shall act as an expert and shall be required to determine the Market Value and to prepare a written note of the valuation and give a copy of it to both parties within a maximum of 20 Working Days after the date of appointment.
- 9.7 The parties shall each be entitled to make submissions to the independent Chartered Accountant and shall provide (or procure that others provide) such assistance and documents as the independent Chartered Accountant reasonably requires to reach a decision.
- 9.8 The independent Chartered Accountant's written decision shall be final and binding in the absence of manifest error or fraud.
- 9.9 The independent Chartered Accountant shall act as an arbitrator and the arbitration shall be conducted in accordance with the Arbitration Act 1996.
- 9.10 The costs of the valuation shall be payable in the proportions determined by the independent Chartered Accountant. The parties agree to pay their respective share of the costs as so determined.
- 9.11 In default of agreement pursuant to paragraph 10.2, the Market Value shall be the figure determined by the independent Chartered Accountant and the date of issue of the Chartered Accountant's written decision shall be taken as the date of determination of the Purchase Price for the purposes of paragraph 12.1(b).
10. **VAT**
- 10.1 Each amount stated to be payable by the Tenant to the Landlord under or pursuant to the Option is exclusive of VAT (if any).
- 10.2 If VAT is chargeable on any supply made by the Landlord under or pursuant to the Option, the Tenant shall pay the Landlord an amount equal to that VAT as additional consideration on the date that the supply is made.

- 10.3 While the Tenant is Step One Recovery (UK) Limited, the Landlord shall not elect to charge VAT on the Property, unless required by law.

11. **Completion**

- 11.1 Completion shall take place on the later of:
- (a) the date 10 Working Days after the date of service of the Option Notice; or
 - (b) the date 10 Working Days after the date that the Purchase Price is agreed or determined.
- 11.2 On completion, the Tenant shall pay the Purchase Price less the Deposit to the Landlord together with all rents and other sums payable under the lease up to the date of completion.
- 11.3 The Landlord shall reimburse to the Tenant on completion any rent and any insurance rent or service charge paid in advance under the lease in respect of any period after completion.

12. **Payment of Deposit Balance**

- 12.1 The provisions of paragraph 12.2 to paragraph 12.5 (inclusive) will only apply if:
- (a) the Deposit is less than 10% of the Purchase Price; or
 - (b) no Deposit is payable upon exercise of the Option.
- 12.2 In this paragraph, the expression **Deposit Balance** means:
- (a) (where the Deposit is less than 10% of the Purchase Price) the sum calculated by deducting the Deposit from 10% of the Purchase Price; or
 - (b) (where no Deposit is payable upon exercise of the Option) a sum equal to 10% of the Purchase Price.
- 12.3 If completion does not take place on the Completion Date due to the default of the Tenant, the Tenant will immediately pay by Electronic Payment the Deposit Balance (together with interest on it at the Contract Rate for the period from and including the Completion Date to and including the date of actual payment).
- 12.4 After the Deposit Balance has been paid pursuant to paragraph 12.3, it will be treated as forming part of the Deposit for all purposes of this agreement.
- 12.5 The provisions of paragraph 12 are without prejudice to any other rights or remedies of the Landlord in relation to any delay in completion.

ANNEX A Option Notice

To: [LANDLORD/SUCCESSOR IN TITLE] at:

[ADDRESS]

for the attention of [POSITION]

[BY HAND][BY PRE-PAID FIRST CLASS POST][BY RECORDED DELIVERY]

Pursuant to clause 47 of a lease ("the Lease") dated the day of 2019 made between [LANDLORD] and [TENANT] relating to 48 Moorend Road Yardley Gobion NN12 7UF:

[TENANT/SUCCESSOR IN TITLE] gives [LANDLORD/SUCCESSOR IN TITLE] notice of the exercise of the option contained in clause [NUMBER] of the Lease to buy the Landlord's Interest on the terms set out in the Lease.

DATE:

SIGNED BY [NAME/NAME OF DIRECTOR OR OFFICER] [for and on behalf of]:

[TENANT/SUCCESSOR IN TITLE]

SCHEDULE 3 - THE LANDLORD'S WORKS

1. Recommission and certification of heating to the entire building
2. Recommission and certification of Electrics to the entire building
3. Remove and replace floor in lounge

Signed as a DEED by the said
CAROLINE ANN VAZ as a trustee
for and on behalf of the Parkland
Retirement Benefits Scheme in the
presence of:

.....
Trustee

.....
Witness Signature

.....
Print Witness Name

Address.....
.....
.....
.....
.....
.....

Signed as a DEED by the said
CLARENCE LEO VAZ as a trustee
for and on behalf of the Parkland
Retirement Benefits Scheme in the
presence of:

.....
Trustee

.....
Witness Signature

.....
Print Witness Name

Address.....
.....
.....
.....
.....
.....

Signed as a DEED by the said
CHARMAINE LOUISE VAZ as a
trustee for and on behalf of the Parkland
Retirement Benefits Scheme in the
presence of:

.....
Trustee

.....
Witness Signature

.....
Print Witness Name

Address.....
.....
.....
.....
.....
.....

Executed as a Deed by **Step One
Recovery (UK) Limited** acting by
John Gillen, a director, in the presence
of:

.....
Director

.....
Witness Signature

.....
Print Witness Name

Address.....
.....
.....
.....
.....
.....

Signed as a DEED by the said John
Gillen in the presence of

.....
John Gillen

.....
Witness Signature

.....
Print Witness Name

Address.....
.....
.....
.....
.....
.....

Signed as a DEED by the said Graham Peasey
in the presence of

.....
Graham Peasey

.....
Witness Signature

.....
Print Witness Name

Address.....
.....
.....
.....
.....
.....

Signed as a DEED by the said Ronald Clark
in the presence of

.....
Ronald Clark

.....
Witness Signature

.....
Print Witness Name

Address.....
.....
.....
.....
.....
.....