

DATED 24th March

2000

- (1) PHILLIPS & DREW FUND MANAGEMENT LIMITED
- (2) THE SECRETARY OF STATE FOR THE ENVIRONMENT, TRANSPORT AND THE REGIONS

counterpart/

LEASE

- relating to -

1 Edward Street Brighton East Sussex

Term : 25 years (subject to early determination)
Commencing: 17 March 2000
Rent : £176,000 per annum

OLSWANG

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THIS LEASE is made the 24th day of March 2000

BETWEEN:

- (1) **PHILLIPS & DREW FUND MANAGEMENT LIMITED** (Company Registration No. 1546400) whose registered office is at Triton Court 14 Finsbury Square London EC2A 1PD (acting in the capacity of General Partner of the Phillips & Drew Second Property Partnership (a limited partnership registered under the Limited Partnerships Act 1907 of the same address)) ("Landlord") and
- (2) **THE SECRETARY OF STATE FOR THE ENVIRONMENT, TRANSPORT AND THE REGIONS** ("Tenant")

WITNESSES as follows:

1. DEFINITIONS AND INTERPRETATION

- 1.1 In this Lease the following words and expressions shall have the following meanings unless the context requires otherwise:

"Access Road" the access road at the rear of the Premises shown for identification hatched blue on the Plan

"Conducting Media" drains sewers conduits flues gutters gullies channel ducts shafts watercourses pipes cables wires and mains or any of them

"Crown Body" The Secretary of State for the Environment Transport and the Regions or any other Minister of the Crown Government Department or Agency or Commission carrying out functions on behalf of the Crown

"Crown Period" any period during which this Lease is vested in a Crown Body

"Encumbrances" the restrictions stipulations covenants rights reservations provisions and other matters contained imposed by or referred to in the documents brief particulars of which are set out in Part I of the Fourth Schedule but excluding those set out in Part II of the Fourth Schedule

"Insured Risks" has the meaning given to it in the Sixth Schedule

"Interest" during a Crown Period a yearly rate of interest equal to 2% over the lowest of the Bank Base Rates of the Members of the Committee of London Clearing Bankers prevailing from time to time during the relevant period and during any other period a yearly rate of interest equal to interest at the rate of 3% over the base rate of National Westminster Bank plc from time to time (as well before as after judgment) or such other comparable rate as the Landlord may reasonably and properly designate if the base rate ceases to be published

"Lease" includes any documents supplemental to this Lease

"Outgoings" (in relation to the Premises) all non-domestic rates (including rates for unoccupied property) water rates water charges and all existing and future rates taxes charges assessments impositions and outgoings whatsoever (whether parliamentary or local) which are now or may at any time be payable charged or assessed on property or the owner or occupier of property but "taxes" in this context does not include value added tax nor any taxes imposed on the Landlord in respect of the yearly rent reserved by this Lease or in respect of a disposal of or dealing with the interest in immediate reversion to this Lease

"Permitted Part" any single whole floor of the Premises but excluding any lifts staircases and other amenities which might properly be construed as Common Parts

"Plan" the plan attached to this Lease

"Planning Acts" "the consolidating Acts" as defined in the Planning (Consequential Provisions) Act 1990 and any other legislation relating to town and country planning in force from time to time

"Premises" the property described in the First Schedule and each part of the Premises and includes improvements and additions made to and fixtures fittings and appurtenances in the Premises

"Quarter Days" 25 March 24 June 29 September and 25 December

"Rent Commencement Date" 29 September 2000

"Term" the term of years granted by this Lease and

"Unsecured Underletting" an underletting of the whole or a Permitted Part of the Premises in relation to which the underlessor and the underlessee have agreed to exclude the provisions of Sections 24 to 28 of the Landlord and Tenant Act 1954 and their agreement to do so has been duly authorised beforehand by the court

2 The expression "Landlord" includes all persons from time to time entitled to the immediate reversion to this Lease

1.3 The expression "Tenant" includes the Tenant's successors in title and assigns in whom this Lease may for the time being be vested

1.4 Any obligation on a party to this Lease to do any act includes an obligation to procure that it is done

1.5 Where the Tenant is placed under a restriction in this Lease the restriction includes the obligation on the Tenant not knowingly to permit or allow the infringement of the restriction by any person

1.6 References to liability include where the context allows claims demands proceedings damages losses costs and expenses

1.7 The Clause and paragraph headings in this Lease are for ease of reference only and are not to be taken into account in the construction or interpretation of any provision to which they refer

1.8 Unless the contrary intention appears references:

1.8.1 to numbered Clauses and Schedules are references to the relevant Clause in or Schedule to this Lease and

1.8.2 to a numbered paragraph in any Schedule are references to the relevant paragraph in that Schedule

1.9 Words in this Lease denoting the singular include the plural meaning and vice versa

References in this Lease to any statutes or statutory instruments include any statute or statutory instrument amending consolidating or replacing them respectively from time to time in force and references to a statute include statutory instruments and regulations made pursuant to it

Words in this Lease importing one gender include both other genders and may be used interchangeably and words denoting natural persons where the context allows include corporations and vice versa

For the purposes of this Lease two companies are members of the same group if one is the subsidiary of the other or both are subsidiaries of a third company "subsidiary" having the meaning given to it in Section 736 of the Companies Act 1985

At any time that either party to this Lease is two or more persons the expression "Landlord" or "Tenant" includes the plural number and obligations in this Lease expressed or implied to be made with or by the Landlord or the Tenant as the case may be are to be treated as made with or by such individuals jointly and severally

Any consent or approval required under this Lease shall be obtained before the act or event to which it applies is carried out or done

The liability of the Landlord pursuant to this Lease shall while the Landlord is Phillips & Drew Fund Management Limited be limited to the assets of the Phillips & Drew Second Property Partnership.

DEMISE

In consideration of the rent reserved by and the covenants in this Lease:

the Landlord lets to the Tenant:

2.1.1 all the Premises

2.1.2 together with the rights set out in the Second Schedule and

2.1.3 except and reserved to the Landlord the rights set out in the Third Schedule

2.2 for the Term of 25 years commencing on 17 March 2000 determinable as provided by this Lease subject to the Encumbrances

2.3 the Tenant paying during the Term:

2.3.1 the yearly rent of **ONE HUNDRED AND SEVENTY SIX THOUSAND POUNDS** (£176,000) (subject to revision under the Fifth Schedule) by equal quarterly payments in advance on the Quarter Days in every year the first (or a proportionate part) of such payments in respect of the period commencing on the Rent Commencement Date and ending on the following Quarter Day to be made on the Rent Commencement Date and

2.3.2 as additional rent:

2.3.2.1 the monies payable by the Tenant under the Sixth Schedule

2.3.2.2 Interest payable by the Tenant under the terms of this Lease and

2.3.2.3 such value added tax as may be chargeable on the rent and the other additional rents reserved by this Lease

3. **TENANT'S COVENANTS**

The Tenant **HEREBY COVENANTS** with the Landlord during the Term and any statutory extension of the tenancy created by this Lease as follows:

3.1 **Rent**

3.1.1 To pay the yearly rent reserved by this Lease at the times and in the manner required in sub-clause 2.3.1 and except during a Crown Period by means of a standing order to the Tenant's bankers

3.1.2 To pay the additional rents reserved by this Lease at the times and in the manner specified **PROVIDED** (for the avoidance of doubt) that during a Crown Period the Tenant shall not be obliged to pay any insurance premiums or other amounts referred to in the Sixth Schedule

3.2 Interest

- 3.2.1 To pay Interest on so much of the yearly rent as remains unpaid on the due date and other monies payable under this Lease as remain unpaid 21 days after they have become due in both cases from the date that they became due until the payment is made to the Landlord
- 3.2.2 To pay Interest under sub-clause 3.2.1 for any period during which the Landlord properly refuses to accept the tender of payment because of a breach of covenant of the Tenant of a substantial nature which remains unremedied

3.3 Outgoings and Contributions

- 3.3.1 To pay or indemnify the Landlord against Outgoings
- 3.3.2 To reimburse the Landlord for loss of relief from non-domestic rates for unoccupied property which would have been available to the Landlord in respect of vacancy of the Premises after the termination of this Lease but for the allowance of relief to the Tenant or any other person formerly in occupation of the Premises for vacancy commencing before the termination of this Lease
- 3.3.3 To pay or indemnify the Landlord against all gas electricity and telecommunications consumed on the Premises all charges for meters and all standing charges
- 3.3.4 To pay to the Landlord on demand a fair and proper proportion (to be reasonably determined by the Landlord or the Landlord's surveyor) of the reasonably and properly incurred expense of cleaning repairing decorating and maintaining any party walls which may be used by an occupier of the Premises in common with any person or persons
- 3.3.5 To pay to the Landlord on demand a fair and proper proportion (to be reasonably determined by the Landlord or the Landlord's surveyor) of the

reasonable and properly incurred expense of cleaning lighting repairing (where beyond economic repair) renewing decorating maintaining and (where beyond economic repair) rebuilding any fences gutters drains roadways pavements entrance ways stairs and passages access ways and service areas which are or may be used or enjoyed by an occupier of the Premises in common with any other person or persons

4 Repair

Well and substantially to repair maintain and clean the Premises and to keep the Premises in good and substantial repair and condition maintained and in clean condition (except in respect of damage by the Insured Risks as allowed in the Sixth Schedule) Provided that the Tenant shall not be obliged to put or keep the basement in the Premises in any better state or condition (which includes weep holes and drainage outlets) than exist at the date hereof

3.5 Decoration

3.5.1 To decorate the inside of the Premises in the year 2006 and from then in every subsequent seventh year of the Term and in the last three months of the Term (however it may terminate) with good quality paint or good quality polish and with paper for those parts previously papered or other suitable and appropriate materials of good quality in a workmanlike manner (the decorations in the last three months of the Term if different from the colours patterns and materials then subsisting at or upon the Premises to be executed in such colours patterns and materials as the Landlord may reasonably and properly require) **PROVIDED THAT** the Tenant shall not in any event be required to carry out such decorations twice in two successive years

3.5.2 To decorate the exterior of the Premises in the year 2004 and from then in every subsequent fifth year of the Term and also in the last three months of the Term (however it may terminate) with good quality paint or polish or other suitable material of good quality in a proper and workmanlike manner

PROVIDED THAT the Tenant shall not in any event be required to carry out such decoration twice in two successive years

- 3.5.3 Not without the consent of the Landlord (such consent not to be unreasonably withheld or delayed) to change any part of the external colour of the Premises

Landlord's Right of Inspection and Right of Repair

- 3.6.1 To permit the Landlord and its employees or agents at all reasonable and proper times (upon 48 hours' prior written notice) to enter the Premises and examine their condition and also to take a schedule of fixtures and fittings in the Premises the person or persons so entering causing as little inconvenience as possible to the occupier of the Premises and complying with such reasonable regulations as may from time to time be made by the Tenant for security reasons and also with any other reasonable directions given by the Tenant
- 3.6.2 If any breach of covenant is found on inspection for which the Tenant is liable then on written notice from the Landlord to proceed diligently to execute to the reasonable and proper satisfaction of the Landlord or its surveyor such works as are required to remedy such breach and to commence the works within four months of such notice (or such longer period as shall be approved by the Landlord such approval not to be unreasonably withheld or delayed) and thereafter diligently to proceed with the same
- 3.6.3 If the Tenant fails to comply with a notice under sub-clause 3.6.2 the Landlord may at reasonable and proper times upon 24 hours' prior notice itself or by its workpeople or agents enter the Premises and execute such works as are required to remedy such breach the person or persons so entering causing as little inconvenience as possible to the occupier of the Premises and making good all damage caused in exercise of such works and complying with such reasonable regulations as may from time to time be made by the Tenant for security reasons and also with any other reasonable directions given by the Tenant

- 3.6.4 To pay to the Landlord on demand all reasonable and proper expenses incurred under sub-clause 3.6.3 (the expenses and any Interest on them to be recoverable as a debt)

Yield Up in Repair at the End of the Term

At the termination of this Lease or at such later time as the Landlord recovers possession of the Premises from the Tenant:

- 3.7.1 quietly to yield up the Premises (with all additions and improvements to the Premises and all fixtures in the Premises other than tenant's fixtures and fittings which the Tenant may be entitled to remove) repaired maintained cleaned decorated and kept in accordance with the Tenant's covenants in this Lease (except in respect of damage by the Insured Risks as allowed in the Sixth Schedule)
- 3.7.2 if so requested by the Landlord to remove from the Premises all the Tenant's belongings that is to say trade fixtures and fittings and all notices notice boards and signs bearing the name of or otherwise relating to the Tenant (including in this context any persons deriving title to the Premises under the Tenant) or its business and
- 3.7.3 to make good to the reasonable satisfaction of the Landlord all damage to the Premises resulting from the removal of the Tenant's belongings from the Premises.
- 3.7.4 Not to install any plant machinery or equipment on the roof or any other external part of the Premises without the consent of the Landlord such consent not to be unreasonably withheld or delayed.

3.8 Landlord's Right of Entry for Repairs

- 3.8.1 Insofar only as the purposes hereinafter mentioned in this sub-clause cannot reasonably or economically be met or carried out without such entry to permit the Landlord or other owners tenants or occupiers of any adjoining or

neighbouring property and their respective agents workmen and employees to enter the Premises at reasonable and proper times after giving to the Tenant no less than 48 hours' prior written notice (except in an emergency):

- 3.8.1.1 to alter maintain or repair the adjoining premises or property of the Landlord or person so entering or
- 3.8.1.2 to alter maintain repair or fix anything serving such property and running through or on the Premises or
- 3.8.1.3 to comply with an obligation to any third party having legal rights over the Premises or
- 3.8.1.4 in exercise of a right or to comply with an obligation of repair maintenance or renewal under this Lease or

subject to the Landlord (or other person entering) exercising the right in a reasonable and proper manner and making good any damage caused without unreasonable delay and without prejudice to the generality of the foregoing the person or persons so entering shall cause as little inconvenience as possible to the occupier of the Premises and shall comply with such reasonable regulations as may from time to time be made by the Tenant for security reasons and also any other reasonable directions given by the Tenant

- 3.8.2 As soon as reasonably practicable after becoming aware of any defects in the Premises which are "relevant defects" for the purposes of Section 4 of the Defective Premises Act 1972 to give notice of them to the Landlord

3.9 Alterations

- 3.9.1 Save as hereinafter permitted not to make any alterations or additions to or affecting the exterior or adversely affecting the structural integrity of the Premises

- 3.9.2 Not without the consent of the Landlord (such consent not to be unreasonably withheld or delayed) to make any alterations or additions to or affecting the structure of the Premises
- 3.9.3 Not to make any other alterations or additions to the Premises without the consent of the Landlord (such consent not to be unreasonably withheld or delayed) (but the erection installation alteration or removal by the Tenant of internal demountable partitioning and consequential adjustments of ducting ceiling tiles light fittings wiring (electrical and computer cabling) is authorised without such consent if the plans of the partitions (or details of the alteration or removal of partitioning) are subsequently deposited with the Landlord)
- 3.9.4 Not to install any plant machinery or equipment on the roof or any other external part of the Premises without the consent of the Landlord (such consent not to be unreasonably withheld or delayed)
- 3.9.5 Not to install or erect any exterior lighting shade canopy or awning or other structure in front of or elsewhere outside the Premises without the Landlord's consent (such consent not to be unreasonably withheld or delayed)
- 3.9.6 On the termination of this Lease to the extent required by the Landlord to reinstate the Premises to the condition in which they were in at the grant of this Lease and to the layout shown on McBains Cooper drawings numbered 48332-018-01, 48332-018-02, 48332-018-03, 48332-018-04, and 48332-018-05 attached such reinstatement to be carried out to the reasonable and proper satisfaction of the Landlord or the Landlord's surveyor
- 3.9.7 To procure that any alterations or additions to the Premises permitted by the Landlord under sub-clause 3.9.2 be carried out in a good and workmanlike manner

3.10 Alienation

3.10.1 Not to assign or charge part only (as opposed to the whole) of the Premises nor underlet part only (as opposed to the whole) of the Premises other than a Permitted Part Provided That the Tenant may without the Landlord's consent underlet share or part with possession of the whole or any part of the Premises to or with a Crown Body

3.10.2 Not (save in the case of an assignment to a Crown Body) to assign or charge this Lease without the consent of the Landlord but subject to the operation of the following provisions of this sub-clause 3.10.2 such consent is not to be unreasonably withheld or delayed:

3.10.2.1 The Landlord may in addition to reasonable and proper grounds withhold its consent to an application by the Tenant for licence to assign this Lease unless (for the purposes of Section 19(1A) of the Landlord and Tenant Act 1927) the conditions in this sub-clause 3.10.2.1 are met that:

3.10.2.1.1 at the time of the assignment there are no arrears of rent or other monies due to the Landlord

3.10.2.1.2 at the time of assignment the Tenant enters into an authorised guarantee agreement the operative provisions of which are in the form required in Part II of the Seventh Schedule and/or

3.10.2.1.3 on an assignment by the Tenant to a company which is another member of the same group of companies the ultimate holding company (unless it is the assignee or it would itself be giving an authorised guarantee agreement) enters into a guarantee (the operative provisions of which are in the form required in Part I of the Seventh Schedule) but if the ultimate holding company would otherwise be released from liability the Landlord may require another substantial member of the group to give the guarantee

- 3.10.2.2 On an assignment by the Tenant the Landlord may require if it is reasonable and proper to do so a guarantee of the tenant covenants of the assignee from a guarantor who is reasonably and properly acceptable to the Landlord (the operative provisions of which are in the form required in Part I of the Seventh Schedule)
- 3.10.3 Not (save in the case of an underletting to a Crown Body) to underlet the whole or a Permitted Part of the Premises without the consent of the Landlord (such consent not to be unreasonably withheld or delayed)
- 3.10.4 Save in the case of an underletting to a Crown Body on the grant of an underlease to obtain covenants by deed from the underlessee direct with the Landlord in such form as the Landlord may reasonably require that the underlessee will:
- 3.10.4.1 not assign sub-underlet or charge part only (as opposed to the whole) of the premises underlet
 - 3.10.4.2 not part with or share possession or occupation of the whole or any part of the premises sub-underlet nor grant rights to third parties over them except by a permitted assignment or sub-underletting and
 - 3.10.4.3 not assign sub-underlet or charge the whole of the premises sub-underlet without obtaining the previous consent of the Landlord under this Lease such consent not to be unreasonably withheld or delayed
- 3.10.5 On the grant of any underlease of the whole or a Permitted Part of the Premises or on the grant of a sub-underlease of the whole of the Premises:
- 3.10.5.1 to include provisions for the revision of the rent reserved by the underlease (or the sub-underlease) in an upward-only direction to correspond in time and effect with the provisions for the revision of rent in this Lease

- 3.10.5.2 not to reserve or take a premium or fine
- 3.10.5.3 to reserve a rent which is not less than the market rent at the time of the grant of the underlease (assessed in accordance with the principles in the Fifth Schedule) or (where only part of the Premises is underlet) the proportionate part of the market rent of the Premises (such proportion to be approved by the Landlord such approval not to be unreasonably withheld or delayed)
- 3.10.5.4 to include provisions in the underlease to the same effect as those in sub-clause 3.10.2
- 3.10.5.5 to include such underlessee covenants as are not inconsistent with or impair the due performance and observance of the covenants of the Tenant in this Lease
- 3.10.5.6 to procure that any sub-underlease of the whole of the Premises prohibits any further sub-sub-underletting of the Premises and
- 3.10.5.7 to include a covenant on the part of the undertenant to observe and perform the covenants and conditions on the part of the Tenant contained herein in respect of the Premises so underlet
Except
 - (i) those that involve making payments to the Landlord
 - (ii) those specifically assumed by the Tenant (qua landlord)
- 3.10.6 Not to underlet the Premises so as to sub-divide them into more than three units of occupation nor so that any such unit of occupation created or any left remaining comprises less than a Permitted Part
- 3.10.7 Not (save in the case of an underletting of the whole to a Crown Body) to underlet the whole or any Permitted Part of the Premises except by way of Unsecured Underletting

3.10.8 Not (except by assignment or underletting permitted under this Clause 3.10) to:

3.10.8.1 part with or share possession or occupation of the whole or any part of the Premises (save that the tenant being a Crown Body may share possession or occupation with another Crown Body) or

3.10.8.2 grant any rights over the Premises to third parties

3.10.9 The preceding provisions of this Clause 3.10 do not apply to any parting with possession or occupation or the sharing of occupation or sub-division of the Premises to or with any member of a group of companies of which the Tenant is itself a member (or during a Crown Period to or with any other Crown Body) if:

3.10.9.1 the interest in the Premises so created is and remains no more than a tenancy at will and

3.10.9.2 the possession occupation or sub-division are immediately terminated if the Tenant and the relevant member cease for any reason to be members of the same group of companies or cease to be a Crown Body (as the case may be)

3.11 Registration of Dispositions of this Lease

3.11.1 Within one month after a disposition of this Lease (a disposition being an assignment charge transfer underlease assignment or surrender of any underlease or on any transmission by death or otherwise but for the avoidance of doubt excluding any statutory transmission or devolution):

3.11.1.1 to produce a certified copy of the document effecting the disposition for retention by the Landlord to the Landlord's solicitors and

3.11.1.2 to pay to the solicitors the fee they reasonably and properly require for the registration

3.11.2 Within one month following written request from the Landlord the Tenant (being a Crown Body) shall provide to the Landlord details of any transmission of the proprietor of this Lease whether effected by virtue of statute or statutory instrument or otherwise.

3.12 Enforcement of Underleases

3.12.1 Not without the consent of the Landlord (such consent not to be unreasonably withheld or delayed) to vary the terms or waive the benefit of any underlessee covenants or conditions in an underlease of the Premises

3.12.2 Not without the consent of the Landlord to accept any sum or payment in kind by way of commutation of the rent payable by an underlessee of the Premises

3.12.3 Not to accept the payment of rent from an underlessee of the Premises otherwise than by regular quarterly (or more frequent) payments in advance

3.12.4 Duly and punctually to exercise all rights to revise the rent reserved by an underlease of the Premises and not to agree (as opposed to acceptance of any determination made by an arbitrator or independent expert) a revised rent with an underlessee without the approval of the Landlord (such approval not to be unreasonably withheld or delayed)

3.13 User

3.13.1 Not to use the Premises otherwise than as:

3.13.1.1 courts or hearing rooms and/or

3.13.1.2 government and/or other offices

Provided That the Premises shall not be used as a public caller office for the payment of social security or unemployment benefit or as a police station

- 3.13.2 Nothing in this Lease implies or is to be treated as a warranty to the effect that the use of the Premises for those purposes is in compliance with the Planning Acts and all other statutes and regulations relating to town and country planning from time to time in force

Restrictions Affecting Use of the Premises

- 3.14.1 Not to erect nor install in the Premises any engine furnace plant or machinery which causes noise fumes or vibration which can be heard smelled or felt outside the Premises
- 3.14.2 Not to store any petrol or other specially inflammable explosive or combustible substance in the Premises
- 3.14.3 Not to use the Premises for any noxious noisy or offensive trade or business nor for any illegal or immoral act or purpose
- 3.14.4 Not to hold any sales by auction on the Premises
- 3.14.5 Not to hold in or on the Premises any exhibition or public entertainment Provided (for the avoidance of doubt) that subject to the Encumbrances use of the Premises for all or any of the purposes specified in sub-clause 3.13.1 shall not be deemed to be a breach of this covenant
- 3.14.6 Not to permit any vocal or instrumental music in the Premises so that it can be heard outside the Premises
- 3.14.7 Not to permit livestock of any kind to be kept on the Premises
- 3.14.8 Not to do anything in the Premises which may be or grow to be a nuisance annoyance disturbance inconvenience or damage to the Landlord or to the owners tenants and occupiers of adjoining and neighbouring properties
- 3.14.9 Not to load or use the floors walls ceilings or structure of the Premises so as to cause strain damage or interference with the structural parts load-bearing framework roof foundations joists and external walls of the Premises

- 14.10 Not to overload the lifts electrical installation or Conducting Media in the Premises
- 14.11 Not to do or omit to do anything which may interfere with or which imposes an additional loading on any ventilation heating air conditioning or other plant or machinery serving the Premises
- 14.12 Not to use the Premises as a betting shop or betting office
- 14.13 Not to use the Premises for the sale of alcoholic liquor for consumption either on or off the Premises
- 14.14 Not to allow any person to sleep in the Premises nor to use the Premises for residential purposes
- 14.15 Not at any time to place any goods mats trade empties rubbish or other obstruction in the Access Road
- 14.16 Not to accumulate trade empties on the Premises
- 14.17 Not to place leave or install any articles merchandise goods or other things in front of or elsewhere outside the Premises other than in areas designated by the Landlord or the local authority for such use
- 14.18 Not to permit the drains to be obstructed by oil grease or other deleterious matter but to keep the Premises and the drains serving the Premises thoroughly cleaned
- 14.19 Not to use any portion of the Access Road forming part of the Premises for the parking of vehicles nor to carry out any repairs or maintenance to vehicles on the Access Road

3.15 Advertisements and Signs

Without prejudice to the rights herein granted not to place or display on the exterior or the windows of the Premises any name writing notice sign illuminated sign display of lights placard poster sticker or advertisement other than the name of the Tenant

occupier and any permitted sub-tenants signwritten on the entrance doors of the Premises in a style and manner approved by the Landlord or the Landlord's surveyor in either case such approval not to be unreasonably withheld or delayed

Compliance with Statutes etc.

3.16.1 Insofar only as the same are legally binding on the Tenant to comply in all respects with the provisions of all statutes from time to time and the requirements of any competent authority relating to the Premises or anything done in or on them by the Tenant and to keep the Landlord indemnified against liability in consequence of the Tenant's failure to comply

3.16.2 In particular but insofar only as the same are legally binding on the Tenant (but without affecting the general operation of sub-clause 3.16.1):

3.16.2.1 to execute all works and do all things on or in respect of the Premises which are required under the Offices Shops and Railway Premises Act 1963

3.16.2.2 to comply with all requirements under any present or future statute order bye-law or regulation as to the use or occupation of or otherwise concerning the Premises and

3.16.2.3 to execute with all due diligence (commencing work as soon as practicable in the circumstances and then proceeding diligently) all works to the Premises for which the Tenant is liable under this Clause 3.16 and of which the Landlord has given notice to the Tenant

and if the Tenant does not comply with sub-clause 3.16.2.3 to permit the Landlord at reasonable and proper times upon 48 hours' prior notice where practicable to enter the Premises to carry out the works the person or persons so entering causing as little inconvenience as possible to the occupier of the Premises and complying with such reasonable regulations as may from time to time be made by the Tenant for security reasons and also with any other

reasonable directions given by the Tenant the Tenant indemnifying the Landlord on demand for the reasonable and proper expenses of doing the works (including reasonable and proper professional fees) such expenses and any Interest on them to be recoverable as a debt

Planning Permissions

- 3.17.1 Not without the consent of the Landlord (such consent not to be unreasonably withheld or delayed) to make any application under the Planning Acts to any local planning authority for permission to develop including change of use of the Premises
- 3.17.2 To indemnify the Landlord against any development charges other charges and expenses payable in respect of planning applications and to reimburse to the Landlord the reasonable costs it may properly incur in connection with such consent
- 3.17.3 To keep the Landlord indemnified against any reasonable expense properly incurred in consequence of the use of the Premises reverting to the use existing before the application was made
- 3.17.4 As soon as is reasonably practicable to give the Landlord full particulars in writing of the grant of planning permission
- 3.17.5 Not to implement any planning permission if the Landlord makes reasonable and proper objection to any of the conditions subject to which it has been granted

18 Compliance with Town Planning and Environmental Requirements

- 3.18.1 Insofar only as the same are legally binding on the Tenant to perform and observe the requirements of the Planning Acts and all other statutes and regulations relating to town and country planning and environmental protection applying to the Premises and insofar only as aforesaid to obtain

any development or other consent permit or licence by reason of the development or manner of use of or on the Premises by the Tenant

3.18.2 To keep the Landlord indemnified against liability by reason of the Tenant's failure to obtain any requisite development or other consent permit or licence or in complying with the requirements of statutes and regulations

3.18.3 To give full particulars to the Landlord of any notice or proposal for a notice or order or proposal for an order made given or issued to the Tenant under the Planning Acts and all other statutes or regulations relating to town and country planning environmental protection or otherwise as soon as is reasonably practicable after receipt by the Tenant

3.18.4 Insofar only as the same are legally binding on the Tenant as soon as is reasonably practicable to take all reasonable and necessary steps to comply with any such notice or order

3.18.5 At the request and cost of the Landlord except during a Crown Period to make or join with the Landlord in making such objections or representations against or in respect of any proposal for such a notice or order as the Landlord may reasonably consider expedient

3.19 Claims Made by Third Parties

To keep the Landlord indemnified against liability to third parties by reason of breach by the Tenant of its obligations in this Lease **PROVIDED ALWAYS THAT** the Landlord shall as soon as possible notify the Tenant of any suits actions claims and demands brought or made against the Landlord and shall not compound settle or admit the same without the consent of the Tenant who shall act reasonably and who may at its own expense defend dispute or settle the same in the name and on behalf of the Landlord who shall give to the Tenant (but at the Tenant's expense) all reasonable assistance that the Tenant may require for such purposes **PROVIDED FURTHER THAT** nothing herein contained shall be deemed to restrict or interfere with any

rights of the Tenant against the Landlord or any other person in respect of contributory negligence

3.0 Expenses of the Landlord

To pay to the Landlord all reasonable expenses (including reasonable bailiffs and professional fees) properly incurred by the Landlord:

- 3.20.1 incidental to or in proper contemplation of the preparation and service of a schedule of dilapidations in respect of dilapidations arising during the Term during or within three months after the termination of this Lease and/or a notice under Sections 146 and 147 of the Law of Property Act 1925 even if forfeiture is avoided otherwise than by relief granted by the court
- 3.20.2 in the recovery or attempted recovery of arrears of rent or additional rent due from the Tenant and
- 3.20.3 in connection with every application for any consent or approval made under this Lease (whether or not consent or approval is given but excluding those where the application is unreasonably refused or delayed)

3.1 Obstruction of Windows or Lights and Easements

- 3.21.1 Not to stop up or obstruct any windows of the Premises or any other buildings belonging to the Landlord
- 3.21.2 Not to permit any easement or similar right to be made or acquired into against or on the Premises
- 3.21.3 Where any such easement or right is or is attempted to be acquired as soon as practicable after becoming aware of the same to give notice of the circumstances to the Landlord and at the request and cost of the Landlord to adopt such course as it may reasonably and properly require for preventing the acquisition of the easement or right

Cleaning of Windows

To keep the glass in the windows of the Premises clean

Value Added Tax

3.23.1 To pay value added tax on taxable supplies of goods and services made by the Landlord in connection with this Lease for which the consideration is to be treated as exclusive of value added tax chargeable on the payment **PROVIDED THAT** the Tenant shall not have to pay or reimburse the Landlord any value added tax which the Landlord shall be entitled to deduct or recover as input tax

3.23.2 Where the Landlord is entitled under this Lease to recover from the Tenant the costs of goods and services supplied to the Landlord but in respect of which the Landlord makes no taxable supply to the Tenant to indemnify the Landlord against so much of the input tax on the cost for which the Landlord is not entitled to credit allowance under Section 26 of the Value Added Tax Act 1994

3.24 Notices to Let and For Sale

3.24.1 To allow the Landlord or its agents to enter the Premises at any reasonable and proper times upon 24 hours' prior notice:

3.24.1.1 within six months before the termination of this Lease to fix on the exterior of the Premises a notice-board for re-letting the Premises and

3.24.1.2 to fix on some external part of the Premises a notice-board for the sale of the interest of the Landlord

PROVIDED THAT each such notice-board does not obstruct the access of light and air to the Premises and **PROVIDED FURTHER THAT** the person or persons so entering shall cause as little inconvenience as possible to the occupier of the Premises and shall comply with such reasonable

regulations as may from time to time be made by the Tenant for security reasons and also with any other reasonable directions given by the Tenant

3.24.2 Not to remove or obscure any such notice-board properly affixed in accordance with sub-clause 3.24.1

3.24.3 To permit all persons authorised in writing by the Landlord or its agents to view the Premises (at reasonable and proper hours upon 24 hours' prior notice) in connection with any such letting or sale **PROVIDED THAT** the person or persons so entering shall cause as little inconvenience as possible to the occupier of the Premises and shall comply with such reasonable regulations as may from time to time be made by the Tenant for security reasons and also with any other reasonable directions given by the Tenant and **PROVIDED FURTHER THAT** there shall be no such right without obtaining the consent of the Tenant which will not be withheld unreasonably to view the Premises in connection with a letting if the Tenant shall have made a valid court application under Section 24 of the Landlord and Tenant Act 1954 or otherwise be entitled by law to remain in occupation of or to a new tenancy of the Premises

3.25 Encumbrances

To observe and perform by way of indemnity only the obligations and restrictions comprising the Encumbrances so far only as they relate to the Premises and are capable of being enforced and so far only as aforesaid to keep the Landlord indemnified against liability for any future breach of the obligations and restrictions

4. PROVISOS

The parties agree to the following provisos:

4.1 Re-entry

4.1.1 The Landlord may terminate this Lease by re-entering the Premises (or a part of them) itself or by an authorised agent if:

- 4.1.1.1 any rent remains unpaid 21 days after becoming due for payment (whether or not formally demanded) or
 - 4.1.1.2 the Tenant fails to perform or observe any of its covenants or the conditions in this Lease or allows any distress or execution to be levied on its goods or
 - 4.1.1.3 an event of insolvency occurs in relation to the Tenant or any guarantor of the Tenant
- 4.1.2 Re-entry in exercise of the rights in sub-clause 4.1.1 does not affect any other right or remedy of the Landlord for breach of covenant or condition by the Tenant occurring before the termination of this Lease
- 4.1.3 The expression an "event of insolvency" in sub-clause 4.1.1 includes:
- 4.1.3.1 (in relation to a company or other corporation which is the Tenant or a guarantor) inability of the company to pay its debts entry into liquidation whether compulsory or voluntary (except for the purpose of amalgamation or reconstruction) the passing of a resolution for a creditors' winding-up the making of a proposal to the company and its creditors for a composition in satisfaction of its debts or a scheme of arrangement of its affairs the application to the court for an administration order and the appointment of a receiver or administrative receiver and
 - 4.1.3.2 (in relation to an individual who is the Tenant or a guarantor) inability to pay or having no reasonable prospect of being able to pay his debts the presentation of a bankruptcy petition the making of a proposal to his creditors for a composition in satisfaction of his debts or a scheme of an arrangement of his affairs the application to the court for an interim order and the appointment of a receiver or interim receiver

and in relation to the various events of insolvency they are wherever appropriate to be interpreted in accordance and conjunction with the relevant provisions of the Insolvency Act 1986

Power for Landlord to Deal with Adjoining Property

The Landlord may deal as it thinks fit with other property adjoining or nearby belonging to the Landlord and may erect or permit to be erected on such property any buildings **PROVIDED THAT** in so doing the Landlord will not materially affect or diminish the light or air which may now or at any time be enjoyed by the Tenant in respect of the Premises

Removal of Property after Determination of Term

Except where this Lease has terminated during or at the end of a Crown Period:

- 4.3.1 if after the Tenant has vacated the Premises following the termination of this Lease any property of the Tenant remains in the Premises and the Tenant fails to remove it within 28 days after being requested in writing by the Landlord to do so the Landlord may as the agent of the Tenant sell such property and hold the proceeds of sale after deducting the reasonable costs and expenses of removal storage and sale reasonably and properly incurred by it to the order of the Tenant and
- 4.3.2 the Tenant will indemnify the Landlord against any liability incurred by it to any third party whose property has been sold by the Landlord in the bona fide mistaken belief (which is to be presumed unless the contrary is proved) that it belonged to the Tenant and was liable to be dealt with as such under this Clause 4.3

Notices Consents and Approvals

- 4.4.1 Any notice required to be given or served by law or hereunder and not herein otherwise provided for shall be sufficiently served on the Tenant by being forwarded by registered or recorded delivery post to it at The Court Service

Estate Management Division 4th Floor Southside 105 Victoria Street London SW1E 6QT or such other address as the Tenant may notify in writing to the Landlord or the last known place of abode or business in England or Wales of any assignee in whom for the time being the Term shall be vested and shall be sufficiently served on the Landlord if addressed to the Landlord and left at or sent by registered or recorded delivery post to the usual or last known place of abode or business in England or Wales or the registered office of the Landlord and a notice so sent by post shall be deemed to be given at the time when it ought in due course of post to be delivered at the address to which it is sent

- 4.4.2 Any consent or approval required under this Lease is to be obtained before the act or event to which it applies is carried out or done and is to be treated as effective only if the consent or approval is given in writing

4.5 Tenant's Option to Determine

The Tenant may determine this Lease

- 4.5.1 by 14 days written notice to the Landlord (such 14 day notice to be served on or before the 70th day after the the date of this Lease) if on the 56th day after the date of this Lease the Deeds of Modification referred to in paragraph 1 of Part I of the Fourth Schedule have not been completed (in the form and by the parties agreed between Landlord and the Tenant prior to the date hereof) and the restrictive covenant indemnity policy written by Royal & Sun Alliance (in the form agreed between the parties prior to the date hereof) has not been put on cover to the reasonable satisfaction of the Tenant by that date and remain uncompleted or un-issued (as the case may be) on expiry of such 14 day notice
- 4.5.2 at the expiration of the 16th or 21st years of the Term on giving to the Landlord not less than six months' prior written notice and (except during a Crown Period) provided that the Tenant has paid the yearly rent reserved by clause 2.3.1 of this Lease due prior to the date of such notice

and on the expiration of such notice (subject in the case of such notice being served under clause 4.5.1 to the said Deeds of Modification remaining uncompleted or the insurance policy not being put on cover as the case may be) the Term shall cease and determine but without prejudice to the rights and remedies of either party against the other in respect of any antecedent breach of covenant.

LANDLORD'S COVENANTS

The Landlord **HEREBY COVENANTS** with the Tenant as follows:

1 Quiet Enjoyment

That the Tenant paying the rents reserved by and performing the Tenant's covenants in this Lease may lawfully peaceably and quietly enjoy the Premises and the rights herein granted throughout the Term without interruption or disturbance by the Landlord or by any person lawfully claiming through under or in trust for the Landlord

2 Administration of Justice

Notwithstanding any other provision in this Lease the Landlord will not:

5.2.1 deal with or use or permit any other property adjoining or nearby belonging to the Landlord to be dealt with or used or

5.2.2 exercise or permit the exercise of any right of entry into or upon the Premises in a manner which will disturb or interfere with or would be likely to disturb or interfere with the use of the Premises in accordance or as authorised with this Lease or any document supplemental thereto

5.3 At the request and expense of the Tenant to do all such reasonable acts and things to enforce the rights available to the Landlord as owner of the Premises against third parties including (without limitation) the right to enforce guarantees repairing obligations or to receive contributions towards the cost of maintenance repairs and renewal of the access road and services and amenities

5.4 To indemnify and keep indemnified the Tenant against all actions costs claims or demands arising from or in connection with the obligations and restrictions contained or referred to in Part II of the Fourth Schedule.

5.5 Not to grant licence or consent to any adjoining development pursuant to the provisions of Clause 4(b) of the Grant of Easement dated 5 August 1991 made between Mount Manor Property Development (1) and the Trustees for the Methodist Church Purposes (2) or otherwise without the prior written consent of the Tenant which consent in the case of the said Clause 4(b) is not to be unreasonably withheld or delayed

5.6 To use all reasonable endeavours to procure completion of the Deeds of Modification and issue of the restrictive covenant indemnity policy referred to in Clause 4.5.1

6. **OBLIGATIONS IN SCHEDULES TO THIS LEASE**

The Landlord and the Tenant mutually covenant to observe and perform their respective obligations and the conditions in the Schedules

7. **COVENANT STATUS OF THIS LEASE**

This Lease is a new tenancy within the meaning of Section 1 of the Landlord and Tenant (Covenants) Act 1995

Delivered as a Deed on the date of this document

THE FIRST SCHEDULE

The Premises

ALL THAT property known as 1 Edward Street Brighton East Sussex as the same is shown for the purposes of identification only edged red on the Plan which is for the avoidance of doubt co-extensive with the land comprised in the freehold title to the Premises registered with title absolute at HM Land Registry under Title Number ESX225773

THE SECOND SCHEDULE

Rights Granted

The free and uninterrupted passage of water steam soil air gas electricity and telephone communications to and from the Premises through the Conducting Media commonly used for those purposes which are now or may in the future be in upon or under any part of any adjoining or neighbouring property

The right to affix and maintain at the entrances to the Premises and upon the walls of the halls and corridors thereof and of other suitable places including (but without prejudice to the generality of the foregoing) any part of the Premises that is unbuilt upon name-plates notice-boards directional signs and a letter box (of such dimensions as may be required by the Tenant)

The right to run wires and cables (including but without prejudice to the generality of the foregoing) telephone and computer wires and cables pipes and conduits through the Premises as may be required and to maintain the same

The right to install and maintain in any room of the Premises any machinery or equipment (including but without prejudice to the generality of the foregoing computer equipment) normally used in offices courts or hearing rooms which the Tenant may require

The right at any time during or at the end or sooner determination of the Term to remove any fixtures and fittings (including heating apparatus) previously or hereafter installed by or at the expense of the Tenant or its sub-tenants in the Premises not being fixtures or fittings installed pursuant to any obligations on the part of the Tenant by way of replacement of the Landlord's fixtures and fittings the Tenant making good as soon as practicable any damage occasioned by such removal

THE THIRD SCHEDULE

Exceptions and Reservations

1. The free and uninterrupted passage of water steam soil air gas electricity and telephone communications from and to any part of any adjoining or neighbouring property through the Conducting Media commonly used for those purposes which are now or may in the future be in upon or under the Premises
2. Subject to the provisions of Clause 5.2 of this Lease all rights of entry upon the Premises referred to in Clauses 3 and 4 of this Lease the person or persons so entering causing as little inconvenience as possible to the occupier of the Premises and complying with such reasonable regulations as may from time to time be made by the Tenant for security reasons and also with any other reasonable directions given by the Tenant

THE FOURTH SCHEDULE

PART I

Encumbrances

the entries contained or referred to in the Property and Charges Register of Title Number ESX225773 at the date of this Lease as modified by the Deed(s) of Modification of restrictive covenants contained in a transfer dated 14 April 1998 between Blackwell Securities Limited (1) and Retirement Lease Housing Association (2) which deeds of modification are to be entered into following the date of this Lease and the Landlord and the beneficiaries of those restrictive covenants

the rights of any other person to use the Access Road insofar as the same are not contained or referred to in Title Number ESX225773

PART II

the Agreement dated 6 November 1987 made between (1) the Trustees for Methodist Church purposes and (2) Blackwall Securities Limited

to the Transfer dated 8 June 1988 made between Blackwall Securities Limited (1) and MLA Property Development Limited (2) the provisions of paragraph 3 of the Third Schedule

to the Transfer of Part dated 14 April 1988 between Blackwall Securities Limited and Retirement Lease Housing Association (2) the provisions of Clause 5(i) (so far as the same relates to the construction as opposed to repair of the Access Road) and Clause 5(ii) (installation of services) and paragraphs 5 and 6 of the Third Schedule

to the Deed of Grant dated 5 September 1990 made between Mount Manor Property Development Limited (1) and Seeboard plc (2) the provisions of Clause 3a of

As to the obligations on the part of Higgs and Hill Developments Limited contained in Clauses 9 and 11 of an Agreement dated 15 October 1987 made between Brighton Borough Council (1) and Higgs and Hill Developments Limited (2) as to the obligations and option respectively contained in Clauses 13 and 16 of the said Agreement

The covenants on the part of Higgs and Hill Developments Limited contained in Clause 6(a) and (b) of a Deed of Exchange dated 15 October 1987 made between East Sussex County Council (1) and Higgs and Hill Developments Limited (2)

As to the Deed of Variation dated 10 February 1992 between (1) Brighton Borough Council (2) Retirement Lease Housing Association (3) Mount Manor Property Development Limited and (4) the Trustees for Methodist Church Purposes the provisions of Clauses 2(c) and 3.

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THE FIFTH SCHEDULE

Rent Reviews

THE REVIEW DATES

The yearly rent payable under this Lease is to be reviewed on the expiry of each consecutive period of five years of the Term ("Review Dates" and "Relevant Review Date" shall be construed accordingly) and with effect on and from each Review Date the Reviewed Rent (as defined below) as agreed or determined in accordance with this Schedule) is to become payable as the yearly rent reserved by this Lease

UPWARD-ONLY RENT REVIEWS

The Reviewed Rent is to be the greater of:

the yearly rent reserved under this Lease immediately preceding the Relevant Review Date and

the market rent (as defined below) of the Premises at the Relevant Review Date

THE MARKET RENT

For the purposes of this Lease the expression "market rent" means such revised rent as may be agreed at any time between the Landlord and the Tenant or (in the absence of agreement) determined not earlier than the Relevant Review Date by an arbitrator such arbitrator to be nominated in the absence of agreement by or on behalf of the President for the time being of the Royal Institution of Chartered Surveyors on the application of the Landlord or the Tenant made not earlier than six months before the Relevant Review Date but not later than the following Relevant Review Date and so that in the case of such arbitration the revised rent to be awarded by the arbitrator shall be such as he shall decide is the yearly rent at which the Premises might reasonably be expected to be let at the Relevant Review Date

On the following assumptions at that date:

1 that the Premises:

3.1.1 are available to let on the open market without a fine or premium with vacant possession by a willing landlord to a willing tenant for a term of 10 years or the residue then unexpired of the Term (whichever be the longer)

3.1.2 are to be let as a whole subject to the terms of this Lease (other than the amount of the yearly rent hereby reserved but including the provisions for review of that rent)

3.1.3 are fit and available for immediate occupation and

3.1.4 may be lawfully used throughout the Term as offices (and any actual restriction or qualification which may be imposed on such use by the terms of the user covenant in Clause 3 of this Lease or otherwise is to be disregarded)

2 that the covenants herein contained on the part of the Tenant have been fully performed and observed

3 that no work has been carried out to the Premises which has diminished the rental value and that in case the Premises have been destroyed or damaged they have been fully restored and

4 that no reduction is to be made to take account of any rental concession which on a new letting with vacant possession might be granted to the incoming tenant for a period within which its fitting out works would take place

But disregarding:

5 any effect on rent of the fact that the Tenant its sub-tenants or their respective predecessors in title have been in occupation of the Premises

6 any goodwill attached to the Premises by reason of the carrying on thereat of the business of the Tenant its sub-tenants or their predecessors in title in their respective businesses

- 3.7 any works carried out by the Tenant which have diminished the market rent and
- 3.8 any increase in rental value of the Premises attributable to the Works described in the Licence for Alterations made between the same parties as the parties to this Lease and bearing even date herewith.
- 3.9 any increase in rental value of the Premises attributable to the existence at the Relevant Review Date of any improvement to the Premises or any part thereof carried out by the Tenant its sub-tenants or their respective predecessors in title with consent where required otherwise than those carried out:
 - 3.9.1 in pursuance of an obligation to the Landlord (except obligations requiring compliance with statutes or directions of local authorities or other bodies exercising powers over statute or Royal Charter); or
 - 3.9.2 for which the Landlord has made a financial contribution

4. **FURTHER PROVISIONS**

IT IS HEREBY FURTHER PROVIDED in relation to the ascertainment and payment of revised rent as follows:

- 4.1 The arbitration shall be conducted in accordance with the Arbitration Act 1996 or any statutory modification or re-enactment thereof for the time being in force with the further provision that if the arbitrator nominated pursuant to paragraph 3 of this Schedule shall die or decline to act the President for the time being of the Royal Institution of Chartered Surveyors or the person acting on his behalf may on the application of either the Landlord or the Tenant by writing discharge the arbitrator and appoint another in his place
- 4.2 When the amount of any rent to be ascertained as hereinbefore provided shall have been so ascertained memoranda thereof shall thereupon be signed by or on behalf of the Landlord and the Tenant and annexed to this Lease and the counterpart thereof and the Landlord and the Tenant shall bear their own costs in respect thereof

3 If the revised rent payable on and from any Review Date has not been agreed by that Review Date

4.3.1 Rent shall continue to be payable on account at the rate previously payable and until the market rent has been agreed or determined

4.3.2 The Tenant will pay to the Landlord within 14 days after the time that the market rent has been agreed or determined any arrears of the Reviewed Rent which have occurred in the meantime together with Interest equal to the base rate of National Westminster Bank plc on each of the instalments of the arrears from the time that it would have become due if the market rent had then been agreed or determined until payment becomes due from the Tenant to the Landlord under this paragraph 4

4.3.3 For the purposes of this proviso the revised rent shall be deemed to have been ascertained on the date when the same has been agreed between the Landlord and the Tenant or as the case may be the date of the award of the arbitrator

If either the Landlord or the Tenant shall fail to pay any costs awarded against it in an arbitration under the provisions hereof within 21 days of the same being demanded by the arbitrator the other shall be entitled to pay the same and the amount so paid shall be repaid by the party chargeable on demand

THE SIXTH SCHEDULE

Insurance Provisions

1. INSURED RISKS

1.1 "Insured Risks" means the risks and other contingencies against which the Premises are (except during a Crown Period) required to be or which may be insured under this Lease but subject to any exclusions limitations and conditions in the policy of insurance

1.2 Insured Risks include (without limitation) fire lightning explosion storm tempest flood bursting and overflowing of water tanks apparatus or pipes earthquake aircraft (but not hostile aircraft) and devices dropped from aircraft riot and civil commotion strikes labour and political disturbances and malicious damage impact or road vehicles animals and such other risks as the Landlord may consider it prudent to insure

1.3 It is noted and agreed during a Crown Period the Tenant shall cover its own insurance risks

2. TENANT'S LIABILITY FOR INSURANCE PREMIUMS

2.1 Except during a Crown Period the Tenant will pay to the Landlord within 14 days of demand the insurance premiums incurred by the Landlord

2.2 Insurance premiums are to include all monies expended or required to be expended by the Landlord in effecting and maintaining cover against:

2.2.1 the Insured Risks

2.2.2 three years' loss of rent insurance

2.2.3 such professional fees as may be incurred in connection with rebuilding or reinstatement of the Premises

2.2.4 the costs of demolition shoring up and site clearance works

2.2.5 third party and public liability risks and

2.2.6 value added tax liability on such items

2.3 The insurance cover may take into account cover for the effects of inflation and escalation of costs and fees the Landlord's reasonable estimate of the market rent of the Premises as defined in the Second Schedule in the context of ensuing rent reviews and the termination of this Lease

3. **TENANT'S OBLIGATIONS IN RELATION TO INSURANCE COVER**

3.1 Except during a Crown Period the Tenant will not do anything which may render void or voidable the insurance of the Landlord on the Premises or which may cause insurance premiums to be increased

3.2 The Tenant will provide efficient fire extinguishers of a type approved by the Landlord (such approval not to be unreasonably withheld or delayed) and will adopt such other precautions against the Insured Risks as the Landlord or its insurers may reasonably consider appropriate

3.3 If the insurance of the Landlord is vitiated in whole or in part in consequence of an act or omission of the Tenant persons occupying or enjoying the use of the Premises through or under the Tenant or their respective employees workmen agents or visitors the Tenant will pay to the Landlord within 14 days of demand a sum equal to the amount of the insurance monies which have become irrecoverable in consequence of that act or omission

3.4 The Tenant may not insure the Premises for any of the Insured Risks in such a manner as would permit the insurer of the Landlord to average the proceeds of insurance or cancel insurance cover

3.5 The Tenant will notify the Landlord as soon as is reasonably practicable after becoming aware of the occurrence of damage to the Premises by any of the Insured Risks

6 If the Premises are damaged by Insured Risks the Tenant will pay to the Landlord within 14 days of demand the amount of any uninsured excess to which the insurance cover of the Landlord is subject

7 The obligations of the Tenant to repair and to yield up in repair the Premises are to remain operative to the extent that the insurance of the Landlord in respect of the Insured Risks is vitiated or insurance monies are withheld by reason of an act or omission of the Tenant persons occupying or enjoying the use of the Premises through or under the Tenant or their respective employees workmen agents or visitors but save during a Crown Period do not otherwise operate in respect of damage to the Premises by the Insured Risks

8 The Tenant save during a Crown Period will pay the cost of the revaluation of the Premises for insurance purposes but not more frequently than once in any three year period

LANDLORD'S OBLIGATION TO INSURE AND REINSTATE

4.1 Except during a Crown Period the Landlord will keep the Premises insured with an insurer of good repute against loss or damage by the Insured Risks and other items referred to in sub-paragraph 2.2 for the full cost of reinstatement subject to such uninsured excess as the insurer may reasonably and properly apply and will ensure that the interest of the Tenant is noted on the insurance policy

4.2 Following damage to or destruction of the Premises by an Insured Risk the Landlord will use its reasonable and proper endeavours to obtain any requisite planning permission and other consents for the reinstatement or rebuilding of the Premises or of a building of similar size character and amenity and will as soon as these have been obtained diligently apply or procure the application of the proceeds of the insurance covering reinstatement and rebuilding costs for those purposes and will make good any deficiency in the proceeds of the insurance out of its own resources

4.3 The obligations of the Landlord in sub-paragraph 4.2 do not apply:

4.3.1 if the Landlord is unable after using its reasonable and proper endeavours to do so to obtain any requisite planning permission or other consents for the reinstatement or rebuilding of the Premises or of a building of similar size character and amenity

4.3.2 if the Landlord's insurance is vitiated by reason of an act or omission of the Tenant persons occupying or enjoying the use of the Premises through or under the Tenant or their respective employees workmen agents or visitors unless and until the Tenant has paid all sums due from it under sub-paragraph 3.3

4.3.3 if this Lease is or is to be determined under sub-paragraph 7.1 or

4.3.4 during a Crown Period

4.4 Where the Premises are substantially damaged or destroyed the Tenant may not object to the reinstatement or rebuilding of the Premises in a form which is not identical to the Premises immediately before the damage or destruction occurred if the Premises as reinstated or rebuilt are of at least an equivalent or better standard and affords amenities which are not inferior to or deficient from those enjoyed by the Tenant before the damage or destruction

5. LANDLORD'S OBLIGATIONS IN RELATION TO INSURANCE

5.1 The Landlord will notify its insurers of the Tenant's interest in the Premises and have it noted on the policies of insurance and will use all reasonable endeavours to procure that its insurers waive their rights of subrogation in respect of any act or omission on the part of the Tenant

5.2 The Landlord will on request from the Tenant provide the Tenant with a copy of its insurance policies (or other evidence of the conditions of insurance) on the Premises and with a receipt for the payment of the last premium or other evidence of renewal and up-to-date details of the amount of cover

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The Landlord will immediately notify the Tenant of any changes in its insurance cover or of the terms on which cover has been effected

The Landlord may retain any discount on the insurance premiums or commission offered to it by its insurer for its exclusive benefit

SUSPENSION OF RENT

Sub-paragraph 6.2 applies if the Premises or the services or amenities or means of access are at any time during the Term so damaged by an Insured Risk as to render the Premises or any part of them or the services or amenities or the means of access thereto unfit for occupation use or enjoyment except in the circumstances referred to in sub-paragraph 4.3.2

The rent reserved by sub-clause 2.3.1 part of this Lease or a fair proportion of them according to the nature and extent of the damage sustained shall be suspended and cease to be payable until the Premises (excluding fitting-out works and replacement of contents) have been reinstated and made fit for occupation use and enjoyment or if earlier until the expiry of three years from the occurrence of the damage

A dispute as to the amount of the abatement of the rent or the duration of the period of abatement is to be submitted to a single arbitrator by whose decision the parties are to be bound who is to be appointed by the parties jointly or if they do not agree on the appointment by the President for the time being of the Royal Institution of Chartered Surveyors (at the request of either party) and the arbitration is to be conducted under the Arbitration Act 1996

OPTIONS TO DETERMINE

1 If the Premises or a substantial part of them are destroyed or damaged by an Insured Risk so as to make continued use of the Premises impracticable within the period of 36 months from the date of damage or destruction the Landlord may terminate this Lease by giving to the Tenant notice to that effect at any time within 12 months after the damage has occurred

if (except during a Crown Period) for any reason beyond the control of the Landlord it proves impracticable to commence rebuilding or reinstatement of the Premises within 18 months of the damage by an Insured Risk the Landlord may terminate this Lease by giving to the Tenant notice to that effect

If the Premises or a significant part of them or the means of access thereto are destroyed or damaged and if the rebuilding or reinstatement of the Premises has not been commenced within 18 months after the occurrence of the damage and/or has not been completed within 18 months of such commencement the Tenant may give notice to the Landlord terminating this Lease and on giving of the notice this Lease shall terminate

The termination of this Lease under this paragraph 7 shall not affect any liability which has accrued at any time before the time of termination

RETENTION OF INSURANCE PROCEEDS

On the termination of this Lease under paragraph 7 or if this Lease is terminated by the operation of the doctrine of frustration the Landlord shall be entitled to retain the proceeds of insurance for its exclusive benefit

THE SEVENTH SCHEDULE

Guarantee Provisions

PART I

Form of Guarantee on Assignment

GUARANTEE

The Guarantor guarantees to the Landlord that the Tenant will pay the rents reserved by and perform and observe the Tenant's covenants in this Lease and the Guarantor will pay and make good to the Landlord within 14 days of demand any losses damages costs and expenses suffered or incurred by the Landlord if the Tenant fails to do so

The guarantee in sub-paragraph 1.1 remains in force for so long only as and to the extent that the Tenant (in this context meaning the party named as "Tenant" in the Parties' Clause of this Lease) is not released by law (otherwise than by disclaimer) from liability for the Tenant's covenants in this Lease

The Guarantor also guarantees to the Landlord that the Tenant will observe and perform its obligations under any authorised guarantee agreement to be entered into by the Tenant under the terms of this Lease and will pay and make good to the Landlord within 14 days of demand any losses damages costs and expenses suffered or incurred by the Landlord if the Tenant fails to do so

For the purposes of this guarantee references to the "Tenant" are to the assignee of this Lease in relation to whom the guarantee to the Landlord is given and none other

NO WAIVER OR RELEASE OF LIABILITY

The Guarantor will not be released from liability under these provisions because of forbearance the granting of time or other indulgence of the Landlord

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GUARANTOR TO ACCEPT NEW LEASE UPON DISCLAIMER

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

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

- 3.2.1 The term is to commence on the date of termination of this Lease and to be equal to the residue of the Term which would have remained unexpired at that date if this Lease had not then been terminated
- 3.2.2 The yearly rent is to be the same as would have been payable under this Lease if it had not been terminated and if a rent review operative from a Review Date before the grant of the lease had not been completed the Guarantor will complete the rent review with the Landlord as if it had been the Tenant under this Lease in order to establish the commencing yearly rent under the lease
- 2.3 The lease is otherwise to be on the same terms and conditions as would have applied under this Lease if it had not been terminated except that the Guarantor shall not be required to procure that any other person is made a party to that lease as guarantor
- 2.4 The Guarantor is to succeed to the rights and assume the liability of the Tenant under this Lease as if this Lease had not been terminated

SUBORDINATION OF RIGHTS OF THE GUARANTOR

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

The Guarantor may not:

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- 4.2.1 seek to recover from the Tenant or any third party whether directly or by way of set-off lien counterclaim or otherwise or accept any money or other property or security or exercise any rights in respect of any sum which may be or become due to the Guarantor on account of the failure by the Tenant to observe and perform the Tenant's covenants in this Lease
- 4.2.2 (in competition with the Landlord) claim prove or accept any payment in a winding-up liquidation bankruptcy composition with creditors or other form of arrangement on the insolvency of the Tenant for money owing to the Guarantor by the Tenant nor
- 4.2.3 exercise any right or remedy in respect of any amount paid by the Guarantor under this Lease or any liability incurred by the Guarantor in observing performing or discharging the obligations and covenants of the Tenant

The Guarantor warrants that it has not taken and undertakes with the Landlord that it will not without the consent of the Landlord (such consent not to be unreasonably withheld or delayed) take any security from the Tenant in respect of this guarantee and if security is nevertheless taken it is to be held on trust for the Landlord as security for the respective liabilities of the Guarantor and the Tenant

PART II

Form of Authorised Guarantee Agreement

GUARANTEE

The Guarantor guarantees to the Landlord that the Tenant will pay the rents reserved by and perform and observe the Tenant's covenants in this Lease and the Guarantor will pay and make good to the Landlord within 14 days of demand any losses damages costs and expenses suffered or incurred by the Landlord if the Tenant fails to do so

The guarantee in sub-paragraph 1.1 remains in force for so long only as and to the extent that the Tenant is not released by law from liability for the Tenant's covenants in this Lease

For the purposes of this guarantee references to the "Tenant" are to the assignee of this Lease in relation to whom the guarantee to the Landlord is given and none other

NO WAIVER OR RELEASE OF LIABILITY

The Guarantor will not be released from liability under these provisions because of forbearance the granting of time or other indulgence of the Landlord

GUARANTOR TO ACCEPT NEW LEASE UPON DISCLAIMER

If this Lease is terminated by disclaimer the Guarantor will (on notice given by the Landlord within one month after the date of termination) take from the Landlord a lease of the Premises

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

- 3.2.1 The term is to commence on the date of termination of this Lease and to be equal to the residue of the Term which would have remained unexpired at that date if this Lease had not then been terminated
- 3.2.2 The yearly rent is to be the same as would have been payable under this Lease if it had not been terminated and if a rent review operative from a Review Date before the grant of the lease had not been completed the Guarantor will complete the rent review with the Landlord as if it had been the Tenant under this Lease in order to establish the commencing yearly rent under the lease
- 3.2.3 The lease is otherwise to be on the same terms and conditions as would have applied under this Lease if it had not been terminated except that the Guarantor shall not be required to procure that any other person is made a party to that lease as guarantor
- 3.2.4 The Guarantor is to succeed to the rights and assume the liability of the Tenant under this Lease as if this Lease had not been terminated

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SUBORDINATION OF RIGHTS OF THE GUARANTOR

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

The Guarantor may not:

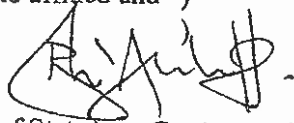
- 4.2.1 seek to recover from the Tenant or any third party whether directly or by way of set-off lien counterclaim or otherwise or accept any money or other property or security or exercise any rights in respect of any sum which may be or become due to the Guarantor on account of the failure by the Tenant to observe and perform the Tenant's covenants in this Lease
- 4.2.2 (in competition with the Landlord) claim prove or accept any payment in a winding-up liquidation bankruptcy composition with creditors or other form of arrangement on the insolvency of the Tenant for money owing to the Guarantor by the Tenant nor
- 4.2.3 exercise any right or remedy in respect of any amount paid by the Guarantor under this Lease or any liability incurred by the Guarantor in observing performing or discharging the obligations and covenants of the Tenant

The Guarantor warrants that it has not taken and undertakes with the Landlord that it will not without the consent of the Landlord (such consent not to be unreasonably withheld or delayed) take any security from the Tenant in respect of this guarantee and if security is nevertheless taken it is to be held on trust for the Landlord as security for the respective liabilities of the Guarantor and the Tenant

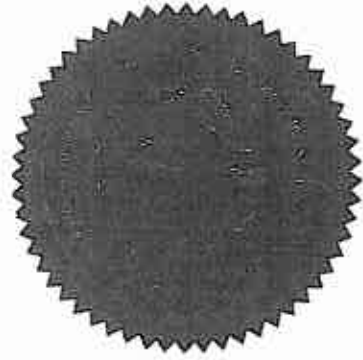
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Edward Flude

From: Debra Rudd [debra.gdpp@btconnect.com]
Sent: 11 March 2010 12:49
To: Edward Flude
Subject: FW: 1 Edward Street, Brighton - Rent review 17 March 2010

Ed

Please see below a reply from our Solicitors regarding missing Page 50 of lease

Barbara

From: Paul L. Tate [mailto:PaulTate@roythornes.co.uk]
Sent: 11 March 2010 11:51
To: Debra Rudd
Subject: RE: 1 Edward Street, Brighton - Rent review 17 March 2010

Barbara

I have had the original lease checked and it has no page 50. The lease makes sense without it and so I suggest that unless the Tenant happens to have such a page, the process proceeds on the basis of the document as produced to the expert Paul

Paul L. Tate
Partner
For and on behalf of Roythornes LLP

Direct Dial: 01733 898963

PaulTate@roythornes.co.uk
www.roythornes.co.uk

From: Debra Rudd [mailto:debra.gdpp@btconnect.com]
Sent: 11 March 2010 10:32
To: Paul L. Tate
Subject: FW: 1 Edward Street, Brighton - Rent review 17 March 2010

Dear Paul

Further to email below from Ed Flude - the copies we have of the lease also have Page 50 missing – are you able to supply?

Barbara

From: Barbara Bodger [mailto:barbara.bodger@talktalk.net]
Sent: 08 March 2010 22:15
To: 'Debra Rudd'
Subject: FW: 1 Edward Street, Brighton - Rent review 17 March 2010

fyi

From: Edward Flude [mailto:e.flude@flude.com]
Sent: 08 March 2010 18:05

11/03/2010