



HERBERT
SMITH
FREEHILLS



Pinsent Masons

DATED 10 MAY 2018

(1) THE MAYOR AND BURGESSES OF THE LONDON BOROUGH OF SOUTHWARK

(2) BL CW HOLDINGS LTD

(3) BL CW DEVELOPMENTS LIMITED

(4) THE BRITISH LAND COMPANY PLC

**MASTER DEVELOPMENT AGREEMENT of
CANADA WATER**

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M.S.P.

SCHEDULE 14 INFRASTRUCTURE AND GENERAL DEVELOPMENT COSTS: SITE WIDE
AND MULTI-PLOT214

APPENDIX 1 PLAN 224

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PARTICULARS

Date of Agreement:	10 May 2018
The Council:	The Mayor and Burgesses of the London Borough of Southwark of 160 Tooley Street, London, SE1 2QH
The Owner:	BL CW Holdings Ltd of/whose registered office is at York House, 45 Seymour Street, London, W1H 7LX (Company No: 10398435)
The Developer	BL CW Developments Limited of/whose registered office is at York House, 45 Seymour Street, London, W1H 7LX (Company No: 10664198)
The Guarantor	means The British Land Company Plc of/whose registered office is at York House, 45 Seymour Street, London, W1H 7LX (Company No: 621920)
Completion:	As determined in accordance with the terms of the Agreement to which these Particulars are annexed
Council's Solicitors:	Pinsent Masons LLP, 30 Crown Place, London EC2A 4ES (Ref: lfm/505386.07010/ACB)
Owner's Solicitors:	Herbert Smith Freehills LLP of Exchange House, Primrose Street, London, EC2A 2EG (Ref: 2856/7480/30970248)

RECITALS

- 1.1 The Council and the Owner each own or control significant freehold or leasehold interests in the Property;
- 1.2 The parties share a common desire to regenerate the Property as a major mixed use retail office commercial and residential development so as to create a new economic and cultural destination within London;
- 1.3 The size of the Property is such that development will be required in a co-ordinated manner over many years in phases by reference to a master plan and that such large scale regeneration will only be possible by collaboration of the parties;
- 1.4 The parties have agreed to enter into this agreement to provide for the grant of a new lease and merger into the new lease of the Owner's existing leasehold interests enabling thereafter the long term development by the parties in consultation with each other in a manner such that the parties are each able to maintain a long term interest in the Development;
- 1.5 The parties intend for the development to include the following:
 - 1.5.1 a variety of office retail and commercial uses so as to stimulate the local economy and generate new employment opportunities in the area;
 - 1.5.2 significant residential development;
 - 1.5.3 the development of facilities for the benefit of the local community and general public including health education and cultural facilities; and
 - 1.5.4 the improvement of the Canada Water basin and associated pedestrian areas to create a vibrant and attractive mixed use destination point for the benefit of the public.

THIS AGREEMENT is made on the date specified in the Particulars between the Council, the Owner, the Developer and the Guarantor.

IT IS AGREED as follows:

1. **INTERPRETATION**

1.1 In this Agreement:

- "1990 Act"** the Town and Country Planning Act 1990
- "Abortive Costs"** means any costs fees and expenses and liabilities (including any irrecoverable VAT) incurred paid, or payable by or on behalf of the Owner Developer Plot Owner or a Plot Developer in connection with an Abortive Plot (including without limitation Plot Infrastructure Costs) (whether such sums were or are incurred, paid, or payable before, on or after the date of this Agreement) or in connection with any part of the Property where the goods or services in relation to which the relevant costs were incurred are unlikely (in the Developer's reasonable opinion) to be of benefit to the future development of the relevant part of the Property
- "Abortive Plot"** means any Plot where the Developer notifies in writing to the other parties that:
- (a) no material works of construction have been carried out for a period of 3 months or more following Implementation of the Plot Planning Permission and prior to Practical Completion of the Plot Development for the relevant Plot or
 - (b) where the Plot Planning Permission has not been Implemented, after a period of 3 months or more that the Developer has no intention of bringing forward the relevant Plot Development
- "Acceptance Notice"** has the meaning given to it in clause 12.3
- "Acceptable Development Manager"** means an experienced person with significant demonstrable development management experience and a track record of acting as a competent development manager of substantial mixed use developments in the UK or can demonstrate that its personnel has such experience and track record and such person has been approved by the Council (acting reasonably)
- "Access Easement"** means an unconditional unrestricted and irrevocable right of way for all persons and vehicles at any time and from time to time over the Access Strip for the purposes including but not limited to access to and egress from the Police Station, Landale House and the Property
- "Access Easement Price"** [REDACTED] plus VAT

"Access Strip"	means the strip of land separating the Police Station from Lower Road, registered under title number SGL39254, and any other adjacent or neighbouring land to the Police Station within the ownership of the Council
"Actual Construction"	means works of construction including demolition, site clearance, archaeological investigations, ground investigations, contamination remediation, surveys, service diversions, stopping up, remedial works, erection of hoardings temporary means of enclosure, scaffolding, and any other preparatory works
"Advance Payment Interest Rate"	<p>(a) shall be for the Initial Period [REDACTED] (the "Initial Advance Payment Interest Rate") and</p> <p>(b) following the Initial Period shall be the rate calculated on each Advance Payment Interest Review Date pursuant to clause 10.6,</p> <p>and "Advance Payment Interest" shall be construed accordingly</p>
"Advance Payment Interest Review Date"	means the final day of the Initial Period and every third anniversary thereafter until such time as the Practical Completion Statement for the final building at the final Plot is issued (or equivalent point in time where no such statement is issued)
"Affordable Housing"	means housing provided to households whose incomes are insufficient to enable them to afford adequate housing locally on the open market and where the rent or price for such housing is reduced, directly or indirectly, compared to equivalent housing on the open market; and shall include Residential Units where the rent or purchase price or a combination of both is reduced, directly or indirectly, by means of subsidy from the public, private or voluntary sectors and which may be provided or managed by a Registered Provider or local authority or the private sector
"Affordable Housing Option"	means the option granted to the Council at Schedule 5 to acquire Affordable Housing
"Approved Party"	means such party as the Council may approve in writing such approval not to be unreasonably withheld or delayed or any person directly or indirectly Controlled or Controlling or under direct or indirect common Control with such party
"Appropriation Resolution"	has the meaning given to that term in the CPO Indemnity Agreement
"Assignee"	has the meaning given to it in clause 15.3.7
"Base Land Value"	has the meaning given to that term in Schedule 11 of

this Agreement

"BL CW2"	means the tenant of the MLC PW Lease and being a company that is a wholly owned subsidiary of the Guarantor
"Building Contract"	means a contract appointing a Contractor to carry out some or all of the Development Works
"Business Plan"	means the business plan relating to the Property of which an initial draft is attached at Appendix 3 subject to update and revision from time to time
"Cap"	has the meaning given to it in clause 25.1.2
Capital Goods Scheme	means the provisions relating to the adjustments to the deduction of input tax on capital items under Part XV of the Value Added Tax Regulations 1995 (SI 1995/2518)
"Call-in"	means a call-in by the Secretary of State of the Planning Application for determination in accordance with section 77 of the 1990 Act and "called in" and "calling in" shall be construed accordingly
"Challenge Period"	means the periods, each calculated from and including the date: (a) following the grant of a Planning Permission by the Planning Authority the period of six weeks or (b) following the grant of a Planning Permission by or on behalf of the Secretary of State, the period of six weeks (c) and in the event of a change of Statutory Requirements that extends the time limits during which a decision of the Planning Authority or the Secretary of State can be challenged then such longer period as is thereby imposed by such change
"CIL"	means the community infrastructure levy introduced by Part 11 of the Planning Act 2008, the CIL Regulations and any other regulations made in relation to the community infrastructure levy
"CIL Costs"	means costs by way of CIL demanded in respect of a Planning Permission by the CIL Charging Authority
"CIL Charging Authority"	means any authority empowered to raise CIL in respect of a Planning Permission
"CIL Regulations"	means the Community Infrastructure Levy Regulations 2010 (as amended) and any other regulations made in relation to the community infrastructure levy under Part 11 of the Planning Act 2008

"Commercial Use"	means offices workspace industrial and other similar uses including but not limited to the uses permitted by Use Classes A2, B1, B2, B8 and D1 of the Schedule to the Town and Country Planning Use Classes Order 1987 (and excluding Retail and Leisure Use)
"Completion"	means the completion of the grant to the Owner of the New Lease pursuant to this Agreement
"Completion Notice"	means notice served by the Owner specifying the date of Completion which date shall not be less than 10 Working Days after satisfaction or waiver of the Pre-Conditions and not more than 6 months after the date of satisfaction or waiver of the Pre-Conditions
"Connected Party"	means a company, limited partnership or other vehicle which is any of the following: <ul style="list-style-type: none"> (a) a company which is a subsidiary or subsidiary undertaking of or which has the same holding company or parent undertaking as the Owner (where subsidiary, subsidiary undertaking, holding company and parent undertaking have the same meanings given to them by sections 1159, 1162 and 1173 of the Companies Act 2006) or (b) such an entity in which the Owner has a Controlling Interest
Contamination	means the presence at or after Completion of any Hazardous Substance in, on or under the Property or any structure thereon (or emanating at or after Completion from the Property or any structure thereon)
"Contractor"	means such person or persons as the Developer may appoint to act as building contractor from time to time in relation to any part of the Property in accordance with this Agreement
"Contractual Completion Date"	means the date of Completion specified in the Completion Notice
"Controlling Interest"	means: <ul style="list-style-type: none"> (a) an interest in shares in a company held directly or indirectly conferring in the aggregate ■■■ or more of the total voting rights conferred by all the issued shares in that company taking account of restrictions on voting rights contained in the articles of association of that company; or (b) an interest in ■■■ or more of the total voting rights held directly or indirectly in a limited partnership or ■■■ or more of the decision making powers in any other vehicle

(and "Control" "Controlled" and "Controlling" shall be construed accordingly and "company" "limited partnership" and "vehicle" shall for the purposes of this definition be construed as including any number of the same such entities)

"Council's Initial Headlease Percentage"	has the meaning given to that term in Schedule 11 of this Agreement
"Council Invest Further Decision"	has the meaning given to that term in Schedule 11 of this Agreement
"Council's Investment Period"	has the meaning given to that term in Schedule 11 of this Agreement
"Council's PDC Contribution"	has the meaning given to that term in Schedule 11 of this Agreement
"Council Sell Decision"	has the meaning given to that term in Schedule 11 of this Agreement
" Council Retain Land"	has the meaning given to that term in Schedule 11 of this Agreement
"CPI Increase Rate"	means where positive an annual increase by an amount equivalent to any increase in the CP Index during the relevant year
"CP Index"	means the Consumer Prices Index published by the Office for National Statistics (or any official publication in substitution for the same)
"CPO"	the proposed compulsory purchase order to be made and promoted by the Council pursuant to Section 226 of the 1990 Act to facilitate the development of the Property in accordance with the terms of this Agreement
"CPO Costs"	has the meaning given to that term in the CPO Indemnity Agreement
"CPO Indemnity Agreement"	means the indemnity agreement dated on or about the date of this Agreement between (1) the Council and (2) the Owner in relation to the Property
"CPO Land"	has the meaning given to that term in the CPO Indemnity Agreement
"CTA 2010"	means the Corporation Tax Act 2010
Council's Annual Investment Decision Costs Cap	means two hundred and fifty thousand pounds (£250,000) (inclusive of irrecoverable VAT) per annum subject to increase in accordance with the CPI Increase Rate on each Council's Investment Decision Cost Review Date
"Council's Investment Decision Costs"	means subject to the Council's Annual Investment Decision Costs Cap the Council's reasonable and proper professional costs and expenses incurred on an

	annual basis by the Council in making the Council's Investment Decisions
"Council's Investment Decision Cost Review Date"	means the first anniversary of Completion and each anniversary thereafter until the Practical Completion Statement for the final building of the final Plot is issued (or equivalent point in time where no such statement is issued)
"Council Investment Decision"	has the meaning given to that term in Schedule 11
"Council's Land"	means the land comprised in the freehold and leasehold reversion to the New Lease
"Council's Plot Percentage Memorandum"	has the meaning given to it in Schedule 11
"Decision Period"	has the meaning given to it in Schedule 11
"Deeds"	means the documents listed in Schedule 13
"Delay Events"	means: <ul style="list-style-type: none"> (a) Planning Delay and (b) Force Majeure
"Developer Entity"	has the meaning given to that term in Schedule 11
"Developer's Initial Headlease Percentage"	has the meaning given to that term in Schedule 11
"Developer's Priority Return"	has the meaning given to that term in Schedule 11
"Development"	means the development of the Property in accordance with this Agreement
"Development Works"	means the works required to construct the Development at the Property including all necessary Infrastructure both on and off the Property
"Direct Deed"	means a deed in respect of each Plot where a Plot Sub-Lease is granted relating to the payments of rents income and capital receipts to the Council in respect of each relevant Plot made between (1) the Council (2) the Owner (3) the tenant of the Plot Sub-Lease and any such other parties as may be relevant to the particular Plot at the particular time
"Disposition"	means: <ul style="list-style-type: none"> prior to Completion: <ul style="list-style-type: none"> (a) the sale and purchase of the freehold reversion (i) immediately expectant on the determination of the Existing PW Lease and/or the Existing SQSC Lease and/or the LBS Freehold Land and/or any other additional

area as may be acquired by the Council pursuant to clause 9 from time to time

- (b) the grant of any tenancy (whether mediately or immediately) of the reversion of the Existing PW Lease and/or the Existing SQSC Lease and/or any other additional area as may be acquired by the Council pursuant to clause 9 from time to time

and on and following Completion:

- (c) the sale and purchase of any part of the Council's reversion of the New Lease and any other additional area as may be acquired by the Council pursuant to clause 9 from time to time
- (d) the grant of any tenancy (whether mediately or immediately) of any part of the Council's reversionary interest of the New Lease and of any other additional area as may be acquired by the Council pursuant to clause 9 from time to time

and in all cases excluding a Disposition to a Statutory Successor

- "Dock"** means the dock at Canada Water outlined in red on the plan at Appendix 13
- "Dock Costs"** means all costs, fees and expenses and liabilities (including any irrecoverable VAT) (whether such sums were or are incurred, paid, or payable before, on or after the date of this Agreement) incurred, paid or payable in respect of the design construction and retention of the matters relating to the Dock and for which an application or applications are made for Full Planning Permission
- "Dock Manager's Office"** means the freehold property at the former Dock Manager's Office, Surrey Quays Road registered at HM Land Registry with title number TGL93274
- "Dock Offices"** means the leasehold property of the former Dock Offices, Surrey Quays Road registered at HM Land Registry with title number SGL491092
- "Early Works"** means site investigations, trial pits and boreholes, service diversions, the capping off of the tunnel vent shaft, temporary meanwhile installations, [REDACTED] redirection of Deal Porters Way, environmental remediation works, [REDACTED] excavations and works to the public realm
- "EIR"** means the Environmental Information Regulations 2004 and any subordinate legislation made thereunder from

time to time together with any guidance and/or codes of practice issued by the Information Commissioner in relation to such legislation

"Employer's Agent"	means such independent firm or company as may be appointed by the Developer to fulfil the role of employer's agent for the purposes of some or all of the Development Works
"Environment"	means air (including air within buildings and air within other natural or man-made structures above or below ground), water (including territorial and coastal and inland waters, groundwater and water in drains and sewers) and land (including soil and sub-soil and land under any water) and any organisms or ecosystems supported by the air, water or land
"Environmental Costs"	means all costs, expenditure, liabilities, losses, including any related professional fees and disbursements (and any irrecoverable VAT) (whether such sums were or are incurred, paid, or payable before, on or after the date of this Agreement), and including all associated taxes, that are incurred in or for compliance with Environmental Laws or in satisfaction of the conditions of any Planning Permission for the Development, or that are otherwise properly and necessarily incurred by the Developer for the protection of the Environment, or treatment or removal of any Hazardous Substances at the Property
"Environmental Losses"	means any liabilities, losses, costs, expenses, claims, damages, compensation or requirements that relate to or arise from Contamination
"Estate"	has the meaning given to that expression in the New Lease
"Estate Areas"	has the meaning given to that term in the New Lease
"Estate Infrastructure"	means Infrastructure that is not Plot Infrastructure or Multi-Plot Infrastructure
"Estate Infrastructure Costs"	means all Infrastructure Costs incurred by or on behalf of the Developer in connection with the provision of the Estate Infrastructure (including any irrecoverable VAT (if any))
"Estate Manager"	means the party appointed by the Owner from time to time to manage the Estate and shall include where so required such third parties appointed to be responsible for some or all of the obligations that would otherwise be performed by the Estate Manager
"Estate Wide Account"	means the General Development Account and the Infrastructure Account
"Estate Wide Account Balance"	means the balance shown in the Estate Wide Account from time to time after debiting the Estate Wide Costs and crediting any income or receipts and the Matched

Funding Contributions in accordance with clause 10 and Schedule 14

- "Estate Wide Costs"** means Estate Infrastructure Costs and General Development Costs
- "Estimated Master Plan Historic Costs"** means the sum of [REDACTED] and inclusive of all Interest
- "Exempted Information"** means any Information [REDACTED] which falls within any of the categories of exempt information under the FOIA or information for which an exception applies under the EIR
- "Existing Leases"** means the Existing PW Lease and the Existing SQSC Lease and each of them
- "Existing PW Lease"** means together:
- (a) the lease dated 04.04.1997 made between (1) London Docklands Development Corporation and (2) Associated Newspapers Limited registered at HM Land Registry under title number TGL135706
 - (b) the lease dated 26.04.1991 made between (1) London Docklands Development Corporation and (2) Associated Newspapers Limited and registered at HM Land Registry under title number TGL59022
 - (c) the leases dated 10.06.1986 and dated 9.11.1994 made between (1) The Mayor and Burgesses of the London Borough of Southwark and (2) Associated Newspaper Group Plc and registered at HM Land Registry under title number SGL460523
 - (d) the lease dated 15.01.1987 made between (1) London Docklands Development Corporation and (2) Mail Newspapers Plc and registered at HM Land Registry under title number SGL480198
- "Existing PW Premises"** means the premises known as the Print Works, Canada Water comprised in the Existing PW Lease
- "Existing SQSC Lease"** means a lease dated 19.01.1989 made between (1) London Docklands Development Corporation and (2) Tesco Holdings Limited; and supplemental lease dated 20.06.1997 made between (1) London Docklands Development Corporation and (2) Shopping Centres Limited and registered at HM Land Registry under title number TGL22620

"Existing SQSC Premises"	means the premises known as Surrey Quays Shopping Centre, Canada Water comprised in the Existing SQSC Lease
"Expert"	means the expert appointed to determine disputes under Schedule 10
"Expropriation Event"	means any requisition, confiscation, nationalisation or expropriation by any governmental authority
"Final Value Assessment Date"	has the meaning given to that term in Schedule 11
"Financial Model"	means the financial model prepared by CBRE in respect of the Development at the joint instruction of the Owner and the Council
"FOIA"	means the Freedom of Information Act 2000 and any subordinate legislation made thereunder from time to time together with any guidance and/or codes of practice issued by the Information Commissioner in relation to such legislation
"FOI Costs"	means all costs fees and expenses and liabilities (including any irrecoverable VAT) (whether such sums were or are incurred, paid, or payable before, on or after the date of this Agreement) incurred, paid or payable in respect of any Request for Information or [REDACTED]
"Force Majeure"	<p>means in relation to any party, any of the following acts, events or circumstances:</p> <ul style="list-style-type: none"> (a) an act of God (b) fire, flood, typhoon, tsunami, volcanic activity, earthquake or extreme weather conditions (c) war (including civil war), hostilities (whether or not war has been declared), invasion, coup, guerrilla activity, sanctions or blockade (d) terrorist acts or a threat of a terrorist act (e) riot, insurrection, civil commotion, public demonstration, sabotage, embargo or acts of vandalism (f) actual or potential explosion or impact of any mine, bomb, shell, grenade or other projectile or missile (g) aircraft crashes or things falling from aircraft (h) release of ionising radiation or contamination by radioactivity, chemical or biological contamination (i) unforeseen acts of any civil or military authority

or direction of any governmental authority

- (j) restriction, suspension or withdrawal of any licences, approvals, permits or consents or any required licence, approval, permit or consent not being granted on a timely basis
- (k) change in law or regulation
- (l) an Expropriation Event
- (m) Insolvency or Insolvency Proceedings
- (n) any event for which the Contractor benefits from an extension of time pursuant to a Building Contract
- (o) epidemic or pandemic or plague (as classified or advised by the World Health Organisation)
- (p) the order of any court, arbitral body or governmental authority
- (q) breakage of or accidental damage to equipment
- (r) any strike, lock out or other industrial trade dispute or action and
- (s) structural shift or subsidence

"Full Planning Permission" means a detailed Planning Permission (including if appropriate Reserved Matters approved pursuant to an Outline Planning Permission or the detailed elements approved by the grant of a hybrid Planning Permission) which is capable of immediate implementation subject only to satisfaction of any pre-commencement planning conditions or pre-commencement obligations contained in any Planning Obligation

"Funding Condition" has the meaning given to that expression in Schedule 2 of this Agreement

"General Development Account" means the account from which General Development Costs are funded and paid and any income or receipts and the Matched Funding Contributions are accounted for in accordance with clause 10 and Schedule 14

"General Development Costs" means the:

- (a) Master Plan Costs
- (b) the Marketing Costs
- (c) the Abortive Costs
- (d) [REDACTED]

- (e) the Environmental Costs
- (f) [REDACTED]
- (g) the Council's Investment Decision Costs
- (h) Leisure Centre Costs
- (i) the FOI Costs
- (j) the Dock Costs
- (k) the SDLT Costs
- (l) any other costs incurred by or on behalf of the Owner Developer Plot Owner or Plot Developer in relation to the whole or part of the Property which the Developer properly considers should be apportioned in whole or in part to the General Development Account from time to time (including any irrecoverable VAT (including any irrecoverable VAT incurred in respect of (1) [REDACTED] and (2) any rent or premium payments; and (3) the operation of the Capital Goods Scheme),

"GIA" has the meaning given to it in the RICS Code in square feet

"Gross Deductible Expenditure" has the meaning given to that term in the New Lease

"Guaranteed Obligations" means the obligations of the Owner and or the Developer (as the case may be) given in Schedule 2, Schedule 3, Schedule 7, Schedule 9 and Schedule 11 of this Agreement

"Habitable Room" means a room with at least one window within a Residential Unit which room is:

- (a) capable of use for sleeping, living or dining; or
- (b) a kitchen with an overall floor area of not less than 11 sqm

but excluding in all cases toilets, bathrooms, landings, halls and lobbies PROVIDED ALWAYS that any Habitable room in excess of 27.5sq.m shall be treated as two habitable rooms in the determination of the quantum of Affordable Housing provision or such definition that has been applied by the Local Planning Authority at the time of the determination of the detailed phase 1 application

"Hazardous Substance" means any natural or artificial substance or thing which is (alone or in combination) capable of causing harm to, or adverse effect on, the environment and/or human

"Highway Consents"

means any licences consents or orders granted pursuant to Part IX of the Highways Act 1980 or the Road Traffic Regulation Act 1984 or any other similar legislation

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"Implementation"	means "Implementation" as that term is defined in Schedule 11
"Information"	means information in any form held or recorded by the Council or by the Developer on behalf of the Council in respect of the Development [REDACTED]
"Infrastructure Account"	means the account from which Infrastructure Costs are funded and paid any income or receipts and the Matched Funding Contributions are accounted for in accordance with clause 10 and Schedule 14
"Infrastructure Bank Account"	means a separate interest bearing bank account in the Developer's name from which all payments of Infrastructure Costs are paid and all funding of Infrastructure Costs is received
"Infrastructure"	means <ul style="list-style-type: none"> (a) roads paths walls retaining walls barriers sluices gates dams canals waterways footways highways cycle ways junctions bridges roundabouts verge landscaping parking facilities signage lighting all of which whether public or private and any other works of a similar nature or for a similar purpose (b) pumping stations pumping mains surface water drainage sewers drainage fountains water features and associated balancing lagoons and other requisite apparatus (c) pipelines tubes cables wires ducts and other conducting media of whatsoever nature and all associated valves meters pumps switchgear and similar apparatus and includes any other apparatus ancillary thereto (d) substations governor houses and control apparatus (e) energy centres and district heat networks and all other associated plant machinery buildings systems and equipment for provision of heat light power or other services and all associated infrastructure

- (f) solar panels wind turbines and any other systems equipment buildings or structures used in the generation capture storage or provision of energy
- (g) recycling centres processing facilities compacting facilities and all associated infrastructure
- (h) landscaping planting paving Open Space structural landscaping tree belts and noise bunds

and any other works or facilities, materials or equipment necessary to allow the Development to be brought forward in accordance with the terms of this Agreement and such infrastructure may be within the Property or located outside of the Property

"Infrastructure Costs"

means (whether such sums were or are incurred, paid, or payable before, on or after the date of this Agreement):

- (a) all costs properly incurred by or on behalf of the Developer relating to the design of the Infrastructure and the execution of the Infrastructure Works for the Estate
- (b) a fair and reasonable proportion of the costs properly incurred by or on behalf of the Developer in obtaining all Necessary Consents insofar as the same relate to the Infrastructure and/or the Infrastructure Works
- (c) VAT and all of the foregoing (unless and until recovered from HM Revenue & Customs)
- (d) all costs relating to the enforcement of the building contract, appointments or sub-contracts or other arrangements or agreements relating to the Infrastructure Works
- (e) all costs relating to the maintenance and adoption of the Infrastructure Works

but the provision of land for Infrastructure Works shall not constitute an Infrastructure Cost

"Infrastructure Works"

means the works required to construct the Infrastructure as set out in the Infrastructure Works Strategy from time to time

"Infrastructure Works Strategy"

means a written strategy prepared and amended from time to time in accordance with Schedule 9 which will include details of:

- (a) the most efficient and appropriate means of delivering Plot Infrastructure Multi-Plot

Infrastructure and Estate Infrastructure including the identification where appropriate of the phasing of such works

- (b) where proposals for Plot Infrastructure Multi-Plot Infrastructure or Estate Infrastructure are known, details of the Professional Team that the Developer intends to appoint and an outline of their scope of work
- (c) the actual cost or where such actual costs are not known, the estimated costs of (a) and (b) above where capable of estimation at that time and
- (d) an indicative timetable for delivery of Plot Infrastructure Multi-Plot Infrastructure and Estate Infrastructure

"Initial Period"

means the period from and including the date of this Agreement to and including the third anniversary of the date of this Agreement

"Insolvent"

means in relation to a company or corporation:

- (a) the appointment of an administrator or
- (b) the appointment of a receiver, administrative receiver, manager, compulsory manager, liquidator, provisional liquidator, trustee in bankruptcy, or other similar officer (in each case, whether out of Court or otherwise) in respect of such company or corporation or
- (c) a voluntary winding-up of such company or corporation is commenced, 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

"Insolvency"

- (a) a party is unable or admits an inability to pay its debts as they fall due, suspends making payments on any of its debts or, by reason of actual or anticipated financial difficulties, commences negotiations with one or more of its creditors with a view to rescheduling any of its indebtedness
- (b) the value of the assets of any party is less than its liabilities (taking into account contingent and prospective liabilities) or
- (c) a moratorium is declared in respect of any indebtedness of any party

"Insolvency Proceedings"

- (a) the suspension of payments, a moratorium of any indebtedness, winding-up, dissolution,

administration or reorganisation (by way of voluntary arrangement, scheme of arrangement or otherwise) of any party

- (b) a composition, compromise, assignment or arrangement with any creditor of any party
- (c) the appointment or (by any request, notice or otherwise) towards the appointment of a liquidator, trustee in bankruptcy, receiver, administrator, administrative receiver, compulsory manager, provisional liquidator, judicial custodian or other similar officer (in each case, whether out of court or otherwise) in respect of any party or any of its assets
- (d) enforcement of any security over any assets of any party
- (e) a meeting of any party, its directors or members being convened for the purpose of considering any resolution, petition, application or filing of documents for its winding-up, administration (whether out of court or with any registrar or otherwise) or dissolution or any such resolution passed or
- (f) any person presenting a petition or an application for its winding-up, administration (whether out of court or otherwise) or dissolution
- (g) but "Insolvency Proceedings" does not extend to any voluntary reorganisation of a solvent party

"Interest"

has the meaning given to it in Schedule 11

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

■ [REDACTED]

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"LBS Freehold Land" means the land shown edged red on Plan 34

"Leisure Centre" means the leisure centre that may be constructed on the Leisure Centre Site satisfying the requirements of the Leisure Centre Minimum Requirements and if delivered to be delivered in accordance with the provisions of Schedule 4 of this Agreement and the terms of the Leisure Centre Agreement

[REDACTED]

"Leisure Centre Agreement" has the meaning given to that term in Schedule 4

"Leisure Centre Cost"	means save to the extent the same are funded by the Council pursuant to Schedule 4 of this Agreement and the Leisure Centre Agreement the proper costs fees and expenses and liabilities (including any irrecoverable VAT) incurred, paid or payable in connection with procuring the design and construction of the Leisure Centre at the Property (whether such sums were or are incurred, paid, or payable before, on or after the date of this Agreement)
"Leisure Centre Minimum Requirements"	means the headline requirements for the Leisure Centre attached at Error! Reference source not found ^{Schedule 4} of this Agreement
"Leisure Centre Sub-Lease"	has the meaning given to that term in Schedule 4 of this Agreement
"Listed Entity"	an entity that is listed on a recognised stock exchange (as defined in the Income Tax Act 2007) and / or whose shares are trading on a regulated market (as such term is defined in the Financial Conduct Authority Handbook) or an equivalent market situated outside of the EEA which is characterised by the fact that it meets comparable requirements to those of a regulated market or to otherwise carry out such listing or admittance to trading as are required to meet the conditions at Section 528(3) CTA 2010 (REIT, conditions for company, condition C) and/or section 528A CTA 2010 (REIT, further conditions relating to shares) (and "Listing" shall be construed accordingly)
"Long Stop Date"	[REDACTED] years from the date of this Agreement as extended from time to time for any Delay Events and provided that the Developer shall use good faith reasonable commercial endeavours to minimise such delay where practicable
"Marketing Costs"	means (whether such sums were or are incurred, paid, or payable before, on or after the date of this Agreement) all marketing promotional and enlivenment costs incurred by or on behalf of the Developer in relation to the Property as a whole as part of the Developer's strategy for the transformation of the Property and delivery of the Master Plan (and not, for the avoidance of doubt, exclusively in relation to any Plot within the Property) incurred until the date of the Final Practical Completion Statement of the final building in the final plot (or equivalent point in time where no statement is issued)
"Marketing Strategy"	means the marketing strategy prepared in accordance with the provisions of Schedule 8
"MLC PW Assignment"	means deed of assignment of the MLC PW Lease in the form attached at Appendix 15
"MLC PW Lease"	means the lease of the Mast Leisure Premises the PW FH Land the Dock Offices and the Dock Manager's


NSF LLP

Office the Police Station in the form attached to this Agreement at Appendix 8

"MLC PW2 Lease"

means the lease of the premises demised by the MLC PW Lease in the form attached to this Agreement of Appendix 16

"Mast Leisure Premises"

the freehold land being Surrey Quays Leisure Park, Redriff Road, London owned by BL CW Holdings Limited and registered under title number TGL147500

"Master Plan"

means the plans and information prepared by the Developer by way of a master plan for the Property and identifying inter alia:

- (a) the proposed site of the Development with details of the land ownerships
- (b) details of proposed land uses within the Development and
- (c) location and nature of any parts intended or allocated for temporary land uses

and which may be amended, altered, revised, updated or substituted from time to time by the Developer

"Master Plan Aims"

means:

- (a) creating a high quality mixed use development including Retail and Leisure Uses, Commercial Uses and Residential Uses
- (b) the delivery of Affordable Housing in accordance with the Council's planning policy
- (c) the delivery of Phase 1 of the Development in accordance with the requirements of this Agreement
- (d) the Developer delivering the Development in accordance with the following, copies of which are attached at Appendix 10 -
 - (i) The British Land Company Plc Local Charter
 - (ii) Supplier Code of Conduct and
 - (iii) Sustainability Report

as amended, altered, revised, updated or substituted from time to time

"Master Plan Approval Documents"

means the documents proposed to be submitted to the Planning Authority to obtain Outline Planning Permission for the Development

"Master Plan Costs"	means all costs fees and expenses and liabilities (including any irrecoverable VAT) incurred by or on behalf of the Developer on or after 1 April 2018 in connection with discharging the Developer's obligations relating to the Master Plan, including without limitation any and all costs associated with the preparation of the Planning Strategy, obtaining a Planning Permission (including for the avoidance of doubt the costs of any Call-in or Planning Appeal) in respect of the whole or part of the Property, pursuing any Proceedings, obtaining approval of Reserved Matters for Infrastructure (excluding Plot Infrastructure), discharging conditions imposed on any Planning Permission required to be discharged prior to the carrying out of a material operation as defined in Section 56 of the 1990 Act, the preparation, completion, satisfaction of and compliance with any and all Planning Obligations and any variations thereto, the costs of obtaining any and all Necessary Consents, the costs of obtaining any and all Highway Consents, CIL Costs, CPO Costs and Relevant Expenses, cost arising from or triggered by the grant of Planning Permission, all costs of and associated with any marketing/sales/letting suite(s) or similar facilities or accommodation (whether or not at the Property) and any and all other costs properly incurred in connection with the Master Plan but excluding costs that are treated as Plot Development Costs
"Master Plan GIA"	means the GIA of the relevant part of the Property by reference to the development authorised by the initial Satisfactory Outline Planning Permission
"Master Plan Historic Costs"	means the amount of the historic costs agreed by the Developer and the Council pursuant to clause 13
"Master Plan Parameters"	means (subject to amendment in accordance with Schedule 3): <ul style="list-style-type: none"> (a) 1,500 units for Residential Use (b) 500,000 square feet GIA of Commercial Use (c) 500,000 square feet GIA of Retail and Leisure Use
"Master Plan Prohibited Uses"	means pay day loan shops and associated financial services (excluding not for profit co-operatives whose purpose is to provide affordable financial services for members of the local community), pawn brokers where pawnbroking is the primary or constitutes a substantial part of the business conducted from the premises (and excluding jeweller's businesses where pawnbroking is conducted ancillary to the main use) and betting and gambling shops but excluding bingos or businesses where bingo is the primary or a substantial part of the business

"Matched Funding Contribution"	has the meaning given to that term in Schedule 11 and "Match Funded" shall be construed accordingly
"Matched Funding Contribution (Council)"	has the meaning given to that term in Schedule 11
"Minimum Master Plan Size"	means (subject to amendment in accordance with Schedule 3) 5,000,000 square feet of GIA
"Multi-Plot Costs"	means Multi-Plot General Development Costs and Multi-Plot Infrastructure Costs
"Multi-Plot General Development Costs"	means General Development Costs relating to more than one Plot but not all Plots (including any irrecoverable VAT (if any))
"Multi-Plot Infrastructure"	means Infrastructure: <ul style="list-style-type: none"> (a) within a Plot and serving more than one Plot (b) within the Property and serving more than one Plot but not all Plots (c) outside of the Property and serving more than one Plot but not all Plots
"Multi-Plot Infrastructure Costs"	means all Infrastructure Costs incurred by or on behalf of the Owner or the Developer in connection with the provision of the Multi-Plot Infrastructure (including any irrecoverable VAT (if any))
"Necessary Consents"	means all building regulations and other approvals, certificates, consents, licences and permits from any competent authorities or third parties whether statutory or otherwise including rights to light agreements, crane and/or scaffolding oversailing agreements, party wall awards, Highway Consents, Road Closure Orders, and any requisite consents from the appropriate statutory authorities and undertakers in relation to services supplied to the relevant Plot which are necessary to authorise the commencement and carrying out of the Development Works or any part thereof in accordance with the provisions of this Agreement
"NDA"	means the non-disclosure agreement dated 7 December 2017 and made between (1) the Owner and (2) the Council as may be varied or supplemented from time to time
"New Lease"	means the lease to be granted pursuant to this Agreement
"New Lease Standard Conditions"	means the Standard Commercial Property Conditions (Second Edition) but interpreted or varied as stated in Schedule 1 and with such further amendments (including the use of capital letters) as are necessary to make the Standard Conditions referable to the grant of the New Lease pursuant to this Agreement and

	"Standard Condition" shall be interpreted accordingly
"Non Match Funded"	means in relation to Plot Development Costs Estate Wide Costs or Multi-Plot Costs an amount that is not Matched Funding
"Non Match Funded Costs"	means Plot Development Costs Estate Wide Costs or Multi-Plot Costs that is not Matched Funding Contribution
"Occupational Documents"	means the documents listed in Schedule 12
"Offer Notice"	has the meaning given to it in clause 12.2
"Outline Planning Permission"	means a planning permission granted by the Planning Authority pursuant to section 70 or section 73 of the 1990 Act or by the Secretary of State pursuant to sections 77, 78 and 79 of the 1990 Act and which has one or more matters reserved for subsequent approval in accordance with section 92 of the 1990 Act
"Owner Interest Disposal Post Plot Proposal"	means a disposal by the Owner in accordance with clause 16 of its interest in the whole or part of a Plot after implementation of a Plot Proposal in respect of the Plot
"Owner Interest Disposal Pre Plot Proposal"	means a disposal by the Owner in accordance with clause 16 of its interest in the whole or part of a Plot prior to Implementation of a Plot Proposal in respect of the Plot
"Party"	means each of the Council and the Developer and "parties" will be construed accordingly
"Permanent Temporary Use"	means a Temporary Use: <ul style="list-style-type: none"> (a) that the Developer, following discussion in the Steering Group, notifies the Council that it intends to make permanent and (b) <ul style="list-style-type: none"> (i) the contractual arrangements for which are such that they shall last for a period of time in excess of 25 years or (ii) the aggregate contractual arrangements for which shall last or do last for a period in excess of 25 years and the parties agree that they shall not seek to structure such arrangements so as to intentionally frustrate a Temporary Use becoming a Permanent Temporary Use
"Permitted Novatee"	means a person or entity to whom this agreement is novated and: <ul style="list-style-type: none"> (a) in which the Owner maintains a Controlling

Interest or

- (b) is a Connected Party of the Owner or
- (c) (i) is a person or entity in which the Owner maintains a Retained Interest and (ii) the other shareholder(s) or entity(s) that has a Controlling Interest in the person or entity are (each) an Approved Party

"Phase 1"

means the first part or parts of the proposed Development identified by the Developer prior to Completion as comprising Phase 1 as shown on the attached Plan which can be updated from time to time by reference to the Phasing Plan and can be the whole or part of the initial development but must always be in compliance with the Phase 1 Parameters

"Phase 1 Completion"

means a Practical Completion Statement or Practical Completion Statements being issued in respect of either: (a) all of the buildings in Phase 1; or (b) a building or buildings in Phase 1 delivering an amount of space equal to or greater than the Phase 1 Parameters

and together with:

- (a) the delivery of the Leisure Centre (save unless otherwise agreed by the parties or as provided in Schedule 4) where so required in accordance with Schedule 4 of this Agreement and
- (b) completion of all necessary Infrastructure required to serve and enable beneficial use and occupation of the building or buildings which deliver the space the subject of this defined term

"Phase 1 Development Management Agreement"

means a development management agreement on bona fide arms' length terms in respect of each Plot that forms part of Phase 1 and for the avoidance of doubt there may be more than one development management agreement in respect of Phase 1 where Phase 1 includes more than one Plot and each such development management agreement shall:

- (b) appoint the Phase 1 Development Manager to undertake the day to day management and direction of Phase 1 or the relevant part of the same
- (c) oblige the Phase 1 Development Manager to be the public facing entity in connection with delivery of Phase 1 or the relevant part of the same including for the purposes of any public consultations and the Planning Applications
- (d) provide for payment of a fee of [REDACTED] in respect of each [REDACTED]

Plot the subject of the development management agreement

- (e) provide for service in favour of the Council of Third Party Rights from the Phase 1 Development Manager as soon as reasonably practicable following their appointment and in any event within 3 months of completion of their appointment
- (f) require the Phase 1 Development Manager to co-ordinate development of Plots within Phase 1 in conjunction with the Site Wide Development Manager to support the parties aim of a comprehensive development in accordance with the Master Plan, Outline Planning Permission and Phase 1 Planning Permission
- (g) require the Phase 1 Development Manager to monitor and co-ordinate the construction of Infrastructure across the Property jointly with the Site Wide Development Manager
- (h) require the Phase 1 Development Manager to monitor development by third parties and to notify the Developer of non-compliance with the terms of agreement pursuant to which Plots have been sold to those third parties
- (i) require the Phase 1 Development Manager to manage and facilitate access and the servicing of Plots during development of Phase 1
- (j) consult with the Developer to allow it to keep the Steering Group informed in respect of [REDACTED] [REDACTED] in accordance with the obligations of the Owner and the Developer under this Agreement
- (k) co-ordinate and monitor phasing and development of Plots within Phase 1

"Phase 1 Development Manager" means British Land Property Management Limited or a Connected Party and for the avoidance of doubt there may be more than one development manager in respect of Phase 1

"Phase 1 Parameters" means either:

- (a) at least 200 Residential Units and 200,000 square feet GIA of together Commercial Use and Retail and Leisure Use; or
- (b) the development of the buildings the subject of the Planning Applications for Plots A1, A2 and K1, and

in addition in either case (save unless otherwise agreed by the parties or as provided in Schedule 4), the delivery

of the Leisure Centre in accordance with Schedule 4 of this Agreement

- "Phase 1 Plot Owners"** means at the relevant time any Plot Owner of a Plot that is at that time identified as being within Phase 1 or such alternative Plot(s) as may be identified as being part of Phase 1 from time to time
- "Phase 1 Site Wide Works Cost"** means the cost of the Phase 1 Site Wide Works which shall include and not be limited to all items that would qualify as Plot Development Costs
- "Phasing Plan"** means the chart and indicative location plan of Plots showing details of the timelines for Plot Development including anticipated timings for preparing Plot Proposals, submission and approval of Plot Proposals and subsequent commencement and development of Plots and to comprise from time to time all those Plots contained in Phase 1 and those Plots that the Developer from time to time intends to submit Plot Proposals in respect of in the immediately forthcoming 24 months
- "Plan"** means the plan(s) attached at Appendix 1 and reference to a numbered plan shall be to the plan so numbered
- "Planning Appeal"** means an application to the Secretary of State under sections 78 and 79 of the 1990 Act following a Planning Refusal by the Planning Authority
- "Planning Application"** means any application (including (without limitation) all requisite plans, drawings, supporting documents, reports, statements and any other information referred to in the application) submitted to the Planning Authority by or on behalf of the Developer for Planning Permission or for Outline Planning Permission (including a hybrid Planning Permission) for the whole or part of the proposed Development (including any reconsidered applications any further applications or variations or modifications made to the application in accordance with the terms of this Agreement)
- "Planning Authority"** means the London Borough of Southwark or its statutory successor from time to time in relation to planning matters for the area in which the Property is situated or following the issue of a direction pursuant to section 2A of the 1990 Act in relation to a Planning Application the Mayor of London
- "Planning Condition"** means the grant of a Satisfactory Full Planning Permission in respect of Phase 1 as provided for in Schedule 2 of this Agreement
- "Planning Decision"** means a Planning Refusal or the grant of Planning Permission
- "Planning Delay"** means a period equivalent to the aggregate total duration of all delays suffered by the Developer prior to obtaining Satisfactory Outline Planning Permission or

Satisfactory Full Planning Permission for Phase 1 caused by Call-In or a Planning Appeal (including where the Developer commences such appeal) in respect of any such Planning Application

"Planning Obligation"

means an agreement or undertaking relating to the Property pursuant to:

- (a) section 106 of the 1990 Act or
- (b) section 111 Local Government Act 1972 or
- (c) sections 38,184 or 278 Highways Act 1980 or
- (d) section 33 Local Government (Miscellaneous Provisions) Act 1982 or
- (e) section 98 or 104 Water Industry Act 1991 or
- (f) section 2 of the Local Government Act 2000 or

any other statutory provisions whereby the Development is bound by obligations enforceable by any third party

"Planning Permission"

means a written planning permission granted by the Planning Authority pursuant to section 70 or section 73 of the 1990 Act or by the Secretary of State pursuant to sections 77, 78 and 79 of the 1990 Act pursuant to a Planning Application

"Planning Refusal"

means any of the following:

- (a) the refusal of a Planning Application by the Planning Authority
- (b) the grant by the Planning Authority of a Planning Permission subject to one or more planning conditions that are not satisfactory to the Developer
- (c) a refusal by or on behalf of the Secretary of State to grant planning permission following a Planning Appeal or a Call-In
- (d) a failure by the Planning Authority to give notice as described in section 78(2) of the 1990 Act within the relevant prescribed period (or such period as is otherwise agreed between the Developer and the Planning Authority)

"Planning Strategy"

means a written strategy prepared and agreed and amended from time to time in accordance with the provisions of Schedule 3 which will include details of:





- "Plaza"** means the land shown edged blue on the plan at Appendix 32
- "Plaza Maintenance Agreement"** means a services agreement for the maintenance and management of the Plaza in the form attached at Appendix 7A
- "Plot"** means a part of the Development comprising areas that are identified as a Plot by the Developer as shown on the Plot Plan attached to this Agreement and:
- (a) is a free standing building or
 - (b) is a collection of buildings interconnected or dependent on each other due to structure or servicing or
 - (c) is a major building and minor neighbouring building(s) where the minor one(s) is within the curtilage of the major building and the minor one(s) comprise(s) in aggregate not more than the lesser of 10% of the GIA of the major building and 5,000 square feet GIA or
 - (d) is a collection of adjacent or neighbouring buildings which are structurally separate but where the future redevelopment of those buildings would be facilitated by them being the subject of a common demise
- and includes the curtilage and surrounding landscaped areas essential servicing areas the necessary Plot Infrastructure and such other Infrastructure as designated by the Developer in its discretion (excluding the Estate Areas)
- "Plot Account"** means the accounts maintained by the Developer and to which all Plot Development Costs in relation to the relevant Plot shall be debited and to which sums shall be credited in accordance with Schedule 11 of this Agreement
- "Plot Developable Area"** means the total aggregate area of the ground floor footprints of the Plots as shown on the Plot Plan from time to time

"Plot Developer"	means in relation to a Plot the entity that is responsible for procuring development of that Plot and which may be a Third Party Developer
"Plot Development"	means Development Works on a Plot the subject of a Plot Proposal
"Plot Development Agreement"	means a development agreement in respect of a Plot in which covenants are given to comply with the following obligations of this Agreement to the extent that they relate to the relevant Plot: (a) clauses 6, 10, 11, 18, 20 – 24 (inclusive), 26, and 34 – 37 (inclusive) and (b) Schedules 3, 7, 8, 10, and 11
"Plot Development Costs"	has the meaning given to that term in Schedule 11
"Plot Infrastructure"	means Infrastructure: (a) within a Plot and exclusively serving that Plot (b) within the Property and exclusively serving a Plot (c) outside of the Property and exclusively serving a Plot and in each case required as part of the Plot Development
"Plot Investment Commencement Date"	has the meaning given to it in Schedule 11
"Plot Owner"	means the Owner or where a Plot Sub-Lease has been granted, tenant of the Plot Sub-Lease
"Plot Plan"	means the plan as amended and updated from time to time by the Developer the first version of which is attached at Appendix 35
"Plot Planning Consent"	has the meaning given to that term in Schedule 11
"Plot Planning Permission"	means the relevant Plot Planning Consent
"Plot Proposal"	has the meaning given to that term in Schedule 11
"Plot Sub-Lease"	means a sub-lease of a Plot in the form attached to the New Lease
"Police Station"	means the premises known as Rotherhithe Police Station, 99 Lower Road, Canada Water, SE16 2XH and registered under title number TGL185589
"Plots Timeline"	means the chart and indicative location plan of Plots showing details of the timelines for Plot Development (including gant chart and report summarising anticipated timings for preparing Plot Proposals, submission and

approval of Plot Proposals and subsequent commencement and development of Plots) and to comprise from time to time all those Plots contained in Phase 1 and in respect of all other intended Plots those Plots that the Developer from time to time intends to submit Plot Proposals in respect of in the immediately forthcoming 24 months and identifying anticipated key milestones and stages during the development of each Phase

"Practical Completion"

means practical completion of the relevant Development Works in accordance with a Building Contract

"Practical Completion Statement"

means a statement issued pursuant to a Building Contract that Practical Completion of the relevant Development Works has been achieved such statement being issued by an Employer' Agent or an equivalent suitably qualified independent certifier (as the terms of the relevant Building Contract may so require)

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

- [REDACTED]

- [REDACTED]

- [REDACTED]

"Pre-Conditions"

means the following conditions:

- (a) Satisfactory Outline Planning Permission

Condition

■ [Redacted]

(c) Funding Condition

■ [Redacted]

(e) Planning Condition

■ [Redacted]

■ [Redacted]

"Pre-emption Land"

means the interest the subject of any Disposition or proposed Disposition

[Redacted]

[Redacted]

[Redacted]

[Redacted]

[Redacted]

[Redacted]

[Redacted]

[Redacted]

"Proceedings"

means:

(a) an application made to the High Court under part 54 of the Civil Procedure Rules 1998 for judicial review by a third party following the grant of a Planning Permission by the Planning Authority

(b) an application made to the High Court under part 54 of the Civil Procedure Rules 1998 for judicial review following a Planning Refusal by the Planning Authority

(c) an application to the High Court made under section 288 of the Planning Act by a third party following the grant of Planning Permission by the Secretary of State or an Inspector

(d) an application to the High Court made under section 288 of the Planning Act following a Planning Refusal by the Secretary of State or an Inspector

(e) and includes any appeal to a higher court

following a judgment of a lower court

"Procurement Strategy"	means the procurement strategy which may detail methods for selection of the Contractor(s) and Professional Team for each Plot and the relevant Infrastructure Works from time to time and such strategy may include details of any market testing undertaken or proposed to be undertaken prior to selection of the Contractor(s) and the Professional Team
"Professional Team"	means the team of consultants with design responsibility as the Developer or a Plot Developer appoint from time to time
"Programme of Works"	means the indicative programme setting out the timing and nature of the Development Works in respect of which the Developer anticipates starting development in the following 24 months and including equivalent information for the Plots where the Plot Development is already underway as may be updated and revised from time to time
"Prohibited Party"	means any person who (i) appears on the sanctions lists (or equivalent) of: (a) the United Nations; (b) the European Union; and/or (c) the government of the United Kingdom; or (ii) has been found guilty of a criminal offence under any anti-terrorism law in the United Kingdom or (iii) is incorporated in a country whose laws or courts do not recognise the laws of England and Wales or the exclusive jurisdiction of the High Court of England and Wales or who will not enforce the judgement or decision of the High Court of England and Wales in relation to this Agreement and or the New Lease
"Property"	means the property outlined in red on the plan at Appendix 1
"PW FH Land"	means the freehold property registered at HM Land Registry with title numbers TGL359834 TGL106589 and TGL128775
"Redbridge Square"	means the land shown edged blue on the plan at Appendix 33
"Redbridge Square Maintenance Agreement"	means a services agreement for the maintenance and management of Redbridge Square in the form attached at Appendix 7B
"Redriff Road Deed of Release"	means a deed of release in the form attached to this Agreement at Appendix 12
"Registered Provider"	means Seymour Street Homes Limited or a Connected Party of the same or such other reputable provider of Affordable Housing regulated by the Homes England (or its statutory successor)

"Release Date"	<p>means in respect of a Plot the later of:</p> <ul style="list-style-type: none"> (a) the date of issue of a certificate of making good defects (and where sectional completion is used, the date of issue of the certificate in respect of each section) where defects have been identified (b) 12 months after the Practical Completion Date for the Plot (or where sectional completion is used, 12 months after the completion date of each section) (c) the first working day following final agreement or determination of the Council's Plot Percentage pursuant to Part III of Schedule 11 of this Agreement <p>and such date shall not be earlier than the Final Value Assessment Date</p>
"Relevant Council Percentage"	means the percentage of the Plot Finance which the Council has served notice to fund pursuant to paragraph 4.2.1 of Part II of Schedule 11
"Relevant Expenses"	has the meaning given to that term in the CPO Indemnity Agreement
"Remediation Works"	<p>means one or more of the following:</p> <ul style="list-style-type: none"> (a) inspecting, investigating, assessing, sampling or monitoring works in relation to a Hazardous Substance (b) carrying out of works to treat, abate, remove, remediate, control or contain the presence, effect or potential effect of a Hazardous Substance or (c) restoring of the Environment affected by any Hazardous Substance
"Request for Information"	<p>means a relevant request for Information under the FOIA or EIR</p>
"Reserved Matters"	has the same meaning as that term is given by Section 92 of the 1990 Act
"Residential Unit"	means a dwelling constructed on the Property for Residential Use pursuant to an Outline Planning Permission or a Planning Permission
"Residential Use"	means uses permitted by Use Classes C2 C3 and C4 including without limitation private for sale, private for rent, co-living, houses in multiple occupation Affordable

Housing and serviced apartments

"Retained Interest"

means:

- (a) an interest in shares in a company held directly or indirectly conferring in the aggregate [REDACTED] or more of the total voting rights conferred by all the issued shares in that company taking account of restrictions on voting rights contained in the articles of association of that company or
- (b) an interest in [REDACTED] or more of the total voting rights held directly or indirectly in a limited partnership or more than [REDACTED] of the decision making powers in any other vehicle

(and "company" "limited partnership" and "vehicle" shall for the purposes of this definition be construed as including any number of the same such entities)

"Retail and Leisure Use"

means retail and leisure uses and including but not limited to any other uses permitted by Use Classes A1 A3 A4 A5 C1 D2 of the Schedule to the Town and Country Planning (Use Classes) Order 1987 or as a petrol filling station

"Reviewed Advance Payment Interest Rate"

means the Advance Payment Interest Rate as calculated pursuant to clause 10.6 on any Advance Payment Interest Review Date

"RICS Code"

means the RICS Code of Measuring Practice 6th edition and references in this Agreement to **"gross internal area (GIA)"**, **"net internal area (NIA)"** **"net sales area (NSA)"** and/or **"gross external area (GEA)"** shall be construed by reference to the meanings given to those terms in such manual

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

"Road Closure Order"	means an order under Section 247 of the 1990 Act for the stopping up of highways
"Satisfactory Planning Permission"	means either a Satisfactory Full Planning Permission or a Satisfactory Outline Planning Permission as the context requires
"Satisfactory Full Planning Permission"	has the meaning given to that term in paragraph 2.10 of Schedule 3 of this Agreement
"Satisfactory Outline Planning Permission"	has the meaning given to that term in paragraph 2.9 of Schedule 3 of this Agreement
"Satisfactory Outline Planning Permission Condition"	means the grant of a Satisfactory Outline Planning Permission as provided for in Schedule 3 of this Agreement
"SDLT"	means stamp duty land tax (including interest and penalties, if any)
"SDLT Costs"	<p>any SDLT (including interest and penalties, if any):</p> <ul style="list-style-type: none"> (a) payable by the Owner, BL CW2 or any Connected Party of the same with respect to [REDACTED] and the grant of the MLC PW Lease from the Owner to BL CW 2 (or, if applicable, the grant of the MLC PW Lease from the Owner to the Council), the grant of the MLC PW2 Lease from BL CW2 to the Owner, the MLC PW Assignment, the grant of the New Lease (including, for the avoidance of doubt, any SDLT payable in respect of (i) any actual or deemed chargeable consideration given for the New Lease (whether payable following a successful deferral or otherwise) and (ii) rent, whether payable following the effective date of the New Lease or otherwise in accordance with Schedule 17A Finance Act 2003), the grant of the Access Easement and the acquisition of any CPO Land (and any agreements with respect to the aforementioned transactions), but in each case excluding for the avoidance of doubt any amounts falling within (c) below; (b) payable by LBS in respect of the transactions described in Clauses 31.11 to 31.14 (but not including amounts funded or to be funded by the Owner pursuant to Clauses 31.11 to 31.14) or (c) amounts in respect of SDLT (including interest and penalties) funded or to be funded by the Owner pursuant to Clauses 31.11 to 31.14.
"SDLT Monies"	has the meaning given to it in clause 31.11

**"Site Wide Development
Management Agreement"**

means a site wide development management agreement in respect of the delivery of the Estate Infrastructure and any other site wide works (the "**Phase 1 Site Wide Works**") on bona fide arms' length terms for the period from the date of this Agreement up to Phase 1 Completion and such development management agreement shall:

- (a) appoint the Site Wide Development Manager to undertake the day to day management and direction of Phase 1 Site Wide Works including the engagement of contractors and the professional team and procuring the entering into of appropriate building contracts for the construction of Infrastructure in accordance with the terms envisaged by this Agreement
- (b) oblige the Site Wide Development Manager to be the public facing entity in connection with delivery of Phase 1 Site Wide Works or the relevant part of the same including for the purposes of any public consultations and the Planning Applications
- (c) provide for payment of a fee of [REDACTED]
- (d) provide for service of notices in favour of the Council of Third Party Rights from the Site Wide Development Manager as soon as reasonably practicable following their appointment and in any event within 3 months of completion of their appointment
- (e) require the Site Wide Development Manager to co-ordinate the development of Plots within Phase 1 in conjunction with the Phase 1 Development Manager to support the parties aim of a comprehensive development in accordance with the Master Plan, Outline Planning Permission and Phase 1 Planning Permission
- (f) require the Site Wide Development Manager to monitor and co-ordinate the construction of Infrastructure across the Property jointly with the Phase 1 Development Manager
- (g) require the Site Wide Development Manager to monitor development by third parties and to notify the Developer of non- compliance with the terms of agreement pursuant to which Plots have been sold to those third parties
- (h) require the Site Wide Development Manager

to manage and facilitate access and the servicing of Plots during development of Phase 1

- (i) consult with the Developer to allow it to keep the Steering Group informed in respect of [REDACTED] in accordance with the obligations of the Owner and the Developer under this Agreement
- (j) co-ordinate and monitor phasing and development of Plots within Phase 1

"Site Wide Development Manager"

means British Land Property Management Limited or a Connected Party

"Social Rented Housing"

means Affordable Housing for which rents are calculated in accordance with the Rent Standard published by the Homes & Communities Agency in April 2015 in accordance with the government's Direction on the Rent Standard 2014 and the Rent Standard Guidance April 2015 for social rent

"Standard Conditions"

means the Standard Commercial Property Conditions (Second Edition) but interpreted or varied as stated in this Agreement and with such further amendments (including the use of capital letters) as are necessary to make the Standard Conditions (varied as aforesaid) referable to the transfer of the Existing Premises pursuant to this Agreement and **"Standard Condition"** shall be interpreted accordingly

"Starting Rate"

means:

- (a) in respect of the first Advance Payment Interest Review Date, [REDACTED] and
- (b) in respect of each subsequent Advance Payment Interest Review Date, the rate applied pursuant to clause 10.6 at the immediately preceding Advance Payment Interest Review Date

"Statutory Agreements"

means an agreement or agreements to be entered into with a third party relating to the provision, construction and thereafter adoption of roads and services under section 38 or section 278 of the Highways Act 1980 or section 104 of the Water Industry Act 1991 or under section 111 of the Local Government Act 1972 or any other similar legislation

"Statutory Guidance"







means the Department for Environment, Food and Rural Affairs' Contaminated Land Statutory Guidance (April 2012) (or its equivalent) as may be modified or amended, issued under section 78F(6) and (7) of the Environmental Protection Act 1990

"Statutory Requirements"	means the requirements from time to time in force by any Act of Parliament or instrument, rule or order made thereunder or of any regulation or bye-law of any local authority or statutory undertaker or supply authority
"Statutory Successor"	means any successor authority which takes on the competence and responsibilities of The Mayor and Burgesses of the London Borough of Southwark and in which the assets (or a substantial part of the assets as shall include (but not exclusively comprise) the freehold reversion immediately expectant on the determination of this lease or any part of it) of The Mayor and Burgesses of the London Borough of Southwark shall from time to time become vested
"Sterling Swap Rate"	means the UK sterling 5 year mid market swap rate, being the average of the relevant ask and bid rates, on a 3 month LIBOR basis calculated by the ICE and published by Bloomberg or Reuters Service at close of business on the relevant day or where such rate is no longer available an alternative rate to serve the same purpose or an alternative publisher of the rate or the alternative rate in all cases as nominated by the Developer acting reasonably
"Steering Group"	means the group set up to consider the Development referred to in Schedule 6
"Subsequent Development"	has the meaning given to that term if the New Lease
"Temporary Use"	means a use with the aim, in the Owner or where applicable the Plot Owners, reasonable opinion of enlivening improving facilitating assisting or advancing the parties shared aims for the Master Plan which does not involve the Implementation of a Plot Planning Consent (or, where such Implementation has already occurred, is not required in order to Implement the Plot Planning Consent) and such uses may include (without limitation) any of the following: <ul style="list-style-type: none"> (a) the purchase, leasing, licensing, use, operation, development, construction or refurbishment of buildings, structures, objects or land which may have a limited design life of, or are intended to be removed, replaced, dismantled, demolished, or redeveloped within a period of 25 years (b) any matter involving any structure that is temporary, movable or is designed to be dismantled or reused (c) any matter for which a temporary planning consent is obtained or granted by a development order or for which Planning Permission (whether temporary or permanent) is not required (d) any use that is not contemplated in the Master

Plan or the Business Plan as a permanent use for the relevant part of the Property

and shall not include a Permanent Temporary Use

- "Third Party" has the meaning given to it in clause 15.3.4
- "Third Party Acceptance Notice" has the meaning given to it in clause 17.5.3
- "Third Party Developer" means a person or entity to which the Owner and Developer is not a Connected Party
- "Third Party Disposal Area" means [REDACTED] and subject always to the provisions of clause 17.5 of this Agreement
- "Third Party Financing" has the meaning given to it in clause 10.8
- "Third Party Interests" means any rights covenants obligations agreements or interests which it is necessary to acquire to enable the Development of Phase 1 to be carried out, including any new right and/or the extinguishment or overriding of any existing right but excludes:
 - (a) any such rights covenants obligations agreements easements or interests held by the Developer the Council or any Connected Party of the same
 - (b) the Existing Leases
 - (c) the MLC PW Lease
 - (d) the MLC PW2 Lease (where granted)
 - (e) the New Lease
- [REDACTED]
- [REDACTED]
- [REDACTED]
- [REDACTED]
- [REDACTED]

"Third Party Offer Notice"	has the meaning given to it in clause 17.5.1
"Third Party Plot"	means a part of the Property that is to be sold to or owned by a Third Party Developer prior to commencement of Works of Construction as provided for in clause 17 of this Agreement
"Third Party Plot Sale"	means the disposal of a Third Party Plot as further provided for in clause 17 of this Agreement
"Third Party Plot Sale Proposal"	has the meaning given to it in clause 17.2
"Third Party Rights"	means third party rights or collateral warranties in an institutionally acceptable form (but without any rights to step-in) to be provided by the Contractor, each member of the Professional Team and the Employer's Agent in accordance with paragraph 17 of Schedule 7
"Use Classes"	means the use classes specified from time to time by the schedule to the Town and Country Planning (Use Classes) Order 1987
"Unspent Infrastructure Sum"	means from time to time 10 percent of the estimated unspent cost of the Multi-Plot Infrastructure and Estate Infrastructure
	
"VAT"	means Value Added Tax or any equivalent or similar tax or duty which may be imposed in substitution therefor or in addition thereto at the rate applicable from time to time
	
"Valuer"	means a valuer from the Valuers Panel
"Valuer's Panel"	has the meaning given to that term in Schedule 11 of this Agreement
"Water Pipeline"	means the water pipeline leading from London Underground Limited's property to Canada Water, the route of which is shown by a green line on the plan to the Existing SQSC Lease (and which was excluded from the Existing SQSC Premises);
"Working Day"	has the meaning designated to " working day " by the Standard Conditions
	
"Works of Construction"	has the meaning given to it in clause 17.1

1.2 In this Agreement:

- 1.2.1 where the context so admits, words importing the singular number include the plural number and vice versa, words importing one gender include all genders and references to a "person" are deemed to include any individual, firm, unincorporated association or body corporate;
- 1.2.2 any reference to any statute or order or to any provision of the same are construed as including reference to any statutory modification or re-enactment thereof and to any relevant regulations or statutory instruments made under any statute or in connection therewith and from time to time in force;
- 1.2.3 unless stated to the contrary the expressions "Developer" "Owner" "Guarantor" "Plot Owner" "Plot Developer" and "Council" are deemed to include their respective successors in title and assigns and if at any time a party shall consist of more than one person any obligations which they undertake shall be enforceable against them all jointly or against each individually;
- 1.2.4 references to clauses or Schedules unless otherwise specified mean the clauses of or the Schedules to this Agreement;
- 1.2.5 headings to clauses and Schedules are disregarded in interpreting this Agreement;
- 1.2.6 this Agreement is deemed to incorporate the conditions contained in Part 1 of the Standard Conditions. If there is any conflict between the Standard Conditions or the New Lease Standard Conditions and the express provisions of this Agreement, in each case the express provisions of this Agreement prevail;
- 1.2.7 if any provision is held to be illegal, invalid or unenforceable, the legality, validity and enforceability of the remainder of this Agreement is to be unaffected; and
- 1.2.8 any waiver of the Pre-Conditions shall be by agreement in writing of both the Owner and the Council (each acting in their absolute discretion).

2. AGREEMENT FOR THE GRANT OR ASSIGNMENT OF THE MLC PW LEASE AND THEN THE GRANT OF THE NEW LEASE

2.1 The following shall occur in accordance with the terms of this Agreement:

2.2 Either:

- 2.2.1 the Owner shall grant the MLC PW Lease to BL CW2 and the Owner agrees to procure that BL CW2 accepts the MLC PW Lease; and
- 2.2.2 immediately following the grant of the MLC PW Lease, BL CW2 shall grant the MLC PW2 Lease to the Owner and the Owner agrees to accept the MLC PW2 Lease; and
- 2.2.3 thereafter on the Contractual Completion Date the Owner agrees to procure that BL CW2 assigns the MLC PW Lease for a peppercorn to the Council and the Council agrees to accept the same; and
- 2.2.4 immediately thereafter on the Contractual Completion Date the Council shall grant the New Lease and the Owner agrees to accept the New Lease in consideration for the net cash payments/benefits provided (being the amount payable by the Owner pursuant to the Leisure Centre Agreement plus any [REDACTED] less the amount paid by the Council to the Owner pursuant to clauses 9.5, 9.9 and 13.12), the deferred premium payable and the rent payable under the New Lease

or, in the event that [REDACTED]

then the Owner shall at its discretion (acting in good faith) be entitled to elect (by giving written notice to the Council) that the following steps shall apply in place of clauses 2.2.1 to 2.2.4:-

2.2.5 the Owner shall grant the MLC PW Lease to the Council and the Council agrees to accept the MLC PW Lease; and

2.2.6 immediately following the grant of the MLC PW Lease the Council shall grant the New Lease and the Owner agrees to accept the New Lease in consideration for the net cash payments/benefits provided (being the amount payable by the Owner pursuant to the Leisure Centre Agreement [REDACTED] less the amount paid by the Council to the Owner pursuant to clauses 9.5 and 9.9), the deferred premium payable and the rent payable under the New Lease.

3. TITLE

3.1 The Owner's title to the Existing SQSC Premises is registered at HM Land Registry with Absolute Title under Title Number TGL22620.

3.2 The Owner's title to the Existing PW Premises is registered at HM Land Registry with Absolute Title under Title Numbers TGL59022, TGL135706, SGL460523, and SGL480198.

3.3 The Owner's title to the Mast Leisure Premises is registered at HM Land Registry with Absolute Title under Title Number TGL147500.

3.4 The Owner's title to the Dock Offices and Dock Manager's Office is registered at HM Land Registry with Absolute Title under Title Numbers SGL491092 and TGL93274 respectively.

3.5 The Council's reversionary interest to the Existing SQSC Premises is registered at HM Land Registry with Absolute Title under Title Number TGL340140.

3.6 The Council's reversionary interest to the Existing PW Premises is registered at HM Land Registry with Absolute Title under Title Number TGL339299.

3.7 The Council's title to the Access Strip is registered at HM Land Registry with Absolute Title under Title Number SGL39254.

3.8 The Owner's title to the Police Station is registered at HM Land Registry with Absolute Title under Title Number TGL185589.

3.9 In so far as the Council agrees prior to the grant of the New Lease to include any additional land interests (whether as a result of a Road Closure Order or pursuant to the terms of clause 9 or Schedule 7 of this Agreement or otherwise) so that such land interest comprises part of the New Lease the Owner shall make its own investigations as to title of those land interests and the Council gives no warranty as to the quality of its title.

3.10

3.10.1 The Owner has prior to the date of this Agreement investigated and accepts the Council's title to the relevant parts of the Property and the Access Strip. Accordingly the Owner is not entitled to raise any requisition or claim in relation to the Council's title save for requisitions relating to previously undisclosed matters revealed by the usual pre-completion searches at HM Land Registry the Land Charges Department and Companies House.

- 3.10.2 The Council has prior to the date of this Agreement investigated and accepts the Owner's title to the Mast Leisure Premises the PW FH Land the Dock Offices the Dock Manager's Office and the Police Station. Accordingly the Council is not entitled to raise any requisitions or claim in relation to the Owner's title save for requisitions relating to previously undisclosed matters revealed by the usual pre completion searches at HM Land Registry the Land Charges Department and Companies House.
- 3.11
- 3.11.1 Title having been deduced and copies of the Deeds and the Occupational Documents having been supplied to the Owner, the Owner shall be deemed to have entered into this Agreement with full knowledge and acceptance of such title and will not raise any requisitions upon such title or the matters subject to which the Property is to be leased save in respect of matters revealed by the Owner's Solicitors' pre completion HM Land Registry searches and neither shown on official copies of the register for Title Numbers TGL340140 and TGL339299 dated 26 August 2016 and 3 August 2016 respectively nor disclosed to the Owner's Solicitors by the Council's Solicitors prior to this Agreement being entered into.
- 3.11.2 Title having been deduced and copies of the Deeds and the Occupational Documents having been supplied to the Council, the Council shall be deemed to have entered into this Agreement with full knowledge and acceptance of such title and will not raise any requisitions upon such title or the matters subject to which the Mast Leisure Premises the PW FH Land the Dock Offices the Dock Manager's Office and the Police Station is to be leased save in respect of matters revealed by the Council's Solicitors' pre completion HM Land Registry searches and neither shown on official copies of the register for Title Numbers TGL147500 dated 4 July 2017, SGL491092 dated 2 September 2016, TGL93274 dated 31 October 2016, and TGL185589 dated 2 February 2017 nor disclosed to the Council's Solicitors by the Owner's Solicitors prior to this Agreement being entered into.
- 3.12 The grant of the New Lease will be granted subject to and where applicable with the benefit of the matters referred to in clause 3.13 and the relevant matters contained or referred to in Title Numbers TGL340140 and TGL339299 and the MLC PW Lease and Existing Leases.
- 3.13 The grant of the MLC PW Lease will be granted subject to and where applicable with the benefit of the following (so far as they affect the relevant premises and are subsisting or capable of taking effect):
- 3.13.1 the rights, covenants, easements and other matters contained or referred to in the Property Register and Charges Register of Title Number TGL147500 TGL93274, TGL185589, SGL491092 (as applicable);
- 3.13.2 the matters contained or referred to in the MLC PW Lease;
- 3.13.3 all matters which are or have been, or would be, unregistered interests which override first registration under Schedule 1 of the Land Registration Act 2002;
- 3.13.4 the matters mentioned in Standard Condition 3.1.2;
- 3.13.5 the matters constituted by or contained or referred to in the relevant Deeds and Occupational Documents;
- 3.13.6 all local land charges, whether or not registered before this Agreement was entered into and all matters capable of registration as local land charges, whether or not actually registered;

- 3.13.7 all notices served and orders, demands proposals or requirements made by any local or any public authority after the date of this Agreement;
- 3.13.8 all actual or proposed orders, directions, notices, charges, restrictions, conditions, agreements and other matters arising under any statute affecting the relevant premises that are let; and
- 3.13.9 all rights of way, drainage, watercourses, light or other easements, or quasi or reputed easements, and rights of adjoining owners affecting the Mast Leisure Premises the PW FH Land Dock Office Dock Manager's Office and Police Station (as applicable), and all liability to repair or covenants to repair roads, pavements, paths, ways, passages, sewers, drains, gutters, fences and other like matters, without obligation on the Developer to provide evidence of the creation of, or to define or apportion any such liability.

3.14 Where granted, the MLC PW2 Lease will be granted subject to and where applicable with the benefit of the matters subject to which the MLC PW Lease was granted.

4. **SATISFACTION OF CONDITIONS**

- 4.1 The Owner shall use reasonable endeavours to procure the satisfaction of the Pre-Conditions as soon as reasonably possible.
- 4.2 The Council shall at its own cost and in its capacity as land owner (but not in any other function or in exercising any statutory power) use its reasonable endeavours (but without fettering its statutory duties and powers) to help facilitate the satisfaction of the [REDACTED] where practicable and shall not knowingly delay or prevent the satisfaction of the Pre-Conditions.
- 4.3 The provisions of Schedule 2 shall apply to procuring satisfaction of the Pre-Conditions.

5. **COMPLETION**

- 5.1 Completion is conditional upon satisfaction of the Pre-Conditions.
- 5.2 Following satisfaction or waiver of the Pre-Conditions the Owner may serve a Completion Notice on the Council specifying the date of Completion.
- 5.3 Completion shall take place on the Contractual Completion Date at the offices of the Council's Solicitors or at such other place (in England or Wales) as the Council's Solicitors reasonably require.
- 5.4 The Owner shall procure that engrossments of all documents and counterparts of them required at Completion shall be prepared by the Owner's Solicitors and engrossments of the counterpart shall be delivered to the Council's Solicitors not less than 5 Working Days prior to the Contractual Completion Date as notified pursuant to clause 5.2.
- 5.5 In apportioning any sum due or payable under the Existing Leases and or the New Lease it is to be assumed that the relevant amount shall be split equally in respect of the Contractual Completion Date between the relevant parties.
- 5.6 Upon Completion the Owner shall, or shall in respect of BL CW2 procure, (or where applicable shall procure that the Owner's Solicitors shall):
 - 5.6.1 either:

- (a) the assignment of the MLC PW Lease pursuant to clause 2.2.3; or
 - (b) the grant of the MLC PW Lease pursuant to clause 2.2.5,
- to the Council with full title guarantee all the Owner's estate interest and rights in the land demised by the MLC PW Lease;
- 5.6.2 deliver to the Council's Solicitors the relevant engrossments of the New Lease duly executed by the Owner;
 - 5.6.3 deliver to the Council's Solicitors the relevant engrossments of the Redriff Road Deed of Release duly executed by the Owner; and
 - 5.6.4 accept the New Lease from the Council.
- 5.7 Upon Completion the Council shall:
- 5.7.1 enter into the MLC PW Lease or enter into the MLC PW Assignment (as applicable);
 - 5.7.2 grant the New Lease to the Owner with full title guarantee;
 - 5.7.3 enter into the Redriff Road Deed of Release.
- 5.8 The Owner shall procure that copies of each Plot Sub-Lease and Direct Deed that are granted on Completion are provided to the Council together with any other leases granted immediately out of the New Lease.
- 5.9 Completion shall be without prejudice to the rights of the Council or the Owner against the other in respect of any liability that has accrued under the Existing PW Lease and the Existing SQSC Lease prior to Completion.
- 5.10 The term of the MLC PW Lease, where applicable the MLC PW2 Lease and the New Lease will be for a term to commence on the date of Completion.
- 5.11 Subject to clause 5.5 all rents and outgoings reserved by each lease shall be paid at the times and in the manner as specified by the relevant lease.
- 5.12 Following grant or assignment of the New Lease the Owner shall apply to HM Land Registry to merge the Existing Leases and where applicable the MLC PW2 Lease into the New Lease and:
- 5.12.1 the Owner shall use reasonable endeavours to procure closure of the title of the relevant leases by way of merger with the New Lease as soon as reasonably possible and shall make its initial application to HM Land Registry within 10 Working Days of Completion;
 - 5.12.2 in determining the rents payable under the New Lease the terms of the Existing Leases shall be ignored and it shall be assumed the Existing Leases do not exist; and
 - 5.12.3 until the date of such merger and notwithstanding any other provisions of this Agreement the Owner shall only assign or transfer the Existing Lease and where applicable the MLC PW2 Lease to same entity as the New Lease until the Existing Leases and (where applicable) the MLC PW2 Lease cease to subsist or a deed of surrender of the Existing Leases has been completed by the parties.
- 5.13 If the Owner is unable to procure the merger and closure of title to the Existing Leases and (where applicable) the MLC PW2 Lease within 6 months of the Completion Date the parties

shall promptly complete a deed of surrender of the Existing Lease and where applicable to MLC PW2 Lease.

6. GENERAL OBLIGATIONS CONCERNING THE WORKING UP OF DEVELOPMENT

- 6.1 Prior to the date of this Agreement the parties have agreed the initial Business Plan and the initial Master Plan, the agreed forms of which are attached to this Agreement.
- 6.2 The parties shall establish the Steering Group in accordance with the provisions of Schedule 6 to amongst other things consider and monitor progress of the Development.
- 6.3 The Owner the Developer and the Council shall work together in compliance with their obligations in this Agreement to seek to achieve the objectives set out in the Business Plan in the performance of their obligations under this Agreement and the construction of the Development.
- 6.4 The parties shall perform their respective obligations under this Agreement including under each of the Schedules to this Agreement with due diligence and shall not seek to delay or hinder the Development and achievement of its objectives.
- 6.5 The Developer shall use reasonable endeavours to progress the Development in accordance with the terms of this Agreement.
- 6.6 The Developer shall, or shall use reasonable endeavours to procure, that the Development is carried out in accordance with the provisions of Schedule 7 of this Agreement.

Temporary Uses

- 6.7 Notwithstanding the provisions of the Existing Leases, the Council's consent shall not be unreasonably withheld or delayed to any request from the Owner or the Developer for consent to carrying out a Temporary Use or the entry into any lease licence agreement tenancy at will or other occupational interest on the Existing PW Premises or the Existing SQSC Premises in respect of the period prior to Completion. The costs and receipts of such Temporary Use shall be allocated as prescribed in Schedule 11 of this Agreement.

Works prior to grant of the New Lease

- 6.8 The Council acknowledges that the Developer (or its agents) may conduct Early Works prior to the grant of the New Lease notwithstanding any provisions of the Existing Leases which prohibit or require landlord's consent to the same and the Council therefore consents in principle to the conduct of such Early Works and waives its rights as landlord to seek redress for a breach of any tenant's covenant in the Existing Leases provided the early works are conducted in good faith with a view to facilitating the Development and are conducted pursuant to any required Planning Permission and will if reasonably required by the Owner grant licences for such works on reasonable terms as landlord to the relevant Existing Leases subject to the Developer meeting its reasonable professional costs in respect thereof.

7. LEISURE CENTRE

The parties shall observe and perform their respective obligations in Schedule 4.

8. AFFORDABLE HOUSING

The parties shall observe and perform the provisions of Schedule 5 concerning the provision of, and pre-emptions in respect of, Affordable Housing.

9. CPO LAND, APPROPRIATION AND ACQUISITION AND LEASING OF OTHER LAND

- 9.1 The Owner has agreed to indemnify and keep indemnified the Council against the CPO Costs and Relevant Expenses pursuant to the terms of the CPO Indemnity Agreement.

- 9.2 CPO Costs shall be accounted for and payable as General Development Costs save where in the Developer acting as a reasonably prudent developer considers that such costs should be attributed to a specific Plot.
- 9.3 Where the Council choses to acquire [REDACTED] then the proper costs of acquiring the interest shall be treated as General Development Costs and the Council shall either be reimbursed 80% of such amount by the Owner or the Developer or if the Council so elects 80% of the amount so paid will be deemed a payment towards Estate Wide Costs by the Council and the Estate Wide Account shall be adjusted accordingly.
- 9.4 Nothing in this clause 9 shall prevent or preclude either party from complying with its obligations in the CPO Indemnity Agreement or amount to a waiver of any of the terms of that agreement.
- 9.5 The Owner has acquired the Police Station. The parties have therefore agreed that:
- 9.5.1 the Police Station shall be included in the demise of the MLC PW Lease such that the Council can lease the Police Station to the Owner as part of the land to be demised by the New Lease;
- 9.5.2 the Police Station shall be included in the New Lease on the basis that the Council shall fund on Completion 20% of the following costs incurred in respect of the Police Station:
- (a) the costs of acquisition including but not limited to the purchase price all taxes and professional and third party fees; and
- (b) the Access Easement Price;
- but shall exclude:
- (c) the normal property holding costs for the period from and including the date of the Owner's acquisition of the Police Station to and including Completion, and the Owner agrees that only costs properly incurred shall be recoverable from the Council and the Council agrees to act reasonably in its requests for information from the Owner to substantiate the costs that the Owner is seeking to recover.
- 9.6 The Owner shall pay the Access Easement Price to the Council in consideration for the grant of the Access Easement such sum to be payable on Completion.
- 9.7 The Council shall grant the Access Easement on Completion.
- 9.8 The Council shall be responsible for the normal property holding costs in respect of the Access Easement to and including Completion.
- 9.9 The Council requires the Dock Offices and Dock Manager's Office to be included within the demise of the New Lease. The Dock Offices and Dock Manager's Office shall be included in the New Lease on the basis that the Council shall fund on Completion 20% of the costs of acquisition including but not limited to the purchase price all taxes and professional and third party fees and the Owner agrees that only costs properly incurred shall be recoverable from the Council and the Council agrees to act reasonably in its requests for information from the Owner to substantiate the costs that the Owner is seeking to recover.
- 9.10 The parties have agreed that it is their intention to apply the principles of clause 9.9 to any additional land that is acquired and which the parties agree jointly in writing in their discretion to incorporate into the New Lease.
- 9.11 The Council the Developer and the Owner agree that the amount payable (including any applicable VAT) in respect of the Access Easement by the Owner to the Council may be

offset against the amount payable (including any applicable VAT) by the Council to the Owner pursuant to clause 9.5 and 9.9.

9.12 The Developer has undertaken a public consultation in respect of its plans for the Dock and the Plaza and Redbridge Square.

9.13 Subject to the Developer obtaining Satisfactory Full Planning Permission for the proposals [REDACTED] (to the extent that such proposals require Planning Permission) [REDACTED]

9.13.1 prior to Completion the Developer may request in writing of the Council, and where so requested the Council shall grant on Completion the New Lease, in a form amended to substitute the plan attached at Appendix 11 of this Agreement in place of the demise plan in the New Lease along with such other necessary consequential amendments to the New Lease; or

9.13.2 after Completion the Developer may within 12 months of receiving the [REDACTED] request in writing of the Council, and where so requested the Council shall grant a lease supplemental to the New Lease for a term co-terminus with the New Lease and otherwise on the same terms as the New Lease demising to the Owner the land shown on the plan attached at Appendix 11 of this Agreement.

9.14 The consideration payable by the Owner to the Council for the:

9.14.1 substitution of the New Lease demise plan pursuant to clause 9.13.1; or

9.14.2 the grant of the supplemental lease the subject of clause 9.13.2,

shall in each case be a peppercorn.

9.15

9.15.1 At any time up to the date three months following Completion the Developer may request in writing to the Council that the Owner and the Council enter into the Plaza Maintenance Agreement.

[REDACTED]

[REDACTED]

[REDACTED]

9.18 No consideration shall be payable by the Owner to the Council on entry into the Plaza Maintenance Agreement or the Redbridge Square Maintenance Agreement.

[Redacted text block containing multiple paragraphs and bulleted lists]



10.9 The provisions of clauses 10.5 to 10.7 (inclusive) shall be subject to clause 10.8. The provisions of this Agreement and in particular the provisions of Schedule 11 and 14 shall be construed accordingly.

11. **INVESTMENT**

The Council may participate in the development of Plots by investing into such Plots' Development in accordance with the provisions contained in Schedule 11.

12. **FREEHOLD PRE-EMPTION**

12.1 The Council shall not at any time accept an offer for any Disposition from any third party (other than the Owner) or otherwise dispose of the Pre-emption Land without having first offered to sell the Pre-emption Land to the Owner in accordance with this clause 12 or without such acceptance being expressed to be subject to the provisions of this clause 12.

12.2 If the Council wishes to make a Disposition it shall first offer to sell the relevant Pre-emption Land to the Owner by serving notice on the Owner signed by the Council specifying the price and terms on which the Council is willing to dispose of the Pre-emption Land (the "**Offer Notice**").

12.3 If, within three months after the date of service of an Offer Notice, the Owner serves a counter-notice on the Council confirming that it, or the Owner's nominee, wishes to acquire the Pre-emption Land (the "**Acceptance Notice**"), the Council shall proceed to dispose of, and the Owner shall proceed to acquire or procure that its nominee acquire, the Pre-emption Land at the price and on the terms contained in the Offer Notice.

12.4 If no Acceptance Notice is received by the Council within three months after the date of service of the Offer Notice, the Council shall be entitled to sell the Pre-emption Land to any third party within nine months after the date of service of the Offer Notice at [REDACTED] of the price and on terms not substantially less advantageous to the Council than those contained in the Offer Notice and, if the Council shall not sell the Pre-emption Land within such [REDACTED] period, the provisions of this clause 12 shall again apply.

12.5 Any Disposition to the Owner shall be on the following terms:

12.5.1 the Disposition is to be subject to the edition of the Standard Conditions current at the date when the contract for the Disposition is made, so far as they are applicable to and not inconsistent with or varied, expressly or impliedly, by these terms;

12.5.2 the Disposition is to be completed on the first working day after the expiry of three months from the date of the Acceptance Notice (or on such earlier date as agreed between the parties) and shall be made by the Council with full title guarantee as legal and beneficial owner of the Pre-emption Land;

12.5.3 the Disposition shall take effect subject to and with the benefit of the entries on the official copy entries for the Pre-emption Land as at the date of the Disposition; and

12.5.4 completion of the Disposition is not to prejudice the accrued rights of the parties.

- 12.6 Time is of the essence in respect of all periods referred to in 12.3 and 12.4.
- 12.7 On any Disposition by the Council, to procure that the disponee enters into a direct deed of covenant (including a restriction in the form specified in clause 12.8 or such other form as the Tenant agrees to in its discretion) with the Owner to comply, for the period from and including the date of the relevant Disposition (and, if the Disposition is in relation to part only, insofar as they relate to the premises the subject of the Disposition only) with this clause 12.
- 12.8 That the Council consents to the entry of the following restriction against title number(s) **Surrey Quays: SGL340140 Harmsworth Quays: TGL339299** HM Land Registry Title to the MLC PW Lease (to be allocated) **Dock: TGL340140**, being the title numbers respectively to the freehold and leasehold reversion immediately expectant on the determination of Existing Leases and shall provide the Owner with all reasonable assistance to permit the entry of the following title restriction:

No disposition of the registered estate (other than a charge) by the proprietor of the registered estate, or by the proprietor of any registered charge, not being a charge registered before the entry of this restriction, is to be registered without a certificate signed by a conveyancer that the provisions of clause 12.7 of an Agreement dated [] 2018 made between (1) The Mayor and the Burgesses of the London Borough of Southwark (2) BL CW Holdings Ltd (3) BL CW Developments Limited and (4) The British Land Company PLC have been complied with or that they do not apply to the Disposition.

13. BUSINESS PLAN AND MASTER PLAN HISTORIC COSTS

- 13.1 The initial Business Plan has prior to the date of this Agreement been agreed between the parties and is attached to this Agreement as Appendix 3.
- 13.2 The parties acknowledge that the Business Plan is in outline form only and that the detail of the categories of information referred to in the Business Plan shall continue to evolve and be progressed over time as the Master Plan is developed and Planning Permissions are obtained and the Development progressed.

█ [REDACTED]

█ [REDACTED]

█ [REDACTED]

█ [REDACTED]

█ [REDACTED]

- 13.8 The Council shall provide adequate resource both external and internal to carry out and

complete the review and audit of the Master Plan Historic Costs as soon as practicable following the date of this Agreement.

[REDACTED]

[REDACTED]

[REDACTED]

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14. **INFRASTRUCTURE**

The parties agree to comply with their respective obligations, or use reasonable endeavours to procure compliance, with Schedule 9.

15. **ASSIGNMENT AND DEALINGS AND CHANGE OF CONTROL**

15.1 **No Dealings Other than the Permitted Dealings**

15.1.1 This Agreement is personal to the Council and the Council shall not assign, novate, charge, deposit by way of security, dispose, mortgage, underlet or otherwise deal with transfer or part with its interest in the Property or under this Agreement or any part thereof or otherwise agree to do so save in accordance with clause 15.2 or as permitted by the New Lease.

15.1.2 This Agreement is personal to each of the Owner and the Developer and the Owner and the Developer shall not assign, novate, charge, deposit by way of security, dispose, mortgage, underlet or otherwise deal with transfer or part with their interest

in the Property or under this Agreement or any part thereof or otherwise agree to do so save in accordance with clause 15.3 and 15.4 or as permitted by the New Lease.

15.2 Permitted Dealing of the Council with its land and this Agreement

15.2.1 Subject to the provisions of clauses 12 and 15.2.3 prior to Completion the Council may Dispose of the SQSC Premises or the PW Premises or the Dock or the Plaza or Redbridge Square subject to the transferee or lessee entering into a deed of novation and apportionment with the Council the Owner and the Developer (in a form approved by both parties acting reasonably which the Owner's Solicitors shall prepare) such that the transferee or lessee is obliged to comply with the Council's obligations in this Agreement relating to the land the subject of the Disposition and provided further that any successor in title from time to time to the transferee or lessee is obliged to enter into a further deed of novation and apportionment on equivalent terms with the Owner the Council and the Developer (such deed to be in a form approved by the parties acting reasonably which the Owner's Solicitors shall prepare). The obligation to enter into a deed of novation and apportionment shall be reviewed where the transferee or lessee is the Owner the Developer or a Connected Party of the Owner or the Developer and the parties acknowledge that entry into such a deed may not be required in such circumstances.

15.2.2 Subject to the provisions of clause 15.2.3, following Completion the Council may dispose of the Dock (where not already leased to the Owner pursuant to clause 9.13 of this Agreement) the Plaza or Redbridge Square and any additional land acquired pursuant to clause 9 of this Agreement subject to the transferee or lessee entering into a deed of novation and apportionment with the Council the Owner and the Developer (in a form approved by the parties acting reasonably which the Owner's Solicitors shall prepare) such that the transferee or lessee is obliged to comply with the Council's obligations in this Agreement relating to the land the subject of the Disposition and provided further that any successor in title from time to time to the transferee or lessee is obliged to enter into a further deed of novation and apportionment on equivalent terms with the Owner the Developer and the Council (such deed to be in a form approved by the parties acting reasonably which the Owner's Solicitors shall prepare). The obligation to enter into a deed of novation and apportionment shall be reviewed where the transferee or lessee is the Owner the Developer or a Connected Party of the Owner or the Developer and the parties acknowledge that entry into such a deed may not be required in such circumstances.

15.2.3 Until such time as the Dock is leased to the Owner pursuant to clause 9.14 of this Agreement the Council shall prior to any transfer or grant of a lease of the Dock (unless to a Statutory Successor) offer to the Owner in writing the opportunity to acquire or lease the Dock on the same terms as the Council intends to offer the Dock for transfer or lease. The parties agree to act reasonably in their negotiations and to work together to promptly document the agreement reached.

15.2.4 The Council may charge in whole this Agreement and charge the freehold reversion to the relevant parts of the Property owned freehold by the Council to the same entity.

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15.5 Novation

Any novation made pursuant to clause 15.3 shall be:

- 15.5.1 by deed and such deed to be in a form approved by the Council and the Owner (acting reasonably); and
- 15.5.2 the relevant party shall be obliged to promptly (at the other parties' cost) enter into such novation following agreement of its form.

15.6 Notice of Dealing

- 15.6.1 The Council and the Owner shall each forthwith give written notice to the other of any dealing permitted under clauses 12, 15.2 and 15.3 of this Agreement.
- 15.6.2 For so long as the Guarantor is The British Land Company Plc (Company No: 621920), the Owner shall give written notice to the Council of any disposal of a Controlling Interest in a Plot Owner.
- 15.6.3 For so long as the Guarantor is The British Land Company Plc (Company No: 621920) it shall give written notice to the Council if it no longer maintains a Controlling Interest in the Owner or the Developer.

15.7 Further Assurances

- 15.7.1 The Council the Owner and the Developer each agree and acknowledge that there may be a need in the future following an assignment or novation of whole or part of

this Agreement to revisit the terms of any deed of novation and apportionment that may be entered into as part of any such novation to accurately reflect the parties intentions following development of further Plots and to give the Owner, the Developer or the Council or any one or more of them (or any Plot Developer, Plot Owner, under tenant or occupier or any other person claiming through or deriving title from Owner) sufficient rights and/or obligations, to allow them to comply or enforce all relevant obligations of this Agreement.

15.7.2 In the event that the Owner the Developer or the Council reasonably requests the others to agree any variation of such deed of novation and apportionment, the Owner Developer and the Council shall each use their reasonable endeavours to agree, or procure that the relevant parties agree, the terms of and to document such variation at the reasonable cost of the requesting party and shall work together to procure the agreement of any third parties to such variation.

[REDACTED]

16. **OWNER INTEREST DISPOSAL**

The Council acknowledges that the Owner may wish to dispose of the whole or part of its interest in a Plot including to a Connected Party both prior to and after Implementation of a Plot Proposal. The provisions of this clause 16 govern the circumstances in which the Owner may make such a disposal

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17. THIRD PARTY PLOT SALES AND DEVELOPMENT

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18. **CONTRACT RATE AND LATE PAYMENT**

18.1 The contract rate referred to in the Standard Conditions shall be the Advance Payment Interest Rate.

18.2 Unless this Agreement provides to the contrary any sum due from one party to any other under this Agreement which is not paid when it is due shall bear interest at the Advance Payment Interest Rate for the period from the date when it fell due to the date of payment but nothing in this clause 18 shall entitle any party to this Agreement to withhold or delay any payment of any sum payable under this Agreement after the date upon which it first becomes payable or in any other way affect any other rights which the party entitled to such payment shall have arising from any failure or delay in payment.

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20. **TERMINATION**

20.1 This Agreement may be terminated in any of the following circumstances:

[REDACTED]

[REDACTED]

[REDACTED]

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21. **ENVIRONMENTAL**

21.1 **Responsibility for undertaking Remediation Works as part of the Development**

Any Remediation Works required at the Property as part of the Development shall be undertaken by the Developer or its permitted subcontractors, and all of the costs and expenses in relation to any Remediation Works shall be:

- 21.1.1 where relating to a Plot or series of Plots, apportioned on a fair and reasonable basis as Plot Development Costs to the relevant Plot or Plots; and
- 21.1.2 where relating to the Property as a whole, treated as General Development Cost pursuant to Schedule 14.

21.2 **Liability for contamination that is not Remediation Works**

- 21.2.1 The Council and the Owner agree that responsibility and liability for works in relation to Contamination at the Property which are not part of Remediation Works, shall be apportioned between them in the same proportion as their respective ownership interests in the part of the Property on which the works are to take place.
- 21.2.2 Where works referred to in clause 21.2.1 above are to take place on more than one part of the Property, and the ownership interests of the Council and the Owner differ between those parts, the total cost of the works shall be apportioned between them according to the average of the respective ownership interests in the relevant parts.
- 21.2.3 Where works are required on third party land to which Contamination at the Property has migrated, the costs of those works will be apportioned between the Council and the Owner in the same proportion as the ownership interests in the part of the Property on which the source of the Contamination is located, or if more than one then in accordance with their respective averaged ownership interests for those relevant parts.

21.3 **Agreement on Liability**

- 21.3.1 The parties acknowledge and agree that the covenants and agreements contained in this clause 21.3 constitute an agreement on liabilities for the purposes of the exclusion and apportionment of liability for contaminated land (and in particular paragraphs 7.29 of the Statutory Guidance) and should any enforcement action be instituted against the Council or the Owner by any regulatory authority (including

without limitation the Environment Agency or relevant local authority) then the Council and the Owner agree that the regulatory authority should allocate costs and liabilities of any remediation action as between them in accordance with the agreement herein contained.

21.3.2 If liability is imposed by a regulatory authority otherwise than in accordance with clause 21.3.1, the party thereby incurring a loss or liability greater than its respective share as determined in accordance with clause 21.3.1 shall be indemnified by the other party to the extent of the excess of the loss or liability above the amount it would have been responsible for under clause 21.3.1

21.4 For so long as this Agreement subsists any relevant provisions in the New Lease shall be read and construed in compliance with the principles of this clause 21.

22. COPYRIGHT AND LICENCE TO USE DOCUMENTS

22.1 Copyright and all other intellectual property rights in all designs, drawings, models (save for the Financial Model), plans, specifications, design details, calculations, photographs, brochures, reports, notes of meetings, CAD materials and any other materials prepared by or on behalf of the Developer in connection with the relevant part of the Development Works (excluding the Leisure Centre) and all amendments and additions to them and any works, designs or inventions of the Developer incorporated or referred to therein for all purposes whatsoever relating to that part of the Development Works including (but without limitation) the construction, re-construction, completion, maintenance, use, letting, occupation, management, sale, promotion, advertisement, alteration, modification, refurbishment, re-development, extension, re-instatement and repair of the Development Works, is and should always remain the sole property of the Developer save to the extent referred to in clause 22.3.

22.2 In the event of termination of this Agreement the Council shall be granted by the Developer or the Developer shall use their reasonable endeavours to procure that the Council is granted in each case where the Developer is able to do so at no additional cost an irrevocable non-exclusive, royalty free licence to use the material referred to in clause 22.1 for all purposes connected with the Development, including its construction, completion, extension, reconstruction, modification, maintenance, repair, reinstatement, alteration and renewal and the use, letting, occupation, management, sale and advertisement of the Development.

22.3 In the event of failure to complete the development of a Plot in which the Council has invested land or monies the Developer shall use reasonable endeavours to assign, or to procure the assignment of, at its own cost the material referred to in clause 22.1 to the Council if requested to do so by the Council in writing and in any event grants to the Council or shall use reasonable endeavours to procure the grant to the Council, where it is able to do so of an irrevocable non-exclusive, royalty free licence to use the material referred to in clause 22.1 for all purposes connected with completing the development of the Plot.

23. COUNCIL POWERS

23.1 Save as permitted by law, nothing contained or implied in this agreement shall prejudice or affect the rights, powers, duties and obligations of the Council in the exercise of its functions as a local planning, highway or buildings regulation authority or as a local authority under any other statutory provision or its rights as a landowner and the rights, powers, duties and obligations of the Council under all public and private statutes, bye-laws, orders and regulations may be as fully and effectually exercised in relation to the Development as if it were not the owner of any interest therein.

23.2 Notwithstanding any other provisions of this agreement the Council shall not be obliged to do or omit to do any act or thing the doing or omission of which would be unlawful or ultra vires.

24. FREEDOM OF INFORMATION ETC.

24.1 The Developer and the Owner acknowledge that the Council is a public authority as defined by the FOIA and therefore recognise that any Information may be the subject of a Request for Information and possible disclosure under the FOIA and/or EIR. The Owner will assist and fully co-operate with the Council as requested by the Council and the Council acknowledges that certain information is commercially sensitive to the Owner and so the parties have agreed to the following provisions of this clause 24. The parties acknowledge that information the subject of this clause may include matters relating to, arising out of or under this Agreement and any information provided by the parties prior thereto. References in this clause to the "Owner" shall be construed as being to the "Owner" and the "Developer".

In respect of Information the provisions of clause 24.2 to 24.5 shall apply.

24.2 The Council shall be responsible in its absolute discretion for determining whether:

24.2.1 any Information is Exempted Information or remains Exempted Information; or

24.2.2 any Information is to be disclosed in response to a Request for Information,

and in no event shall the Owner respond directly to a Request for Information to which the Council is required to respond to, except to confirm receipt of the Request for Information and that the Request for Information has been passed to the Council, unless otherwise expressly agreed by the Council.

24.3 The parties acknowledge that the Council may be obliged under FOIA or EIR to disclose Information:

24.3.1 without consulting the parties; or

24.3.2 following consultation with the parties and having taken its views on whether such Information should be exempt from disclosure into account.

24.4 In the event that the Council receives a Request for Information the Council will inform the Owner of the Request for Information promptly following receipt of the same and will:

24.4.1 consult with the Owner before confirming or denying that such information is held and take into account the views of the Owner and the terms of this Agreement before responding, provided that the Owner shall provide any views (in particular details of any Information the Owner considers to be Exempted Information) within four Working Days of being informed of the Request for Information;

24.4.2 fully and properly consider any representations made to it by the Owner and inform the Owner of what Information it intends to disclose at least three Working Days before taking such action;

24.4.3 inform the Owner and keep the Owner fully updated about the progress of any request for disclosure of the Information, including (but not limited to) any challenge objection or appeal against the Council's refusal to disclose part or all of the Information; and

24.4.4 consult with the Owner and fully and properly consider any representations made to it by the Owner in connection with any activities and proposed responses to any such challenge objection or appeal against the Council's refusal to disclose part or all of the Information.

24.5 Subject to compliance with the parties' obligations in clause 24.4 the Owner will assist and fully co-operate with the Council as requested by the Council to enable the Council to promptly comply with its disclosure requirements under FOIA and EIR within the prescribed

periods for compliance and in particular without limitation will (and shall procure that its employees, agents and sub-contractors will) at their own cost:

- 24.5.1 transfer any Request for Information received by the parties to the Council as soon as practicable after receipt and in any event within five Working Days of receiving a Request for Information;
- 24.5.2 provide all such assistance as may be reasonably required from time to time by the Council and supply such data or information as may be requested by the Council; and
- 24.5.3 provide the Council with data or information in its possession that the Council requires within ten Working Days (or such longer period as the Council may specify) of the Council requesting that information,

provided that in complying with sub-clause 24.5.2 and 24.5.3 above the Owner shall be under no obligation to provide any data or information which it has not previously provided to the Council.

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24.14 Nothing in this Agreement will prevent the Council from complying with any valid order, decision, enforcement or practice recommendation notice issued to it by the Information Commissioner under FOIA and/or EIR in relation to any Exempted Information.

25. GUARANTOR'S OBLIGATIONS

In consideration of the Owner and Developer entering into this Agreement, the Guarantor, subject always to the limit on liability and other matters set out in this clause 25, agrees with the Council that:

25.1 Guarantee

25.1.1 The Guaranteed Obligations will be complied with by the Developer and the Owner and to the extent they are not, the Guarantor will comply with them and will pay and make good to the Council any sum due or remedy any non-compliance;

Provided that:

25.1.2 the Guarantor's maximum aggregate liability pursuant to this Guarantee shall be, and in no event exceed, [REDACTED] (inclusive of irrecoverable VAT (if any)) (the "Cap") which Cap shall be automatically reduced, without any further action by any party hereunder, pound for pound by an amount equal to each amount paid or funded by the Guarantor, the Developer, the Owner or any Connected Party in pursuance of the Development including sums paid or funded prior to the date of this Agreement; and

25.1.3 Provided further that until one of the events stated in clause 25.5 occurs, the minimum liability pursuant to this Guarantee shall be [REDACTED] (inclusive of irrecoverable VAT (if any)) on an each and every claim basis.

25.2 The liability of the Guarantor pursuant to this Guarantee shall be no greater than if it had contracted as the Developer and the Owner as referred to in this Agreement.

25.3 The Guarantor is not to be exonerated from this Guarantee because of:

- 25.3.1 any forbearance or other indulgence, neglect or delay of the Council in enforcing its rights against the Developer or the Owner or any Plot Owner or Plot Developer in this Agreement;
- 25.3.2 any legal liability, disability or incapacity or other circumstances relating to any party to this Agreement; or
- 25.3.3 any amendment, release, novation, supplement to or variation of the terms of this Agreement,

or any combination of such matters.

25.4 All payments to be made by the Guarantor hereunder shall be paid in full without any set-off or counterclaim and free from any deduction or withholding.

25.5 Expiry

This Guarantee shall automatically expire and have no force or effect, save for any bona fide claim pursuant to the Guarantee previously notified to the Guarantor, [REDACTED]

[REDACTED] [REDACTED]

[REDACTED] [REDACTED]

[REDACTED] [REDACTED]

25.6 Assignment

This Guarantee is personal to the Council and cannot be assigned novated held on trust or otherwise dealt with by the Council.

25.7 Substitution

25.7.1 The Owner Developer or Guarantor may from and including Completion substitute The British Land Company Plc (Co. Regn. No. 621920) for a new surety [REDACTED] and which surety shall be on such terms as are substantially the same as the terms of this surety in this Agreement and the Council, the Owner, the Developer, the Guarantor and the new surety shall enter into such documentation as may be required to give effect to the substitution or replacement of the Guarantor and on completion of such documentation, the Guarantor shall be automatically and unconditionally released from all future liability under the surety obligations contained in clause 25.1 without prejudice to any antecedent liability.

25.7.2 Subject to satisfying the requirements of clause 25.7.1, the substitution right set out in clause 25.7.1 shall be capable of being exercised on as many occasions as shall be required by the Owner the Developer the Guarantor or the new surety (in each case).

25.7.3 The Guarantor, the new surety or the Owner shall immediately notify the Council if the Guarantor or new surety's [REDACTED] and shall procure a substitute guarantor that has [REDACTED] and otherwise on terms substantially the same as the terms of this surety in this Agreement.

25.8 Obligation to pursue the Developer; Mitigation

25.8.1 The Council shall not by any means or on any ground seek to recover from the Guarantor (whether by instituting or threatening proceedings or by way of set-off or counterclaim or otherwise), in respect of any payment to be made by the Developer or the Owner or obligation to be discharged by the Developer or the Owner before

first having used reasonable endeavours to secure payment from, or performance of, the Developer or the Owner (as relevant).

25.8.2 The Council waives any right to pursue the Guarantor before having complied with clause 25.8.1.

25.8.3 The Council shall at all times:

(a) use reasonable endeavours to mitigate any loss for which the Council is entitled to bring a claim against the Guarantor; and

(b) promptly notify the Guarantor at the earliest practicable opportunity where the Council anticipates making a claim and to keep the Guarantor properly informed of any claim.

26. MISCELLANEOUS

26.1 Representations and Fitness of the Site

26.1.1 No condition, representation or warranty howsoever arising whether collaterally or directly or indirectly shall be made or implied either as to the state or condition of the Property or any part or parts thereof or as to its fitness for purpose of the Property for the Development or as to the location of any service media and it shall be the sole responsibility of the Developer to satisfy itself in respect thereof.

26.1.2 It is agreed and acknowledged by the parties that the Council is not required to give funding or resources to or for the benefit of the Owner the Developer the Plot Owners or the Plot Developers in such a way as would confer unlawful state aid.

26.2 Severability

The illegality, invalidity or unenforceability of any clause or part of this Agreement will not affect the legality, validity or enforceability of the remainder. If any clause or part is found by any competent court of authority to be illegal invalid or unenforceable the parties agree that they will substitute provisions in a form as similar to the offending provisions as is possible without rendering them illegal invalid or unenforceable.

26.3 Restrictions on adjoining land

The Council and the Owner each covenant with the other not to lease, occupy, build, develop or otherwise dispose of their respective interests in the whole or any part of the Property or any land adjoining the Property in a manner which is materially prejudicial to the achievement of the Master Plan or which would otherwise inhibit delivery of the Master Plan or which would materially increase the cost of delivering the Master Plan. The provisions of this clause shall be personal to the Council and BL CW Holdings Limited (or any entity Controlled or under common Control with BL CW Holdings Limited).

26.4 Dispute Resolution

Any dispute concerning for resolution matters under this Agreement may be dealt with by either party referring the dispute in accordance with the procedures of Schedule 10.

26.5 Confidentiality

Subject to clause 24 the parties acknowledge that the terms of this Agreement (including the figures financial expectations in or derived from or any other information created in order to perform or comply with the terms of this Agreement (including its various schedules and appendices)) are commercially sensitive and that disclosure of the same would prejudice the parties' commercial interests and shall be kept confidential and no party hereto shall make any press release or announcement in respect thereof without the approval of the others nor shall any party disclose (and shall procure that there is not disclosed) the terms of this Agreement to any third party save:

- 26.5.1 for the purpose of complying with the parties obligations in, or requirements of, this Agreement; or
- 26.5.2 where the information is already in the public domain; or
- 26.5.3 [REDACTED] Information that the Council would disclose in the normal course of performing its duties; or
- 26.5.4 where legally requisite; or
- 26.5.5 in the case of disclosure by the Owner or the Developer or a Plot Owner or Plot Developer where commercially normal or sensible to do so; or
- 26.5.6 to financial advisors prospective or actual funding partners financial institutions tenants, prospective tenants or their professional advisers; or
- 26.5.7 to the extent necessary in order to comply with the requirements of the London Stock Exchange (or any other exchange) or regulatory authority court competent authority or tribunal and disclosure shall then only be made by the discloser after it has taken all such steps as may be reasonable in the circumstances to agree the contents of such announcement with the other parties in writing before making such announcement (such agreement not to be unreasonably withheld or delayed); or
- 26.5.8 to HM Revenue and Customs or the Rating Authority; or
- 26.5.9 to respective auditors; or
- 26.5.10 to the extent necessary to obtain professional advice in relation to the determination of any dispute,

Provided that where reasonable and appropriate an undertaking shall be obtained from the party to whom the confidential information is disclosed to keep such information confidential mutatis mutandis.

26.6 Press Announcements

Prior to making any press announcements or similar public statements on this Agreement and/or any document referred to in it each party shall obtain the prior written approval of the other to the wording of the press statement or similar public announcement (such approval not to be unreasonably withheld or delayed).

26.7 Variation of Ancillary Agreements

The following documents are either appended to this Agreement or in an agreed form at the date of this Agreement: New Lease; MLC PW Lease; Direct Deed and CPO Indemnity Agreement.

Where any variations are required to any document save for the New Lease or the Direct Deed or the CPO Indemnity Agreement or the MLC PW Lease the effect of which is materially prejudicial to the Council's rights under the same then the Council's prior written consent (not to be unreasonably withheld or delayed) shall be required to the same. Where any such variation is not prejudicial to the Council's rights under the same then the Council's consent shall not be required but the Council shall be notified as soon as reasonably practicable of any changes.

The Council shall enter into such necessary documentation to give effect to any variations promptly and the Council's costs shall be treated as a Plot Development Cost and where not attributable to one Plot shall be treated as General Development Costs pursuant to Schedule 14.

Obligations of Developer and Owner

- 26.8 The Owner shall not do anything or omit to do anything that will cause the Developer to breach any of the obligations of the Developer under this Agreement and shall procure that the Developer performs and observes the obligations on the part of the Developer in this Agreement.
- 26.9 The Developer shall not do anything or omit to do anything that will cause the Owner to breach any of the obligations of the Owner under this Agreement.
- 26.10 The Developer and any Plot Developer shall be permitted to charge a market standard fee for taking on the obligations required of them by the Owner and any Plot Owner from time to time provided that where the Council has made a Council Invest Further Decision or a Council Retain Land Decision the total amount of such fees do not at any time exceed in each case

[REDACTED]

Costs

- 26.11 Each party shall bear their own costs and professional fees in connection with the negotiation preparation and entering into of this Agreement and such costs shall not be Plot Development Costs Estate Wide Costs or otherwise deducted as a cost of development pursuant to the terms of this Agreement or as expenditure deducted from income pursuant to the terms of the New Lease.

26.12

- 26.12.1 The Council's Investment Decision Costs (and any VAT) that are properly incurred shall be initially borne by the Council but subject to provision of sufficient supporting evidence (including invoices, receipts and similar documents if reasonably required by the Developer) shall be reimbursed by the Owner or Developer (net of any VAT whether recoverable or irrecoverable) on an annual basis within twenty (20) Working Days of provision of all such supporting evidence.

26.12.2 The Council's Investment Decision Costs shall be General Development Costs.

Funding

- 26.13 The Council shall in its capacity as land owner (but not in any other function or in exercising any statutory power) use all reasonable endeavours (but without fettering its statutory duties and powers) to support applications for grant funding (or equivalent replacement or alternative sources of public sector third party funding that may be available from time to time) for use at the Development.

26.14 LIMITATION OF LIABILITY

- 26.14.1 To the extent permitted by law and subject to clauses 26.14.2 to 26.14.8 (inclusive) the Developer and the Owner shall have no obligations or liability to the Council and the Council shall have no remedies in respect of the matters the subject of this Agreement other than those expressly set out in this Agreement.

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

27. REGISTRATION OF AGREEMENT AT HM LAND REGISTRY

The parties shall not note this Agreement against the Council's registered title other than by virtue of a unilateral notice and shall not without the written mutual consent of the parties (which may be withheld in either parties absolute discretion) send this Agreement or a copy thereof to HM Land Registry provided always that this clause 27 shall not prevent the making of an application for registration of the Owner's title to the New Lease following Completion.

28. RISK AND CONDITION OF PREMISES

28.1 The Developer acknowledges it has formed its own views as to the condition of the Property the Dock the Plaza and Redbridge Square and their suitability for the Developer's purposes and no warranty is given by the Council as to the suitability of the Property for the Development.

28.2 The Council acknowledges it will form its own views as to the condition of the Leisure Centre Site and the land to be demised by the MLC PW Lease and its suitability for the Council's purposes and no warranty is given by the Owner or the Developer as to the suitability of the

Leisure Centre Site for the Leisure Centre or the land to be demised by the MLC PW Lease for the permitted use and intended purpose of that lease.

- 28.3 The Council and the Owner shall until Completion comply with their respective obligations in relation to the insurance of the premises contained in or arising out of the Existing Leases.

29. **NOTICES**

- 29.1 Subject to clause 30, any notice to be given under, or in connection with the matters contemplated by this Agreement must be in writing and served by delivering it by hand or sending it by pre-paid recorded delivery or registered post to the address and for the attention of the relevant party set out in clause 29.3 (or as otherwise notified by that party from time to time). Subject to clause 29.2 any notice will be deemed to have been received:

29.1.1 at the time of delivery if delivered by hand; and

29.1.2 48 hours from the date of posting if sent by pre-paid recorded delivery or registered post.

- 29.2 If deemed receipt occurs before 9am on a Business Day the notice will be deemed to have been received at 9am on that day and if deemed receipt occurs after 5pm on a Business Day or on a date which is not a Business Day, the notice will be deemed to have been received at 9am on the next Business Day.

- 29.3 The addresses of the parties to this Agreement for the purposes of clauses 29.1 and 29.2, above, are:

Council

Address: The Director of Law and Democracy, Southwark Council, Legal Services, PO Box 64529, London SE1P 5LX

For the attention of: The Director of Law and Democracy

Owner

Address: British Land, York House, 45 Seymour Street, London W1H 7LX

For the attention of: [REDACTED] and the Company Secretary

Developer

Address: British Land, York House, 45 Seymour Street, London W1H 7LX

For the attention of: [REDACTED] and the Company Secretary

Guarantor

Address: British Land, York House, 45 Seymour Street, London W1H 7LX

For the attention of: [REDACTED] and the Company Secretary

or another address in the United Kingdom as may be notified in writing from time to time by the relevant party to the other parties.

- 29.4 Any notice required to be given by a party may be given on that party's behalf by that party's conveyancer.

30. **PARTY WALL ACT 1996**

30.1 The Developer shall give any notice required to be given under or in connection with the Party Wall Act 1996 to the Council in accordance with that same Act at least three months before the date on which any relevant proposed works will begin.

30.2 The Council shall promptly consider any such notice and promptly in good faith seek to agree where reasonable and practicable to do so with the Developer the terms for the carrying out of the relevant works and the giving of consent pursuant to the terms of the Party Wall Act 1996.

31. **TAX**

[Redacted]

[Redacted]

[Redacted]

[Redacted]

[Redacted]

[Redacted]

[Redacted]

[Redacted]

[Redacted]

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[REDACTED]

[REDACTED]

[REDACTED]



32. **NON MERGER**

So far as they remain to be performed or observed the provisions of this Agreement shall continue in full force and effect notwithstanding Completion.

33. **ENTIRE AGREEMENT**

33.1 This Agreement contains the entire agreement between the parties and may only be varied or amended by a document signed by or on behalf of the parties.

33.2 Each party to this Agreement acknowledges that it is entering into this Agreement without placing any reliance upon any statement or other agreement (written or oral) which may have been made by the other or any agent, advisor or other person acting for them and no party shall have any rights in relation to any statement made by the other or any agent, advisor or other person acting for them.

33.3 The Owner, the Developer, the Plot Owners, the Plot Developers, and the Guarantor shall not be liable for, and the Council hereby waives, all rights (if any) in respect of any claims for loss of profits, loss of business or indirect losses or consequential damages of any kind arising from any breach by any of the parties' obligations contained in this Agreement.

33.4 The Owner, the Developer, the Plot Owners, the Plot Developers, and the Guarantor shall not be liable to the Council or any other person in respect of any loss of rights or interests granted to the Council by this Agreement or the New Lease due to failure on the part of the Council (or of HM Land Registry) properly to perfect or protect such rights and interests by registration.

34. **CONSTRUCTION INDUSTRY SCHEME**

34.1 For the purposes of this clause 34:

"CIS" means the current Construction Industry Scheme under the Finance Act 2004 and the CIS Regulations

"CIS Regulations" means Income Tax (Construction Industry Scheme) Regulations 2005 (SI 2005/2045)

"Contract Payment" has the meaning given to it in s 60(1) FA 2004

"Contractor" means a person who is a contractor under FA 2004, Chapter 3, Pt 3

"FA 2004" means Finance Act 2004

"HMRC" means HM Revenue & Customs

"Statutory Deduction" means the deduction referred to in Section 61(1) FA 2004 or such other deduction as may be in force at the relevant time

"Order" means Finance Act 2004, s 61(2), (Relevant Percentage) Order 2007 (SI 2007/46)

"Sub-contractor" means a person who is a sub-contractor under FA 2004, Chapter 3, Pt 3

- 34.2 The parties agree and acknowledge that they anticipate that this Agreement will be treated as a Construction Contract (as defined at section 57 FA 2004), so that payments made by the Council to the Developer under this Agreement would be treated as Contract Payments.
- 34.3 The Council shall therefore ensure that it is properly registered as a Contractor and shall verify whether the Developer and (if payments are made to it) the Plot Developer and if required, the Owner and if applicable the Plot Owner is:
- 34.3.1 registered for gross payment under s 63(2) FA 2004, (in which case the Council shall make the Contract Payment to the Developer without any deduction); or
 - 34.3.2 registered for payment under deduction or not registered (in which case the Council shall make the Contract Payment to the Developer or Plot Developer or Plot Owner or Owner (as the case may be), subject to the appropriate deduction under s 61 FA 2004 and the Order).
- 34.4 The Developer and Plot Developer and the Owner and Plot Owner shall provide the Council with all information reasonably requested for the purposes of the Council making the verification under this paragraph.
- 34.5 The Council and the Developer, the Plot Developer and the Owner and Plot Owner agree to operate the CIS in accordance with the CIS Regulations and in particular
- 34.5.1 the Council shall be entitled to make such Statutory Deductions from any payment of money to the Developer or Plot Developer or Owner or Plot Owner as it is required to make in accordance with the CIS as amended from time to time, at such rate as may be in force from time to time;
 - 34.5.2 the Council shall use all reasonable endeavours to ensure that any Statutory Deduction it makes is the minimum amount permissible under the CIS; and
 - 34.5.3 the Council shall provide written statements to the relevant sub-contractor in accordance with Regulation 4(8) of the CIS Regulations and any other information reasonably required to enable the relevant sub-contractor to claim credit for any Statutory Deductions made and/or to enable it to comply with its record keeping obligations under the CIS.
- 34.6 If HMRC notifies the Council that the Developer's registration status or, if relevant, the Owner's registration status has changed, then the Council shall make the Contract Payment subject to such direction of HMRC in accordance with s 69 FA 2004 and the Regulations.

35. **FINANCIAL MODEL**

- 35.1 The Owner and the Developer have commissioned the Financial Model.

█ [REDACTED]

█ [REDACTED]

█ [REDACTED]

36. CONTRACTS (RIGHTS OF THIRD PARTIES) ACT

A person who is not a party to this Agreement has no right under the Contracts (Rights of Third parties) Act 1999 to enforce or have the benefit of any term of this Agreement.

37. GOVERNING LAW AND JURISDICTION

37.1 This Agreement and any dispute or claim arising out of or in connection with it or its subject matter, formation, existence, negotiation, validity, termination or enforceability (including non-contractual disputes or claims) shall be governed by and construed in accordance with the laws of England and Wales.

37.2 The parties hereby irrevocably submit to the exclusive jurisdiction of the High Court of England and Wales in relation to any dispute or claim arising out of or in connection with this Agreement or in relation to its existence or validity (including non-contractual disputes or claims).

EXECUTED AS A DEED by or on behalf of the parties on the date which first appears in this Agreement.

Schedule 1

VARIATIONS TO THE STANDARD CONDITIONS – NEW LEASE

1. The Standard Conditions (including any amendments to them made by the provisions of this Schedule) shall be interpreted as if all references in them to:

1.1 "the seller" were to the Council;

1.2 "the buyer" were to the Owner;

1.3 "property" were to the Property

and all references to the sale and purchase shall be to the grant and taking of the New Lease.

1. Standard Conditions 1.3, 1.4, 1.5, 2.2, 3.1.3, 3.1.4, 3.2, 3.3, 5, 6.3, 6.4.2, 6.6.5, 7.1, 8.3.3, 8.3.6, 8.8, 9.2, 9.5, 9.6 and 10.3 do not apply and the Standard Conditions shall be deemed to be amended accordingly.

1.4 Standard Condition 6.1.3 is extended as follows:

"But the foregoing provisions of this condition 6.1.3 apply only to documents in the possession of the seller or its mortgagee".

Schedule 2
PRE-CONDITIONS

1. PRE-CONDITIONS

1.1 Satisfactory Outline Planning Permission Condition

The Satisfactory Outline Planning Permission Condition means the grant of a Satisfactory Outline Planning Permission.

- [REDACTED]
- [REDACTED]
- [REDACTED]
- [REDACTED]
- [REDACTED]
- [REDACTED]
- [REDACTED]
- [REDACTED]
- [REDACTED]
- [REDACTED]
- [REDACTED]

1.3 Planning Condition

The Planning Condition means the grant of a Satisfactory Full Planning Permission.

- [REDACTED]
- [REDACTED]

1.5 Funding Condition

The Funding Condition means:

- [REDACTED]
- [REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

Schedule 3

PLANNING PERMISSION AND MASTER PLAN

1. PREPARATION OF PLANNING STRATEGY AND MASTER PLAN

- 1.1 The Developer shall following the date of this Agreement in consultation with the Council:
- (a) prepare a comprehensive and detailed Planning Strategy, [REDACTED]; and
 - (b) work up all amendments or revisions to the Master Plan in order to facilitate the grant of Outline Planning Permission for the Development in compliance with the terms of this Agreement (including without limitation delivery of Phase 1 in accordance with the Phase 1 Parameters), the Master Plan Parameters, the Minimum Master Plan Size the Business Plan and the Planning Strategy.
- 1.2 In working up any revisions or amendments to the Master Plan the Developer shall seek the views and comments of the Planning Authority and the Steering Group.
- 1.3 The Developer shall update its Planning Strategy from time to time as reasonably required to reflect its latest proposals and shall provide a copy of the same at each Steering Group meeting following a material change to the same and in any event not less than bi-annually to the Steering Group.
- 1.4 The Developer after having consulted with the Council in the Steering Group and where reasonably practicable having accommodated the Steering Group's recommendations shall submit the Master Plan Approval Documents (unless submitted prior to the date of this Agreement with the Council's prior approval (such approval not to be unreasonably withheld or delayed)) to the Council (in its capacity as landowner) for its approval (such approval not to be unreasonably withheld or delayed). Following such approval from the Council (in its capacity as landowner) the Council consents to the Developer making non-material amendments variations or alterations to the Master Plan Approval Documents without the Council's consent prior to submission pursuant to paragraph 1.5.
- 1.5 The Developer shall submit a Planning Application for Outline Planning Permission for the Development which includes the Master Plan Approval Documents and a Full Planning Permission in respect of Phase 1 to the Local Planning Authority on or before 31 May 2018.
- 1.6 From the date of submission pursuant to paragraph 1.5, the Master Plan Approval Documents approved by the Council (in its capacity as landowner) pursuant to paragraph 1.4 of this Schedule may be varied and/or amended from time to time by the Developer in its discretion subject to consultation with the Council in the Steering Group and provided that any such amendment by the Developer that would result in a Master Plan that would not deliver the Master Plan Parameters or the Minimum Master Plan Size shall require the Council's prior written consent (in its capacity as landowner) in its absolute discretion.
- 1.7 Where the Developer is successful in amending or varying the Master Plan such that there is an increase in the total GEA consented to in the Master Plan the Minimum Master Plan Size and the Master Plan Parameters shall be increased in proportion to the increase in total GEA consented to in the amended or revised Master Plan relative to the total GEA previously consented to in the Master Plan prior to the Developer's successful application to vary the same.

2. PLANNING APPLICATION AND OBTAINING FULL PLANNING PERMISSION

- 2.1 The Developer shall apply for Planning Permissions in respect of the Property in accordance with the Planning Strategy including where necessary or appropriate entering into all requisite Planning Obligations (but only where such Planning Obligations do not contain any terms that are not satisfactory to the Developer).

2.2 Without limitation to the foregoing, the Developer shall seek an Outline Planning Permission in respect of the whole of the Property and Full Planning Permission in respect of Phase 1 in accordance with the Planning Strategy which:

- (a) comply with the Business Plan;
- (b) comply with the Master Plan Parameters, the Minimum Master Plan Size and where applicable, the Phase 1 Parameters; and
- (c) will enable development in accordance with the terms of this Agreement,

and the parties hereby acknowledge and agree that the Developer may apply for Outline Planning Permission in respect of the whole of the Property and Full Planning Permission in respect of Phase 1 by way of a single hybrid Planning Application or multiple Planning Applications.

2.3 The Developer will keep the Steering Group informed as to the progress of all Planning Applications, Proceedings, negotiation of Planning Obligations, material correspondence and any variation made and shall promptly submit to the Steering Group a copy of every Planning Decision it receives.

2.4 The Developer shall have due regard to the representations of the Steering Group concerning the implementation of the Planning Strategy and the progress in obtaining a Satisfactory Outline Planning Permission and Satisfactory Full Planning Permission.

2.5 Following receipt of a Full Planning Permission in relation to Phase 1 the Developer will promptly submit a copy to the Council stating whether the Full Planning Permission is satisfactory to it. To be satisfactory the Full Planning Permission in respect of Phase 1 shall:

2.5.1 oblige provision of no less than 35% Affordable Housing in Phase 1 based on Habitable Rooms permitted to be developed within Phase 1 and with no less than 70% Social Rented Housing in respect of only so many Habitable Rooms as is equivalent to 35% of the Residential Units in Phase 1 (the "Phase 1 Affordable Housing Provision");

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

■

[REDACTED]

2.7 Following receipt of an Outline Planning Permission in relation to the whole of the Property the Developer will submit a copy to the Council stating whether the Outline Planning Permission is satisfactory to it or not and giving reasons for its decision.

2.8 The Developer may appeal any Planning Refusal or vary or seek a new Outline Planning Permission or Full Planning Permission in respect of the whole or part of the Property and or Phase 1 and or the Leisure Centre or initiate or participate in or defend any Proceedings at its discretion.

■

[REDACTED]

■

[REDACTED]

2.11 The Developer shall be permitted to bring forward Phase 1 and or the whole or part of the Development in any one or more sub-phases or Plots and the provisions of this Agreement shall be interpreted accordingly to permit the Developer such flexibility as it requires to bring forward the Development in any number of parts, provided always that the Phase 1 Parameters are complied with in respect of a Satisfactory Full Planning Permission for Phase 1.

2.12 The Developer agrees that it shall not submit a Planning Application pursuant to the terms of this Agreement which seeks consent for a Master Plan Prohibited Use save that the Council confirms that use of parts of the Property for the purposes of selling tickets (or such other means as may replace ticketing) for the "National Lottery" or similar enterprises shall not be prohibited.

2.13 Any reference in this Schedule to "proceedings having been finally resolved" shall mean that Planning Permission is finally issued or upheld following the conclusion of the Proceedings in question and any period for lodging an appeal to a higher court following a judgment of a lower court has expired with no such appeal having been lodged and, in the case of any Planning Application being remitted to the local planning authority or the Secretary of State, this definition shall continue to apply to such remitted Planning Application.

2.14 Save where the Council agrees otherwise, the Owner shall procure that notwithstanding any subsequent variations to the Master Plan or to the Satisfactory Outline Planning Permission and any subsequent planning permissions obtained in respect of the Property that the

provisions of paragraph 2.2 of this Schedule continue to be complied with and that such permissions are compliant with the Master Plan Parameters.

3. PLANNING OBLIGATIONS

- 3.1 The Developer shall ensure that all necessary Planning Obligations are negotiated and entered into as soon as practicable (but only where any such Planning Obligations do not contain any terms that are not satisfactory to the Developer) in order to obtain Satisfactory Planning Permissions.
- 3.2 The Developer shall ensure that any Planning Obligation to be entered into shall first be presented to the Steering Group as part of the process referred to under paragraph 1.1 above in relation to the presentation of progress being made in respect of a Planning Application for Full Planning Permission or Outline Planning Permission (as the case may be).
- 3.3 Where necessary to secure the grant of any Planning Permission, the Council shall (in its capacity as landowner and where it is lawfully able to do so) enter into all Planning Obligations subject to:
- (a) approval of the Council (not to be unnecessarily withheld or delayed) of the relevant covenant(s) in respect of the Planning Obligation prior to entry into the same;
 - (b) the Developer providing an indemnity in relation to all costs claims expenses and liabilities arising therefrom save where arising as a result of the Council's fraud or wilful misconduct or where the Council itself directly or indirectly carries out the relevant development PROVIDED THAT no such indemnity shall be required where the Council enters into any Planning Obligations in its capacity as Planning Authority. Any such costs claimed by the Council pursuant to this paragraph or pursuant to the provisions of a Planning Obligation shall be treated as a Plot Development Cost;
 - (c) any positive obligations or liabilities of the Council being expressed as:
 - (i) not being enforceable unless and until the development which is regulated by the relevant Planning Obligation (or, if applicable, that part of the development to which the relevant Planning Obligation relates) is begun for the purposes of Section 56 of the 1990 Act; and
 - (ii) to the extent it may be reasonably agreed with the relevant authority coming to an end on any date when the Council completes a disposal of its interest in land in respect of which the relevant obligation was undertaken (save in respect of any prior breaches).
- 3.4 The Council (in its capacity as landowner and where it is lawfully able to do so) shall provide the Developer with such reasonable assistance as is requested for the purpose of satisfying the covenants contained within any Planning Obligation.

Schedule 4

LEISURE CENTRE

DEFINITIONS

"Alternative Leisure Centre Location"	means a location within the Property that is not part of Plot A2
"Base Build Specification"	means the base build specification produced by the Developer and appended to this Agreement
"Confirmed"	has the meaning given to that term in the CPO Indemnity Agreement
"Cost Report"	means a cost report from the Cost Manager detailing the estimated cost of delivery of the Leisure Centre on the Alternative Leisure Centre Site
"Council Requirements"	means the requirements of the Council to be provided by the Council within 10 Working Days of this Agreement and any further requirements of the Council to be included in the Stage 3 specification
"CPO"	has the meaning given to that term in the CPO Indemnity Agreement
"CPO Costs"	has the meaning given to that term in the CPO Indemnity Agreement save that the definition shall be construed to relate only to matters arising in relation to a CPO of [REDACTED]
"Further Information"	means: <ul style="list-style-type: none">(i) a plan at a scale of not more than 1:1250 showing the proposed Alternative Leisure Centre Location(ii) confirmation of whether the Leisure Centre would be delivered as a standalone building or part of a building(iii) a plan identifying the proposed customer entrance and exit from the Leisure Centre(iv) a Cost Report
"Ground Investigations"	means surveys and investigations necessary for a reasonably prudent developer to assess the ground conditions at Plot A2 to be undertaken by the Ground Investigation Consultant (having consideration for any buildings which may prevent or limit such investigations)
"Ground Investigations Consultant"	means such reputable firm of consultants appropriately experienced to undertake the Ground Investigations

"LC Exercise Authority"	means a resolution of the Council's Cabinet confirming the relevant decision to enter into the Leisure Centre Agreement or delegated authority including: (A) details of any caps on funding (if any); (B) the officers to whom decision making authority is delegated and (C) the scope of that delegation (if any)
"Leisure Centre"	means the public leisure centre to be constructed on the Leisure Centre Site satisfying the Leisure Centre Minimum Requirements to be delivered in accordance with the provisions of the Leisure Centre Agreement
"Leisure Centre Abortive Costs"	means the proper costs fees and expenses and liabilities incurred paid, or payable in connection with (including any irrecoverable VAT) (whether such sums were or are incurred, paid, or payable before, on or after the date of this Agreement) the Leisure Centre including without limitation: <ul style="list-style-type: none"> (i) all costs of complying with this Agreement and where relevant the Leisure Centre Agreement (ii) all Leisure Centre Development Costs <p>and where such a cost relates only in part to the Leisure Centre then such costs shall be apportioned in accordance with the Leisure Centre Cost Methodology or where a cost is not the subject of the Leisure Centre Costs Methodology then the cost shall be apportioned on a fair and reasonable basis by the Developer</p>
"Leisure Centre Agreed Forms"	means the Leisure Centre Agreement and the Leisure Centre Sub-Lease
"Leisure Centre Agreement"	means the agreement to be entered into between (1) the Owner (2) the Developer and (3) the Council attached at Appendix 6 of this Agreement or such other parties as may be notified pursuant to paragraph 6.7 of this Schedule
"Leisure Centre Cost"	means as at the date of this Agreement an estimated costs of [REDACTED] (inclusive of any irrecoverable VAT) as set out in the Stage 2 Cost Plan (December 2017) appended
"Leisure Centre Cost Cap"	means thirty five million pounds (£35,000,000) (exclusive of VAT) subject to reduction in accordance with paragraph 3.6 of this Schedule
"Leisure Centre Cost Methodology"	means the methodology for apportioning the Leisure Centre Cost between the different elements of the Plot Development Works for Plot A2 which is attached at Appendix 27 of this Agreement

"Leisure Centre Cost Upper Limit"	means [REDACTED] (inclusive of any irrecoverable VAT) as set out in the Stage 2 Cost Plan (December 2017) appended
"Leisure Centre Development Costs"	means all Plot Development Costs (or a proportion of them as appropriate) associated with the Leisure Centre
"Leisure Centre Full Planning Permission"	means a Full Planning Permission that would permit construction of a Leisure Centre and in respect of which the Challenge Period has expired without any Proceedings having been issued (or with any Proceedings having been finally resolved)
"Leisure Centre Minimum Requirements"	means the Council's minimum requirements for the Leisure Centre as follows: <ol style="list-style-type: none"> 1. 8 lane 25m swimming pool 2. A learner swimming pool 15m x 6.5m (save in respect of an Alternative Leisure Centre Location where the requirement will be 'A learner swimming pool') 3. Dedicated water confidence area 4. 4 court sport halls 5. 700 m2 gym 6. 2 dance studios 7. Spin studio 8. Soft play area 9. Separate male, female and family wet change facilities 10. Separate male, female dry change facilities 11. Foyer/social space/cafe
"Leisure Centre Planning Condition"	means the obtaining of a Satisfactory Leisure Centre Full Planning Permission that complies with the Leisure Centre Minimum Requirements
"Leisure Centre Sub-Lease"	means the sub-lease of the Leisure Centre in the form attached at Appendix 5 of this Agreement
"Leisure Centre Site"	means: <ol style="list-style-type: none"> (i) part of Plot A2 or (ii) the Alternative Leisure Centre Site

"Leisure Centre Unconditional Date"

means the date on which all of the following has occurred:

[REDACTED]

"Leisure Centre Works"

means the works to construct the Leisure Centre

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

"Plot A2"

means the area of land shown edged in red on the plan attached at Appendix 28 of this Agreement

"Prohibited Specification Variations"

means any change:

(a) to the Leisure Centre Minimum Requirements (save where otherwise agreed by the Developer in its absolute discretion)

(b) to the detailed design of the Satisfactory Leisure Centre Full Planning Permission to the extent that it would trigger the requirement for a variation or amendment to such Satisfactory Leisure Centre Full Planning Permission (save in respect of amendments under s96A of the 1990 Act obtained by the Developer pursuant to the terms of this Schedule)

(c) that would affect the structural integrity or structural design of the building

(d) that would affect the mechanical and electrical plant and equipment such that material increases were required to the cost of the same

(e) that would affect the external appearance of the building

(f) that would reduce or increase the area of the Leisure Centre as detailed in the Base Build Specification

(g) that would reduce the area of the Building excluding the Premises or the Landlord's areas from that detailed in the Base Building Specification

"Qualifying Alternative Leisure Centre Location"

means an Alternative Leisure Centre Location that:

(i):

- A. can provide ground floor access for customers to the Leisure Centre and
- B. is capable of accommodating a Leisure Centre that complies with the Leisure Centre Minimum Requirements, and;
- C. forms part of Phase 1.

(ii) such other location as the Council may approve in writing (in its absolute discretion)

"Relevant Expenses"

has the meaning given to that term in the CPO Indemnity Agreement save that the definition shall be construed to relate only to matters arising in relation to a



"Renewal Lease"

means a lease to be granted by the Landlord to the Tenant on the same terms as the Leisure Centre Sub-Lease but subject to the following qualifications:

- (a) the further term will commence on the expiry of the term of the Leisure Centre Sub-Lease and be fifteen years; and
- (b) the option contained in the Leisure Centre Sub-Lease for the grant of the Renewal Lease shall be deleted

"Satisfactory Leisure Centre Full Planning Permission"

means save where paragraph 1.2 of this Schedule applies, Leisure Centre Full Planning Permission in respect of which the Developer has provided a confirmation required by paragraphs 1.4.1 and 1.4.2

"Selected Alternative Leisure Centre Location"

means the Qualifying Alternative Leisure Centre Location notified by the Developer to the Council in writing pursuant to paragraph 6.3.4 of this Schedule

"Sports England Guidance"

means the information attached at Annexure H of the Leisure Centre Agreement;

"Stage 2 Cost Plan"

means the Stage 2 cost plan attached as part of Appendix 27 of this Agreement

"Stage 3 Approval"

means:

- (a) agreement or determination of the Stage 3 Specification pursuant to paragraphs 2.10 or 2.11 respectively of this Schedule and
- (b) completion of the review detailed in paragraphs

3.4 and 3.6 of this Schedule and
(c) provision of Cost Manager Reliance in
accordance with paragraph 3.7 of this Schedule

"Stage 3 Cost Review" means the process to be undertaken pursuant to paragraphs 3.4 and 3.6 of this Schedule

"Stage 3 Specification" means the specification to be agreed in accordance with the terms of this Schedule and to be appended to the Leisure Centre Agreement

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

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[REDACTED]

[REDACTED]

[REDACTED]

2. LEISURE CENTRE SPECIFICATION

2.1 The Developer agrees to use reasonable endeavours to incorporate the Council

Requirements into the Stage 3 Specification to the extent that they do not constitute Prohibited Specification Variations.

- 2.2 To the extent that the Developer believes a Council Requirement is a Prohibited Specification Variation the Developer must set out its reasons in writing and notify the Council.
- 2.3 If a Council Requirement cannot be accepted by the Developer and the Council agrees that it is a Prohibited Specification Variation then the Council will have the opportunity to modify the relevant Council Requirement and re-submit this to the Developer for consideration and paragraph 2.1 of this Schedule shall apply to that Council Requirement as modified.
- 2.4 If the Council does not agree that the Council Requirement would constitute a Prohibited Specification Variation then the matter will be referred for resolution in accordance with Schedule 10 of this Agreement.
- 2.5 The Owner, the Developer and the Council each covenant to act reasonably and in good faith in working towards agreeing the Stage 3 Specification and in considering and negotiating variations to develop the Base Build Specification to a Stage 3 Specification.
- 2.6 The Council agrees to ensure that it has adequate resources in place to promptly consider, respond to, and make proposals in respect of, the variations to and development of the Base Build Specification into the Stage 3 Specification and will endeavour to engage with the Developer throughout the process and to ensure the Council Requirements are provided in a composite and detailed form so far as is reasonable practicable.
- 2.7 The Owner and the Developer will keep the Council regularly updated as to the progress of the development of the Stage 3 Specification and regularly consult with the Council in respect of the same.
- 2.8 If the Council reasonably requires, the Developer and/or Owner agree to use reasonable endeavours to apply for an amendment under s96A of the 1990 Act provided that:
 - 2.8.1 in respect of each request this obligation will only apply for a period of 6 months from the date of such request; and
 - 2.8.2 there will be no obligation to appeal any rejection.
- 2.9 Once the Developer is of the view that the parties have reached a stage in discussions where the Stage 3 Specification can be issued then:
 - 2.9.1 the Developer will issue a draft Stage 3 Specification to the Council for approval; and
 - 2.9.2 the Council will have 20 Working Days in which to confirm whether or not it approves the draft Stage 3 Specification and shall set out its reasons in writing where it does not approve the same.
- 2.10 If the Council does agree with the draft Stage 3 Specification then this will be the Stage 3 Specification for the purposes of appending to the Leisure Centre Agreement.
- 2.11 If the Council does not agree with the draft Stage 3 Specification then the parties will act reasonably in seeking to refine the draft within 10 Working Days, and thereafter if no agreement has been reached then the matter will be referred for resolution in accordance with Schedule 10 of this Agreement and such agreed or determined draft Stage 3 Specification will be the Stage 3 Specification for the purposes of appending to Leisure Centre Agreement.
- 2.12 The parties acknowledge that certain loose fittings and fixtures are to be provided by the Council and do not form part of the Leisure Centre Works and the parties agree to act in good faith in agreeing the detail of such items.
- 2.13 The parties agree to use reasonable endeavours to work together to agree the Stage 3

Specification within [REDACTED]

- 2.14 The Developer will have due regard to the Sports England Guidance when developing the Stage 3 Specification.

[REDACTED]

- 2.16 Within 10 Working Days of agreement or determination of the Stage 3 Specification the Council shall make payment to the Developer:

- 2.16.1 of all of the Leisure Centre Development Costs incurred up to the date of the agreement or determination; and
- 2.16.2 Advanced Payment Interest on such Leisure Centre Development Costs to be applied from the date of this Agreement credited daily and compounded quarterly (but for the avoidance of doubt not to the period prior to the date of this Agreement).

3. LEISURE CENTRE GROUND CONDITION SURVEY AND UPDATED COST REPORT

- 3.1 Subject to paragraph 1.2 and 5.1 the following provisions of this paragraph 3 shall apply.

- 3.2 Save where otherwise provided in this paragraph 3.2, as soon as reasonably practicable following [REDACTED] the Developer may instruct the Ground Investigations in respect of the part of the Leisure Centre Site subject to [REDACTED]

- 3.2.1 Where the date of [REDACTED] is prior to the approval or determination of the Stage 3 Specification the Developer shall be obliged to carry out the Ground Investigations as part of the Stage 3 Cost Review.

- 3.2.2 Where the Stage 3 Specification is approved or determined pursuant to paragraphs 2.10 or 2.11 and the [REDACTED] has been completed the Developer shall not be obliged to comply with paragraph 3.2.1

- 3.3 [REDACTED] provides detail of how the Leisure Centre Cost and Leisure Centre Upper Limit were each calculated and can be broken down into various heads of cost as at the date of the information contained in the [REDACTED].

- 3.4 Within 10 Working Days of the Stage 3 Specification being agreed or determined the Developer shall instruct the Cost Manager to review the Leisure Centre Cost, Leisure Centre Cost Cap and Leisure Centre Cost Upper Limit in accordance with paragraph 3.5.

- 3.5 The following provisions apply:

- 3.5.1 the forecast Leisure Centre Cost may increase or decrease;
- 3.5.2 the Developer shall instruct the Cost Manager to update the Leisure Centre Cost taking account of the Stage 3 Specification and all other relevant factors that the Cost Manager needs to consider in order to comprehensively review and update the Leisure Centre Cost (including taking account of interest and inflation);
- 3.5.3 the Cost Manager shall apply any identified cost increases or savings resulting from its review and shall where further information is available include any adjustments resulting from the Ground Investigations such review and amendments to be applied in accordance with the Leisure Centre Cost Methodology or where not specified in the same on a fair and reasonable basis; and
- 3.5.4 the Leisure Centre Cost Cap may only be reduced;

3.6 On completion of the exercise pursuant to paragraph 3.5 the Cost Manager shall review the Leisure Centre Cost Cap and where the Leisure Centre Cost is then less than the Leisure Centre Cost Cap, the Leisure Centre Cost Cap shall be revised downwards to be the same as the revised Leisure Centre Cost and:

3.6.1 any reduction to the Leisure Centre Cost Cap shall apply only where the Leisure Centre is developed on Plot A2; and

3.6.2 the Cost Manager shall notify the Developer and the Council in writing of any revision to the Leisure Centre Cost the Leisure Centre Cost Cap and the Leisure Centre Cost Upper Limit along with a copy of the supporting information used by the Cost Manager to reach its conclusions (the "**Updated Cost Information**") and together with such notice provide a duly signed reliance letter (or third party rights or a collateral warranty (as appropriate)) ("**Cost Manager Reliance**") in accordance with paragraph 3.7.

3.7 The Cost Manager will provide Cost Manager Reliance to the Council in respect of the Updated Cost Information, in a market standard form agreed by the parties (acting reasonably) but with no limitations materially more onerous or restrictive than those in the appointment between the Cost Manager and the Developer.

3.8 Within 20 Working Days of provision of the Updated Cost Information the Council may serve written notice to the Developer to terminate the application of this Schedule regardless of the content of the Updated Cost Information or any change to the Leisure Centre Cost or the Leisure Centre Cost Cap and in such circumstances the Council shall make payment to the Developer within 10 Working Days of all of the Leisure Centre Abortive Costs incurred up to the date of the Council's termination notice and on service of such notice this Schedule 4 shall cease to be of effect and reference to the delivery of the Leisure Centre shall be removed from the definition of Phase 1 Parameters (and the rest of this Agreement shall be read and construed accordingly).

3.9 Within 30 Working Days of provision of the Updated Cost Information where the Leisure Centre Cost is forecast to exceed the Leisure Centre Cost Upper Limit the Developer may serve written notice to the Council confirming that it requires to offer an Alternative Leisure Centre Location.

3.10 The Developer shall periodically instruct the Cost Manager to review the Leisure Centre Cost and the Developer shall provide such information on an open book basis to the Council. The purposes of the periodic review shall be to take account in the Leisure Centre Cost of the current design and construction costs such that the parties have up to date information on costs. In undertaking such further reviews the Cost Manager shall comply with the provisions of paragraphs 3.5 and 3.6. Where following such a periodic review the Leisure Centre Cost is forecast to exceed the Leisure Centre Upper Cost Cap the Developer may serve notice to the Council confirming that it requires to offer an Alternative Leisure Centre Location.

3.11 The parties agree that in respect of the Leisure Centre Cost a developer's contingency of [REDACTED] in respect of all costs in the appraisal shall be permissible.

- [REDACTED]
- [REDACTED]
- [REDACTED]
- [REDACTED]
- [REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

5. TERMINATION

5.1 Where the Leisure Centre Unconditional Date has not occurred [REDACTED], or [REDACTED] thereafter the Council may serve written notice on the Developer to terminate the application of this Schedule and (to the extent it has been entered into) determine the Leisure Centre Agreement and on service of such notice:

5.1.1 save in respect of the parties obligations to pay the Leisure Centre Abortive Costs, this Schedule 4 shall cease to be of effect and reference to the delivery of the Leisure Centre shall be removed from the definition of Phase 1 Parameters (and the rest of this Agreement shall be read and construed accordingly); and

5.1.2 (to the extent it has been entered into) the Leisure Centre Agreement shall cease and determine in accordance with its terms.

5.2 If the Council decides not to terminate then it will notify the Developer that it wishes to consider an Alternative Leisure Centre Location following which the provisions of paragraph 6 will apply. If no notice is served pursuant to paragraph 5.1 then the Council may still terminate the application of this Schedule at any point.

5.3 Where the Leisure Centre Unconditional Date has not occurred [REDACTED], or [REDACTED] and the Council has not served notice under paragraph 5.2 specifying that it wishes to consider an Alternative Leisure Centre, then thereafter the Developer may serve written notice on the Council to terminate the application of this Schedule and (to the extent it has been entered into) determine the Leisure Centre Agreement and on service of such notice:

5.3.1 save in respect of the parties obligations to pay the Leisure Centre Abortive Costs, this Schedule 4 shall cease to be of effect and reference to the delivery of the Leisure Centre shall be removed from the definition of Phase 1 Parameters (and the rest of this Agreement shall be read and construed accordingly); and

5.3.2 (to the extent it has been entered into) the Leisure Centre Agreement shall cease and determine in accordance with its terms.

- 5.4 On service of a notice pursuant to paragraphs 5.1 or 5.3 the Council shall within 10 Working Days of the date of the notice make payment to the Developer of the following amounts of the Leisure Centre Abortive Costs incurred up to the date of the Council's termination notice:

█ [REDACTED]

█ [REDACTED]

- 5.4.3 where the Leisure Centre Planning Condition has not been achieved: █ of the Leisure Centre Abortive Costs;

- 5.4.4 where the LC Exercise Authority has not been provided: █ of the Leisure Centre Abortive Costs.

- 5.5 Service of notice pursuant to paragraph 5.1 or 5.3 of this Schedule shall be without prejudice to the rights of any party in respect of any antecedent breach of the provisions of this Schedule.

- 5.6 To the extent that the Developer pays any Leisure Centre Abortive Costs pursuant to this Agreement they shall be treated as General Development Costs.

6. LEISURE CENTRE ALTERNATIVE LOCATION

- 6.1 At the date of this Agreement the parties' expectation is that the Leisure Centre shall be constructed as part of the planned development of Plot A2 and will form part of a larger building on that Plot. The Council (in its capacity as landowner) confirms its approval to this location.

- 6.2 Whilst it is not the parties expectation at the date of this Agreement that an Alternative Leisure Centre Location will be required the parties do acknowledge that development of the Leisure Centre on an alternative Plot is a possibility.

- 6.3 Where notice is served under 3.9, 3.10 or 5.2 of this Schedule the following provisions shall apply:

- 6.3.1 the Developer shall as soon as reasonably practicable (and no later than 6 months following service of the notice in accordance with paragraph 3.8 as applicable) identify one or more Qualifying Alternative Leisure Centre Locations and shall provide the Further Information in respect of each Qualifying Alternative Leisure Centre Location to the Council;

- 6.3.2 the Council may make written representations within 20 Working Days to the Developer in respect of each Qualifying Alternative Leisure Centre Location and the Further Information in respect of the same;

- 6.3.3 the Developer shall respond in writing to any written representations of the Council within 20 Working Days providing any reasonably necessary supporting evidence to explain the Developer's position in relation to any of the Council's representations; and

- 6.3.4 the Developer may within 20 Working Days of its response to the Council pursuant to paragraph 6.3.3 confirm in writing to the Council the Selected Alternative Leisure Centre Location.

- 6.4 Following the Developer's confirmation pursuant to paragraph 6.3.4:

- 6.4.1 there shall be no obligation to develop Plot A2 to include the Leisure Centre and the Developer shall be free to make a Planning Application in respect of Plot A2 in its discretion;

- 6.4.2 the provisions of paragraph 1 of this Schedule shall apply to the Selected Alternative Leisure Centre Location;
- 6.4.3 the Leisure Centre Cost Cap shall apply to the Selected Alternative Leisure Centre Location; and
- 6.4.4 the Developer's obligation shall be to deliver a leisure centre that complies with the Leisure Centre Minimum Requirement on the Selected Alternative Leisure Centre Location.
- 6.5 If the Council does not wish to proceed following notice under paragraph 6.3.4 then it may terminate the provisions of this Schedule on written notice to the Developer and if such notice has not been served within 6 months of receipt of the notice under paragraph 6.3.4 the Developer may then for a period of 6 months terminate this Schedule by service of written notice to the Council and on service of such notice:
- 6.5.1 save in respect of the parties obligations to pay the Leisure Centre Abortive Costs, this Schedule 4 shall cease to be of effect and reference to the delivery of the Leisure Centre shall be removed from the definition of Phase 1 Parameters (and the rest of this Agreement shall be read and construed accordingly); and
- 6.5.2 the Leisure Centre Agreement shall cease and determine in accordance with its terms.
- 6.6 On service of a notice pursuant to paragraphs 6.5 by either party the Council shall within 10 Working Days of the date of the relevant notice make payment to the Developer of [REDACTED] of the Leisure Centre Abortive Costs incurred to the date of such notice.
- 6.7 Where the Council or the Developer does not serve notice to terminate, the Developer and the Council shall act reasonably and in good faith to take forward the Selected Alternative Leisure Centre Location and shall negotiate the necessary documentation to facilitate bringing forward the Selected Alternative Leisure Centre Location.
- 7. LEISURE CENTRE AGREEMENT**
- 7.1 Exchange of the Leisure Centre Agreement where the Leisure Centre is to be constructed on Plot A2 is conditional upon [REDACTED].
- 7.2 Exchange of the Leisure Centre Agreement where the Leisure Centre is to be constructed in a Selected Alternative Leisure Centre Location will need to be agreed between the parties pursuant to paragraph 7.6.
- 7.3 The Owner, the Developer and the Council shall work together in good faith to agree a liquidated damages figure(s) to be included in the Leisure Centre Agreement. Such figure shall be the subject of a detailed explanation by the Council and the parties shall discuss the same in good faith acting reasonably. The Council shall provide its initial detailed explanation [REDACTED]. The parties have agreed that the figure shall be subject to a maximum cap of [REDACTED] per week.
- 7.4 The Owner, the Developer or the Council (each acting reasonably) may at any time propose amendments to the Leisure Centre Agreed Forms.
- 7.5 Where an amendment is proposed to the Leisure Centre Agreed Forms as contemplated by paragraph 7.4 of this Schedule, then the Owner, the Developer and the Council (each acting reasonably having regard to then current market practice) shall seek to agree the amendments as soon as reasonably practicable provided that neither the Owner, the Developer nor the Council shall be obliged to accept an amendment which would be materially disadvantageous to that party's interest under the relevant Leisure Centre Agreed Forms.

- 7.6 If the Owner, the Developer and the Council are unable to agree an amendment proposed as contemplated by paragraph 7.5 of this Schedule within one month of the date that such amendment is first proposed, then the following provisions shall apply:
- 7.6.1 either the Owner, the Developer or the Council may refer the matter for resolution in accordance with Schedule 10 of this Agreement;
 - 7.6.2 paragraph 2 of Schedule 10 shall not apply and the Owner, the Developer and the Council shall immediately refer the matter to determination by an Expert;
 - 7.6.3 the Expert shall be instructed to determine whether the proposed amendment(s) to the terms of the relevant Leisure Centre Agreed Forms are reasonable having regard to then current market practice (provided that the Expert shall not determine that an amendment is reasonable where such amendment would be materially disadvantageous to that party's interest under the relevant Leisure Centre Agreed Forms;
 - 7.6.4 the Owner, the Developer and the Council shall provide to the Expert on or prior to their first meeting with the Expert:
 - (A) the then current Leisure Centre Agreed Forms;
 - (B) the proposed amendment(s) to the relevant Leisure Centre Agreed Forms the subject of the Dispute; and
 - (C) the Owner, the Developer and the Council shall comply with the terms of Schedule 10.
- 7.7 As soon as reasonably practicable after any amendments to the Leisure Centre Agreed Forms are agreed or determined in accordance with this paragraph 7 of this Schedule, the Owner, the Developer and the Council shall each endorse a memorandum evidencing those amendments and such forms shall be deemed to be the Leisure Centre Agreed Forms (until such time as any further amendments are agreed or determined in accordance with this paragraph 7 of this Schedule).
- 7.8 Where alterations amendments or variations to the Leisure Centre Agreed Forms are required as a result of a Selected Alternative Leisure Centre Location, changes required by law or by industry best practice the parties shall act reasonably in agreeing such amendments and in the absence of agreement the matter shall be referred to an Expert in accordance with Schedule 10.
- 7.9 The Developer may, prior to entry into the Leisure Centre Agreement, notify the Council that the Developer requires to substitute the Developer and Owner named in the Leisure Centre Agreement and the Leisure Centre Sub-Lease for the relevant Plot Developer and Plot Owner. Subject to being given prior notice in writing of the same and the Plot Owner complying with the requirements of clause 15.4.7 of this Agreement, the Council's consent shall not be required.
- 7.10 The Developer shall procure that an engrossment of the Leisure Centre Agreement, and (if necessary) a counterpart of it, shall be prepared by the Owner's Solicitors and such relevant engrossment(s) shall be delivered to the Council's Solicitors not more than five Working Days following the Leisure Centre Unconditional Date.
- 7.11 On the date fifteen Working Days following the Leisure Centre Unconditional Date (the "**Contractual Exchange Date**") the parties shall enter into the Leisure Centre Agreement.
- 7.12 At the date of this Agreement the parties have agreed to work together to consider the viability of a 'shell and core' delivery with the Council having control of the Category A and Category B stages of construction (the "**Alternative Delivery Option**" and the "**Council's Leisure Centre Works**"). The parties have agreed to work together acting reasonably and in good faith for a period of 12 months from the date of this Agreement to explore whether the

Alternative Delivery Option is viable. In order to progress the Alternative Delivery Option the parties will have to discuss and agree their approach to, amongst other things, the following:

- 7.12.1 a revised Council cost cap;
- 7.12.2 a revised upper limit cost cap;
- 7.12.3 a revised specification;
- 7.12.4 the role of the Developer (or its nominee) in the Council's procurement management and delivery of Council's Leisure Centre Works and the remuneration of the Developer (or its nominee) in respect of the same;
- 7.12.5 revisions to the various dates in this Schedule; and
- 7.12.6 the interaction of the works on the rest of the Plot with the Council's Leisure Centre Works.

8. EXCLUSION OF SECTIONS 24-28 OF THE LANDLORD AND TENANT ACT 1954

8.1 The parties confirm that:

- 8.1.1 the Owner served on the Council a notice dated 19 May 2018 in accordance with section 38A(3)(a) of the 1954 Act in respect of the tenancy to be granted by the Lease; and
- 8.1.2 A statutory declaration dated 10 May 2018 was made by the Council or a person duly authorised by the Council in accordance with paragraph 4 of Schedule 2 to the Regulatory Reform (Business Tenancies) (England and Wales) Order 2003.

9. EXCLUSION OF PART II OF THE LANDLORD AND TENANT ACT 1954 IN RELATION TO THE RENEWAL LEASE

- 9.1 The Owner and the Council agree and declare that the provisions of sections 24 to 28 (inclusive) of the Landlord and Tenant Act 1954 are to be excluded in relation to the tenancy to be created by the Renewal Lease.
- 9.2 The Owner served on the Council a notice dated 19 May 2018 in accordance with section 38A(3)(a) of the 1954 Act in respect of the tenancy to be granted by the Renewal Lease; and
- 9.3 A statutory declaration dated 10 May 2018 was made by the Council or a person duly authorised by the Council in accordance with paragraph 4 of Schedule 2 to the Regulatory Reform (Business Tenancies) (England and Wales) Order 2003.

published by the Homes & Communities Agency in April 2015 in accordance with the

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

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Schedule 6

STEERING GROUP

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1. STEERING GROUP

1.1 No later than five Working Days following the date of this Agreement the Council and the Owner will establish the Steering Group on the basis of this Schedule.

1.2 The Steering Group will consist of three representatives of each of the Council (being Council officers with due authority to discuss and where duly authorised to do so to make decisions in relation to the Steering Group's business on behalf of the Council) and the Owner.

[REDACTED]

1.4 For the avoidance of doubt notwithstanding the number of members of the Professional Team and/or the Developer's supply chain the Owner shall only be entitled to three representatives.

1.5 The chairman of the Steering Group shall be rotated annually as between the Council and the Owner but the chairman shall have no casting vote.

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Schedule 7

GENERAL DEVELOPMENT PROVISIONS

DEFINITIONS

- "**Connected Contractor**" has the meaning given to it in paragraph 15.1 of this Schedule
- "**Relevant Development Works**" has the meaning given to it in paragraph 9.1 of this Schedule

1. DEVELOPMENT PROPOSALS AND IDENTIFICATION OF PLOTS

- 1.1 The Developer will, by reference to the Business Plan, expeditiously work up its proposals for the Development in conjunction with the Master Plan, the Master Plan Parameters, the Marketing Strategy and the Infrastructure Works Strategy and so as to comply with the terms of this Agreement.
- 1.2 The parties acknowledge that the Developer intends to develop the Property by way of development of individual Plots which are shown on the Plot Plan.

2. PROGRAMME OF WORKS

The Developer shall work up in consultation with the Steering Group a Phasing Plan and Programme of Works for carrying out the Development Works including identifying the Development Works to be carried out in respect of Phase 1 and subsequent Plots and the construction of the Plot Infrastructure, Multi-Plot Infrastructure and Estate Infrastructure serving Phase 1.

3. DELAYS TO THE PROGRAMME

The Developer will keep the Steering Group informed as to any material delay in progressing the Development Works in respect of Phase 1 and subsequent Plots by reference to the Phasing Plan and Programme of Works.

4. WORKS CARRIED OUT

- 4.1 The Developer shall use its reasonable endeavours to ensure that all Development Works will be carried out:
- (a) in a good and workmanlike manner;
 - (b) subject to sub-paragraph (f) below, in accordance with all applicable Satisfactory Full Planning Permissions;
 - (c) subject to sub-paragraph (f) below, in accordance with all Necessary Consents and Statutory Requirements;
 - (d) in accordance with the relevant Business Plan(s), Programme of Works and each applicable Plot Proposal;
 - (e) by employing Contractors and members of the Professional Team that have in the Developer's reasonable opinion sufficient skill experience and competence to undertake the relevant works or services for which they are engaged in accordance

with the Procurement Strategy and having available sufficient professional indemnity insurance commensurate with the works or services undertaken; and

- (f) with designs that have been prepared using reasonable skills and care of a professional designer but no warranty is given that the Development Works will, when completed, be suitable for any particular purpose.

5. PROVISION OF INFORMATION TO THE STEERING GROUP

- 5.1 The Developer shall make available to the Steering Group copies of all material plans, drawings, specifications and test certificates.
- 5.2 The Developer shall, subject to any third party confidentiality restrictions and so as not to disclose to the Council the Developer's commercially sensitive information, provide information reasonably required by the Steering Group to support statements made by the Developer in its reporting and submissions from time to time and such information may at the Developer's election be provided via electronic means including on a data site.

6. CONDUCT OF DEVELOPMENT

- 6.1 The Developer will use reasonable endeavours to ensure that the Development is managed in accordance with the criteria of both good site management and good building practice from time to time.
- 6.2 In so far as the Developer procures other parties to construct any parts of the Estate Infrastructure Multi-Plot Infrastructure or Plot Infrastructure it shall use reasonable endeavours to ensure that such infrastructure is constructed in a manner consistent with the Infrastructure Works Strategy (as defined in Schedule 9) so that there is a consistent standard of Infrastructure construction across the Property.

7. ACCESS, INSPECTIONS, SITE MEETINGS AND INFORMATION

- 7.1 The Owner consents to, and the Developer will permit, the Council at reasonable times following provision of reasonable notice and at reasonable intervals (but not more than once in every month) to enter upon the Property (accompanied by a representative of the Developer if the Developer shall so require and who the Developer shall make available) to view the progress and state of the Development Works subject to complying with all health and safety requirements or other reasonable directions imposed or given by the Developer and the Contractor and any insurance requirements imposed by the insurers of the Development Works and subject to the progress of the Development Works not being impeded or delayed.
- 7.2 The Council shall not give any instructions or make any representations to any Contractor or members of a Professional Team at any time and any observations the Council wishes to make shall be made to the Developer only (or in the event that the Developer under this agreement ceases to exist the Owner).

8. WORKS UNDER STATUTORY AGREEMENTS MAY BE ADOPTED

- 8.1 The Developer may on completion of any part of the Development undertaken as a result of or in compliance with Statutory Agreements use reasonable endeavours to procure that:
 - (a) the relevant authority is notified as soon as practicable after the relevant works have been carried out;
 - (b) any further works as shall be required under the Statutory Agreement during the relevant maintenance period are carried out expeditiously; and
 - (c) on expiry of the maintenance period the relevant authority is requested to issue the final completion certificate under the Statutory Agreement and to confirm that the relevant works are adopted.

8.2 The Council shall cooperate and provide all reasonable support and assistance in respect of the Developer's obligations in this paragraph including the entry into any Planning Obligation or other agreement subject to prior approval of the same (such approval not to be unreasonably withheld or delayed).

9. PRACTICAL COMPLETION

9.1 The Developer shall ensure that where the Plot is developed by the Developer and where the Council has not made a Council Sell Decision but not for the avoidance of doubt where the Plot is developed by a Third Party Developer (the "**Relevant Development Works**") Practical Completion Statements are issued on practical completion of each stand-alone building.

9.2 The Developer shall use reasonable endeavours to procure that the Council is given not less than five Working Days' notice of the intention to inspect the Relevant Development Works (or any part thereof) in anticipation of issuing a Practical Completion Statement.

9.3 The Council and its advisers (but limited to two persons in total) shall be entitled to accompany the Employer's Agent on its inspection of the Relevant Development Works prior to the issuing of a Practical Completion Statement described in paragraph 9.2.

9.4 The Council acknowledges that the Employer's Agent's independence and discretion in issuing the Practical Completion Statement shall not be fettered and that such statement may be issued subject to any defects, shrinkages or other faults set out in the snagging list.

9.5 If following the inspection pursuant to paragraph 9.3 the Practical Completion Statement is not issued, the Developer shall use reasonable endeavours to procure that the Council is given not less than two Working Days' notice of the Employer's Agent's intention to re-inspect the Relevant Development Works with a view to the issue of the Practical Completion Statement and the provisions of paragraphs 9.3 and 9.4 shall apply in relation to any re-inspection and subsequent issue of the Practical Completion Statement.

9.6 Where applicable pursuant to paragraph 9.1, the Developer shall use reasonable endeavours to procure that a copy of the Practical Completion Statement (including any snagging list) is delivered to the next meeting of the Steering Group following its issue.

9.7 The Practical Completion Statement shall be final and binding on the parties as to the date on which Practical Completion was achieved.

10. STOPPING UP

10.1 The Developer shall prepare and agree with the Council (such agreement not to be unreasonably withheld or delayed) a plan showing the extent of highways adopted at the date of this Agreement which are required to be stopped-up in order to carry out the Development including details of the exact location of the highways boundaries.

10.2 Once the plan has been agreed, the Developer shall use reasonable endeavours to obtain all of the Road Closure Orders as soon as reasonably practicable.

10.3 The process set out in paragraphs 10.1 and 10.2 can be repeated any number of times during the Development.

10.4 The Developer may request that any land stopped-up pursuant to a Road Closure Order and which is owned by the Council to be subject to the grant of a supplemental lease by the Council to the Owner on substantially the same terms as the New Lease. The Owner shall not be obliged to pay any premium or other consideration on the grant of the supplemental lease.

11. ACQUISITION OF ADDITIONAL LAND

11.1 Where following the date of this Agreement the parties agree in their discretion to include additional land within the New Lease or otherwise include such land as part of the Property

the parties shall at the same time identify the relevant provisions of this Agreement that shall apply to such land.

- 11.2 This paragraph shall not apply to CPO Land which shall be governed by clause 9 of this Agreement and the CPO Indemnity Agreement.

12. **ANTIQUITIES**

12.1 **Discovery**

Upon the discovery of any antiquities (including fossils, antiquities and other objects having antiquarian, artistic, historic or monetary value) the Developer shall use reasonable endeavours to (subject to compliance with any statutory requirements) promptly inform the Council of the discovery.

12.2 **Ownership**

As between the parties to this Agreement, any such objects which may be found on or at the Property during the Development where the relevant land is not a Third Party Plot and shall be treated as the joint property of the parties to be sold and the proceeds of sale credited to the General Development Account for the benefit of Development.

13. **LICENCE TO ENTER**

- 13.1 From the date of this Agreement, the Council grants licence to the Owner and the Developer (or any other third parties authorised by the aforementioned) to enter onto, pass over (with or without vehicles) remain and oversail on the Access Strip and such of the Council's land within the Property where:

- (a) not already owned freehold by the Owner; or
- (b) part of the land demised by the Existing Leases,

subject in all cases:

- (c) where required by the Council, entering into a licence in a form agreed by the parties acting reasonably;
- (d) making good to the reasonable satisfaction of the Council any damage caused from taking such access; and
- (e) indemnifying the Council in relation to all costs claims expenses and liability arising therefrom save where arising as a result of the Council's fraud or wilful misconduct.

- 13.2 Subject to compliance with paragraph 13.1(c) to 13.1(e) (inclusive), where it can be shown to be reasonably required to facilitate delivery of the Master Plan, the Council will consider acting reasonably requests by the Owner, the Developer and third parties to erect signage hoarding or scaffolding on the Council's adjoining and neighbouring land to the Property from time to time.

14. **INSURANCE**

14.1 **Insurance**

Subject always to paragraph 14.4, the Developer shall maintain public liability insurance covering an amount of not less than [REDACTED] in any one occurrence or series of occurrences arising out of any one event such insurance policy to be maintained on commercially acceptable rates and terms occurring during the carrying out of the Development Works.

14.2 Professional Indemnity

Subject always to paragraph 14.4, the Developer shall maintain professional indemnity insurance covering an amount of not less than [REDACTED] for each and every claim.

14.3 Insurance and Reinstatement of the Development Works

From the commencement of a Plot Development until the issue of the Practical Completion Statement for the last stand-alone building in that Plot Development the Developer shall use reasonable endeavours to procure that in relation to the Plot Development:

- (a) that the Contractor takes out All Risks Insurance (subject to such exclusions or limitations of cover as are set out in the policy or required by the insurers from time to time) with insurers of good repute in respect of the relevant part of the Development Works which comprise the Plot Development in their full reinstatement value; and
- (b) effect and maintain property owners' liability insurance in respect of the relevant part of the Development Works which comprise the Plot Development in such amounts as the Developer may from time to time reasonably require having regard to the nature of such relevant part of the Development Works,

provided that the obligation to carry All Risks Insurance shall not apply to any part which is subject to a section completion statement.

14.4 Insurance from Date of Practical Completion

With effect from the issue of the Practical Completion Statement for the last stand-alone building forming part of any Plot Development or ceases to be covered due to sectional completion the Developer's insurance obligations pursuant to paragraph 14.3 for that Plot Development shall cease and thereafter the obligations in the New Lease or the relevant Plot Sub-Lease as applicable shall apply.

14.5 Production and inspection of policies

The Developer shall following a written request from the Council for the same produce, or use reasonable endeavours to procure the production of, a summary of the policy or policies of insurance, but not the policy (or summary) of professional indemnity insurance, maintained in accordance with the requirements of this paragraph 14 and the receipt for the last premium due or other sufficient evidence of payment thereof.

15. CONNECTED PARTY CONTRACTING

15.1 Where the Contractor is a Connected Party of the Developer the Owner or a Plot Owner (a "**Connected Contractor**") the Developer shall procure that:

- (a) the terms and costs of the Building Contract pursuant to which the Connected Contractor is appointed:
 - (a) are consistent with those reasonably obtainable in the open market;
 - (b) are in the opinion of a reasonably prudent developer such that will enable the proper and expeditious delivery of the relevant Development Works or services at a reasonable and proper cost; and
- (b) the decision to select the Connected Contractor can be justified by the Developer acting reasonably and properly irrespective of the pre-existing relationship between the Developer and the selected Contractor.

16. USE OF THE TERM DEVELOPER IN THIS SCHEDULE

At the date of this Agreement the parties do not know whether the Developer may appoint one or more entities to discharge some or all of the Developer's obligations in this Schedule. The Council hereby consents to the Developer appointing such third parties as the Developer may in its absolute discretion decide to do so. Appointment of any such third parties shall not alter diminish or otherwise reduce the obligations of the Developer owed to the Council pursuant to this Schedule.

17. PROFESSIONAL TEAM APPOINTMENTS, CONTRACTOR AND THIRD PARTY RIGHTS

17.1 Building Contract and Professional Team

The Developer shall enter into, or procure the entering into of, the Building Contract Professional Team appointments and Employer Agent's appointment with each member of the Professional Team, the Contractor and the Employer's Agent in a timely manner in respect of each Plot as developed from time to time and also in respect of the Infrastructure Works at the Property.

17.2 Developer's obligations as regards Third Party Rights

Save in respect of:

- (a) a Plot where the Council has chosen to invest nothing pursuant to paragraph 4.1 of Part II of Schedule 11 (Co-Investment);
- (b) a Third Party Plot; or
- (c) an Owner Interest Disposal Pre Plot Proposal,

the Developer will procure that:

- (d) the Developer vests in favour of the Council Third Party Rights from the Contractor and each member of the Professional Team as soon as reasonably practicable following their appointment and in any event within 3 months of completion of their appointment and shall provide to the Council such documentary evidence of their professional indemnity insurance cover as the Council may reasonably require;
- (e) notwithstanding the preceding provisions of this paragraph 17.2 the Developer shall be relieved of its obligation to deliver Third Party Rights in the case of any proposed warrantor which has become insolvent prior to the due date for vesting the relevant Third Party Rights. Where a warrantor becomes insolvent or has its appointment otherwise terminated, where such warrantor is replaced, the Developer shall procure that Third Party Rights in favour of the Council are vested; and
- (f) any costs incurred in complying with this paragraph 17 shall be Plot Development Costs for the relevant Plot.

Schedule 8

MARKETING, LETTING AND SALES

1. INITIAL MARKETING PLAN STRATEGY

The Owner shall prepare as soon as reasonably practicable in consultation with the Council the Marketing Strategy [REDACTED]

- [REDACTED]
- [REDACTED]
- [REDACTED]
- [REDACTED]
- [REDACTED]
- [REDACTED]
- [REDACTED]

2. REVISION OF MARKETING STRATEGY

The Marketing Strategy shall be revised from time to time by the Owner in consultation with the Steering Group to take into account changing circumstances and in particular the prevailing market at any time for sales or lettings [REDACTED]

- [REDACTED]
- [REDACTED]
- [REDACTED]
- [REDACTED]
- [REDACTED]
- [REDACTED]
- [REDACTED]

2.2 Any agent or other party appointed pursuant to the Marketing Strategy will be appointed by the Owner and the costs of the persons so appointed will be a Plot Development Cost for the relevant Plot and such party shall:

- (a) consult with the Owner in relation to the implementation of the Marketing Strategy; and

(b) keep the Owner regularly advised upon such implementation including (as appropriate) offers received such that the Owner can relay that information to the Steering Group.

2.3 The Owner agrees not to let space within the Property to a tenant that will carry out a Master Plan Prohibited Use where the Master Plan Prohibited Use would be the primary use of the relevant land or building save that the Council confirms that use of parts of the Property for the purposes of selling tickets (or such other means as may replace ticketing) for the "**National Lottery**" or similar enterprises shall not be prohibited.

Schedule 9

INFRASTRUCTURE

1. INFRASTRUCTURE WORKS STRATEGY

- 1.1 The Developer will as soon as reasonably practicable after the date of this Agreement prepare and provide the Steering Group with a draft Infrastructure Works Strategy.
- 1.2 The Developer will update the Infrastructure Works Strategy as and when is required following material changes amendments variations or developments to the Developer's proposals for the Infrastructure serving the Property and provide the same to the Owner for the Steering Group by way of updates to the Infrastructure Works Strategy.
- 1.3 The Developer will following grant of the New Lease implement the Infrastructure Works Strategy in respect of those parts of the Property necessary to support the Plot Developments as Plots are developed from time to time.
- 1.4 The Developer will prepare an Infrastructure Works Strategy that provides for all Infrastructure relating to Phase 1 and the Development to have been scheduled for installation in accordance with the Programme of Works to facilitate the development and marketing of Plots within Phase 1 and the rest of the Development in accordance with the timings set out in the Business Plan.
- 1.5 The Owner will procure that the Developer will:
 - (a) have due regard to any reasonable representations of the Steering Group concerning the Infrastructure Works Strategy;
 - (b) keep the Steering Group informed at regular intervals of not less than three (3) months regarding the implementation of the Infrastructure Works Strategy and update the Infrastructure Works Strategy from time to time to reflect the latest proposals; and
 - (c) provide the Steering Group at regular intervals of not less than three (3) months with up to date cost summaries of the cost of Infrastructure Works incurred from time to time so as to enable the Steering Group to monitor the cost of the Infrastructure Works.
- 1.6 The Developer will use reasonable endeavours to procure the delivery of Plot Infrastructure Multi-Plot Infrastructure and Estate Infrastructure as is required from time to time:
 - (a) in accordance with the Infrastructure Works Strategy and all relevant Satisfactory Planning Permissions and any relevant Planning Obligation and Necessary Consents;
 - (b) so as to enable the development of Plots in accordance with the Plot Timeline;
 - (c) in accordance with Schedule 14 and in accordance with the requirements of all relevant statutory authorities; and
 - (d) in a good and workmanlike manner, employing in the Developer's reasonable opinion competent experienced and properly qualified contractors and professionals.
- 1.7 The Council understand the requirement for and has agreed to the provision of Infrastructure and the implementation of the Infrastructure Works Strategy at any time, including prior to the New Lease having been granted.

1.8 The provisions of clause 26.14 shall apply mutatis mutandis.

2. REPAIR AND MAINTENANCE OF INFRASTRUCTURE

2.1 The Developer may if it so wishes following Practical Completion of the adoptable Infrastructure seek to ensure that such Infrastructure is adopted by either the local authority or statutory undertaker pursuant to an adoption agreement if one is required.

2.2 The Developer shall ensure that:

(a) following Practical Completion of Estate Infrastructure, Multi-Plot Infrastructure and or Plot Infrastructure (where the Plot Infrastructure is located outside of a Plot), the long term maintenance obligations are undertaken by the local authority or a statutory undertaker or by the Estate Manager or by the Owner, and

(b) where Multi-Plot Infrastructure or Plot Infrastructure is located within a Plot by the Plot Owner the local authority or a statutory undertaker following Practical Completion.

2.3 All costs associated with the maintenance of such Estate Infrastructure or Multi-Plot Infrastructure that is not adoptable Infrastructure is the responsibility of the Estate Manager in the absence of maintenance being accepted by the local authority or a statutory authority. The Estate Manager shall recover the cost of maintenance of such Estate Infrastructure or Multi-Plot Infrastructure from time to time from the Plot Owners, and where not a Plot or Third Party Plot, from the tenant of the New Lease.

2.4 The Council shall cooperate and provide all reasonable support and assistance in respect of the Developer's obligations in paragraphs 2.1 and 2.2 including the entry into any necessary documentation or other agreement subject to the Council's prior approval of the same (such approval not to be unreasonably withheld or delayed).

2.5 Until the adoption of Infrastructure or its handover to the local authority, statutory undertaker, Plot Owner or the Estate Manager, the Developer shall carry out any further works or maintenance as shall be required under the applicable Statutory Agreement or Necessary Consents or where no such Statutory Agreement or Necessary Consents apply, maintain the same in good repair and condition. All such costs incurred shall be treated as Plot Development Costs.

2.6 The Owner or Plot Owner shall from Practical Completion of Plot Infrastructure located within a Plot be responsible for the long term maintenance obligations in respect of it and all costs associated with the same. Plot Infrastructure located outside a Plot shall be the responsibility of the Estate Manager, the Developer, local authority or statutory undertaker with the Owner or Plot Owner responsible for all associated costs in relation to the same until such time as it is adopted or handed over to the local authority or statutory undertaker.

2.7 The treatment and liability for costs and expenses relating to the provision of the Plot Infrastructure Multi-Plot Infrastructure and Estate Infrastructure are to be dealt with in accordance with the terms of this Agreement.

3. USE OF TERM 'DEVELOPER' IN THIS SCHEDULE

3.1 At the date of this Agreement the parties do not know whether the Developer may appoint one or more entities to assist the Developer to discharge some or all of the Developer's obligations in this Schedule. The Council shall not object to the Developer delegating its duties and responsibilities to such third parties as the Developer may in its absolute discretion decide to do so. Appointment of any such third parties shall not alter diminish or otherwise reduce the obligations of the Developer owed to the Council pursuant to this Schedule.

4. RELEASE FROM LIABILITY IN RESPECT OF THE OBLIGATIONS IN THIS SCHEDULE

The provisions of clause 26.14.1 shall apply mutatis mutandis to this Schedule.

5. LIMITATION OF DEVELOPER'S LIABILITY

- 5.1 To the extent permitted by law and subject to paragraph 4 and 5.3 of this Schedule, the combined aggregate liability of the Owner and the Developer to the Council pursuant to this Schedule 9 and the related terms of this Agreement shall be capped at an aggregate amount of [REDACTED] (including any irrecoverable VAT (if any)).
- 5.2 The Developer and the Owner shall cease to have any liability to the Council in respect of their obligations in this Schedule on the date 12 months after completion of the final Infrastructure Works.
- 5.3 The aggregate liability cap of [REDACTED] (including any irrecoverable VAT (if any)) shall adjust from time to time by reference to the Unspent Infrastructure Sum subject always to the aggregate liability cap being subject to a maximum of [REDACTED] and a minimum of [REDACTED] (including any irrecoverable VAT (if any)).

Schedule 10

Dispute Resolution

1. GENERAL

Nothing in this Schedule shall prevent any party from applying to the High Court of England and Wales for an interim injunction or other provisional relief.

2. PRE-EXPERT DISPUTE RESOLUTION

2.1 Notwithstanding any other provision of this Agreement upon any dispute or difference arising between the parties in relation to this Agreement or the performance of the parties' obligations hereunder the Council and the Developer will, prior to referring the matter to an Expert or seeking any other remedy, operate the Dispute Resolution Mechanism set out in paragraph 2.2.

2.2 The Dispute Resolution Mechanism will operate as follows:

- (a) where either party (acting reasonably) considers that the other has failed to perform any of its obligations contained in this Agreement or considers any dispute or difference between the parties to have arisen or is likely to arise between the parties it shall give written notice of the same to the other party;
- (b) forthwith upon receipt of a notice under paragraph (a) the First Tier Senior Executives of each party (as hereafter defined) shall use reasonable endeavours to resolve such difference or dispute in a mutually acceptable manner and as soon as possible. If each First Tier Senior Executive agrees upon a resolution of the relevant matter each party shall sign a statement setting out the agreed terms and each party shall procure that any agreed terms are fully and promptly put into effect to the extent permitted by applicable law;
- (c) if the First Tier Senior Executives are unable to resolve such difference or dispute within 20 Working Days of receiving written notice the matter shall be referred by each party to their respective Second Tier Senior Executives (as hereafter defined) who shall use reasonable endeavours to resolve such difference or dispute in a mutually acceptable manner. If each Second Tier Senior Executive agrees upon a resolution of the relevant matter each party shall sign a statement setting out the agreed terms and each party shall procure that any agreed terms are fully and promptly put into effect to the extent permitted by applicable law;
- (d) if the Second Tier Senior Executives are unable to resolve such difference or dispute within 20 Working Days then either party shall be at liberty thereafter to refer the matter (where this Agreement so provides) to an Expert or seek such other remedy as may be appropriate;
- (e) for the purposes of this paragraph 2.2 the First Tier Senior Executives will be:
 - (a) **for the Developer:** [REDACTED]
 - (b) **for the Council:** Stephen Platts
 - (c) and the Second Tier Senior Executives shall be:
 - (d) **for the Developer:** The Chief Executive
 - (e) **for the Council:** The Chief Executive

provided that either party may nominate a replacement officer of equivalent standing by giving notice in writing of the same to the other party.

3. REFERRAL TO EXPERT

Any dispute or difference between the parties in connection with this Agreement will where so provided in this Agreement and may, if the Council and the Developer agrees, be referred to and settled by an independent expert (the "Expert") whose decision in relation to such matters shall be final and binding upon the parties except in the case of fraud, collusion or manifest error.

4. SELECTION OF EXPERT

- 4.1 If the Dispute relates to the rights and liabilities of either party or to the terms or conditions to be embodied in any deed or document it will be referred to Leading Counsel agreed upon by the parties but in default of agreement appointed at the request of either of the parties by or on behalf of the chairman for the time being of the General Council of the Bar.
- 4.2 If the Dispute relates to methods of accounting or otherwise to matters usually and properly within the knowledge of a chartered accountant it will be referred to a chartered accountant agreed upon by the parties but in default of agreement appointed at the request of any of the parties by or on behalf of the President for the time being of the Institute of Chartered Accountants in England and Wales.
- 4.3 If the Dispute relates to matters usually and properly within the knowledge of a chartered surveyor it will be referred to an independent chartered surveyor agreed upon by the parties but in default of agreement appointed at the request of the parties by or on behalf of the President for the time being of the Royal Institution of Chartered Surveyors.
- 4.4 If the Dispute relates to engineering design or otherwise to matters usually and properly within the knowledge of a chartered civil, electrical or mechanical engineer it shall be referred to a chartered civil, electrical or mechanical engineer agreed upon by the parties but in default of agreement appointed at the request of either of the parties by or on behalf of the President for the time being of the Institute of Civil Engineers, Institution of Electrical Engineers or the Institution of Mechanical Engineers (as relevant) (and in default of agreement as to which it should be referred to, the President for the time being of the Institution of Mechanical Engineers can be requested by either party to determine this, prior to an appointment having been made).
- 4.5 If the parties fail to agree as to the nature of the Dispute then it shall be referred to Leading Counsel agreed upon by them but in default of agreement appointed at the request of either of the parties by or on behalf of the Chairman for the time being of the General Council of the Bar to decide the nature of the Expert.

5. EXPERT'S ROLE

- 5.1 The Expert acts as an expert and not an arbitrator and the provisions of the Arbitration Act 1996 shall not apply to the Expert, his decision or the procedure by which he reaches his decision.
- 5.2 The Expert shall be independent of all the parties to this agreement.

6. NOTICE OF APPOINTMENT

Subject to the provisions of paragraph 1, the party wishing to appoint the Expert will give notice in writing to that effect to the other party, together with details of the matter which he wishes to refer to the Expert.

7. EXCLUSION OF CERTAIN PERSONS

A person can only be appointed to act as an Expert if at the time of the appointment he is not:

- 7.1 a director, office holder or employee of; or

7.2 directly or indirectly retained as a consultant or in any other professional capacity by the Developer or the Council;

7.3 any party to this Agreement or any company or person associated with any such party.

8. **PROCEDURE**

Within 10 Working Days from his appointment the Expert will call the parties to a meeting at which he will give directions as to the future conduct of the matter referred and will from time to time give such further directions as he shall see fit. The Expert will allow the parties to make written representations and written counter-representations to him but will not be in any way fettered by such representations and counter-representations and will rely on his own judgment.

9. **ASSISTANCE**

The parties will give to the Expert such assistance as the Expert considers necessary to carry out his function.

10. **DECISION**

The Expert will give notice in writing of his decision to the parties within 4 weeks of his appointment or within such extended period as the parties may agree in writing.

11. **COSTS**

The costs of the reference to the Expert will be borne as he directs and failing any such direction will be shared equally between the parties.

12. **EXPERT'S EXEMPTION FROM LIABILITY**

The Expert and his employees and agents shall not be liable in respect of anything done or purported to be done by him or them in pursuant to the Expert's appointment save in the case of bad faith.

13. **CLERICAL OR MANIFEST ERROR**

The Expert shall have the power on the application of either party to correct any clerical, arithmetical or other manifest error in his determination provided that he does so within five Working Days of the publication of such determination.

14. **THIRD PARTIES**

The parties agree that no person who is not a party to this Agreement will be able to rely upon the Expert's determination.

15. **ORIGINAL EXPERT**

If the Expert (the "Original Expert"):

15.1 fails to determine the matter referred to him;

15.2 fails to give notice of his decision within the time and in the manner provided for in this Schedule;

15.3 relinquishes or does not accept his appointment;

15.4 dies; or

15.5 it becomes apparent for any reason that he is unable to complete the duties of his appointment either of the parties may in accordance with paragraphs 2 to 11 of this Schedule apply for a substitute to be appointed (but not after the Original Expert has given notice of his decision to the parties in dispute). In such event the Original Expert is no longer the expert,

the provisions of this paragraph apply as if the Original Expert had not been appointed and will be repeated as many times as necessary. Any reference to the Expert in this Schedule is deemed to include any substitute appointed pursuant to this paragraph 15.

Schedule 11
CO-INVESTMENT DECISION

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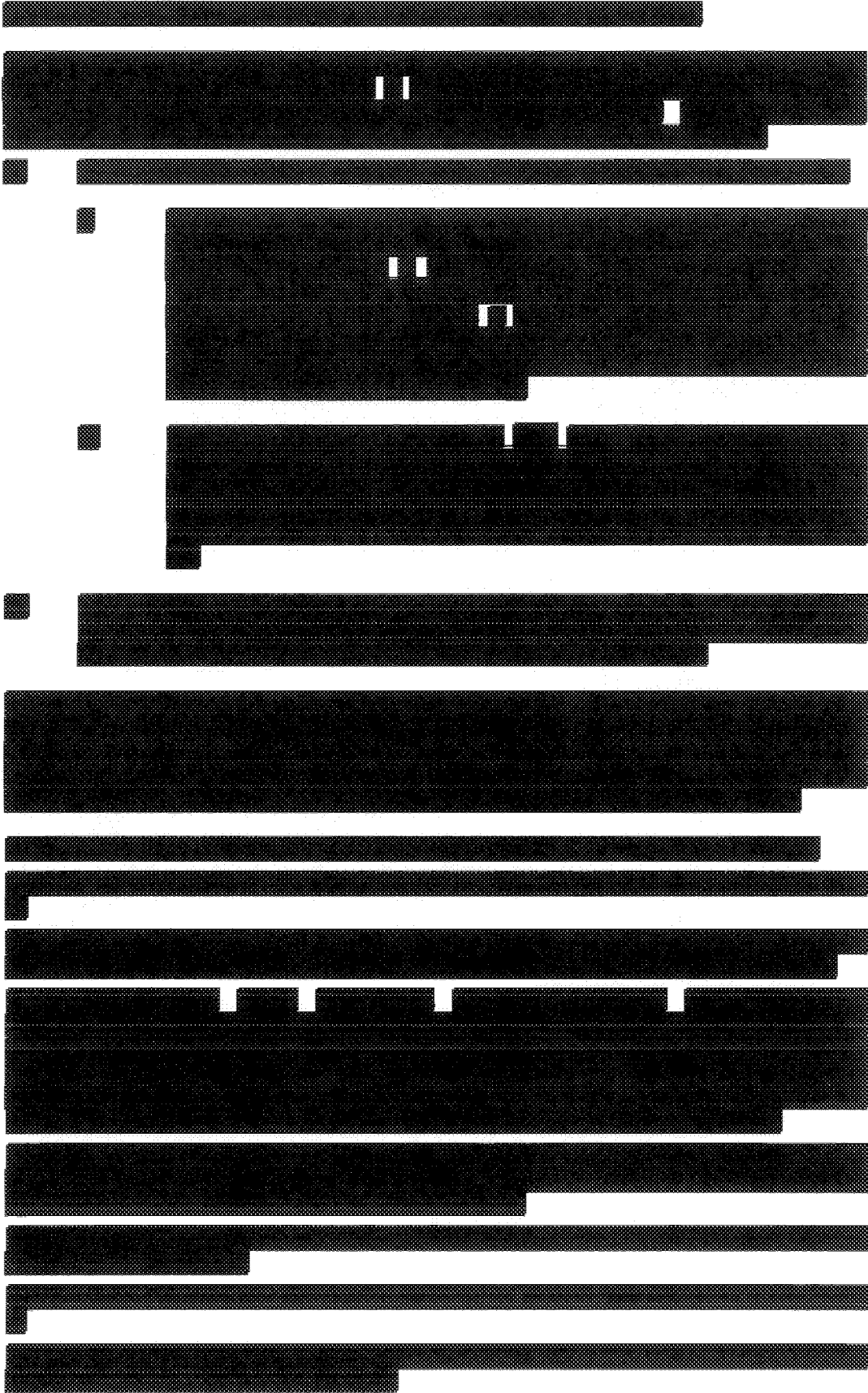
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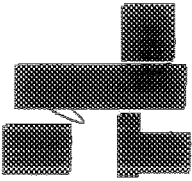
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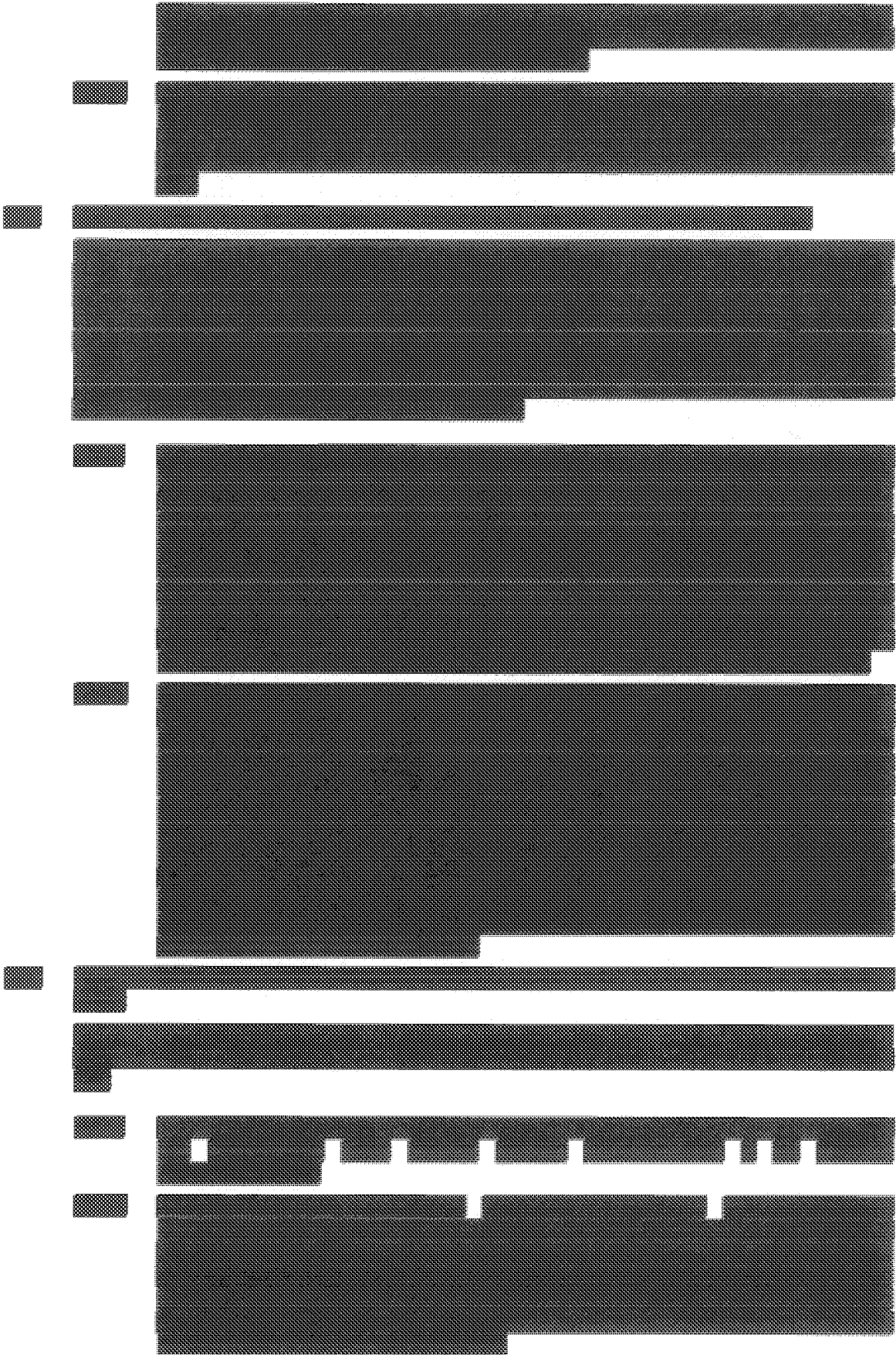
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Schedule 12
OCCUPATIONAL INTERESTS

HARMSWORTH QUAY

Date	Document	Parties
Area 2b at Robert's Close London Square Developments Limited		
01.08.2017	Statutory Declaration	██████████
31.08.2017	Tenancy Agreement	(1) BL CW Holdings Limited (2) London Square Developments Limited
31.08.2017	Licence to Alter	(1) BL CW Holdings Limited (2) London Square Developments Limited
(1) Harmsworth Quay		
31.01.2017	Statutory Declaration	██████████
02.02.2017	Licence to Underlet	(1) The Mayor and Burgesses of the London Borough of Southwark (2) British Land Property Management Limited (3) Xcite Campaign Management Limited (4) Union Property Holdings (London) Limited
02.02.2017	Lease	(1) British Land Property Management Limited (2) Xcite Campaign Management Limited
28.02.2017	Tenancy at Will	(1) Xcite Campaign Management Limited (2) Sophie Clayton
09.03.2017	Licence to Underlet	(1) British Land Property Management Limited (2) Xcite Campaign Management Limited (3) The New Craftsmen Limited

08.03.2017	Statutory Declaration	██████████
21.04.2017	Tenancy agreement	(1) Xcite Campaign Management Limited (2) The New Craftsmen Limited
27.11.2017	Deed of Variation	(1) BL CW Holdings Limited (2) Xcite Campaign Management Limited

SURREY QUAYS LEISURE PARK

Date	Document	Parties
The Quebec Curve		
27/03/1997	Agreement relating to Development & Leasing	(1) Morrison Developments Limited (2) Regent Inns Plc
13/08/1998	Lease	(1) General Accident Life Assurance Limited (2) Regent Inns Plc
13/08/1998	Licence to carry out Alterations	(1) General Accident Life Assurance Limited (2) Regent Inns Plc
12/11/2008	Landlord and Tenant Act 1954 Statutory Declaration	██████████
19/11/2008	Agreement for Lease	(1) Marston's Plc acting as agent and attorney for Wizard Inns Limited (2) Cafe East Pho (UK) Limited
19/11/2008	Licence to underlet	(1) CGNU Life Assurance Limited (2) Wizard Inns Limited (3) Cafe East Pho (UK) Limited
19/11/2008	Underlease	(1) Marston's Plc acting as agent and attorney for Wizard Inns Limited (2) Cafe East Pho (UK) Limited
21/11/2008	Notice of Underletting	(1) CGNU Life Assurance Limited (2) Wizard Inns Limited
18/02/2011	Rent Review Memorandum	(1) Aviva Life & Pensions UK Limited (2) Wizard Inns Limited
13/06/2014	Deed of Surrender	(1) Aviva Life & Pensions UK Limited (2) Wizard Inns Limited
15/07/2014	Rent Review Memorandum	(1) Aviva Life & Pensions UK Limited (2) Cafe East Pho (UK) Limited
15/07/2014	Deed of Confirmation	(1) Aviva Life & Pensions UK Limited (2) Cafe East Pho (UK) Limited
The Restaurant (formerly known as Fatty Arbuckles)		

Date	Document	Parties
27/03/1997	Agreement relating to Development & Leasing	(1) Morrison Developments Limited (2) Fatty Arbuckles Limited
01/04/1998	Supplemental Agreement	(1) Morrison Developments Limited (2) Fatty Arbuckles Limited
08/10/1998	Lease	(1) CGU Life Assurance Limited (2) Fatty Arbuckles Limited
08/10/1998	Licence to carry out Alterations	(1) General Accident Life Assurance Limited (2) Fatty Arbuckles Limited
17/03/2004	Rent Review Memorandum	(1) CGNU Life Assurance Limited (2) Whirlwind Restaurants Limited
04/12/2006	Licence to Assign	(1) CGNU Life Assurance Limited (2) Whirlwind Restaurants Limited (in administration) (3) Geoffrey Lambert Carton- Kelly & Michael David Rollings (4) City Centre Restaurants (UK) Limited
04/12/2006	Form TR1	(1) Whirlwind Restaurants Limited (2) City Centre Restaurants (UK) Limited
16/02/2007	Notice of Dealing	(1) Whirlwind Restaurants Limited (2) CGNU Life Assurance Limited
26/02/2007	Receipt of Notice of Dealing	(1) Whirlwind Restaurants Limited (2) CGNU Life Assurance Limited
07/02/2008	Retrospect Licence to alter	(1) CGNU Life Assurance Limited (2) City Centre Restaurants (UK) Limited
21/12/2009	Rent Review Memorandum	(1) Aviva Life & Pensions UK Limited (2) City Centre Restaurants (UK) Limited
01/05/2014	Rent Review Memorandum	(1) Aviva Life & Pensions UK Limited (2) The Restaurant Group (UK) Limited
20/11/2014	Landlord and Tenant Act 1954 Statutory Declaration	Richard Patrick Harwood Perkins
20/11/2014	Agreement to Surrender	(1) Aviva Life & Pensions UK Limited (2) The Restaurant Group (UK) Limited
20/11/2014	Deed of Variation	(1) Aviva Life & Pensions UK Limited (2) The Restaurant Group (UK) Limited
28/02/2017	Landlord and Tenant Act 1954 Statutory Declaration	██████████
20/03/2017	Landlord and Tenant Act 1954 Statutory Declaration	██████████
05/05/2017	Deed of Variation (of lease dated 8 October 1998)	(1) BL CW Holdings Limited (2) The Restaurant Group (UK) Limited
05/05/2017	Deed of Variation (of an	(1) Surrey Quays Limited

Date	Document	Parties
	agreement to surrender dated 20 November 2014)	(2) BL CW Holdings Limited (3) The Restaurant Group (UK) Limited
Gala Bingo & Social Club		
18/07/1996	Agreement relating to Development & Leasing	(1) Mast Leisure Developments Limited (2) First Leisure Trading Limited (3) First Leisure Corporation Plc
16/12/1996	Agreement varying Agreement for Lease dated 18/07/1995	(1) Mast Leisure Developments Limited (2) First Leisure Trading Limited (3) First Leisure Corporation Plc
01/07/1998	Lease	(1) General Accident Life Assurance Limited (2) First Leisure Trading Limited (3) First Leisure Corporation Plc
31/07/1998	Licence to Assign and Charge	(1) General Accident Life Assurance Limited (2) First Leisure Trading Limited (3) Riva Clubs Limited (4) First Leisure Corporation Plc
31/07/1998	Supplemental Lease	(1) General Accident Life Assurance Limited (2) First Leisure Trading Limited (3) First Leisure Corporation Plc
31/07/1998	Licence to carry out Alterations	(1) General Accident Life Assurance Limited (2) First Leisure Trading Limited (3) First Leisure Corporation Plc
17/08/1998	Notice of Assignment	(1) First Leisure Trading Limited (2) General Accident Life Assurance Limited
29/09/2004	Rent review memorandum	(1) CGNU Life Assurance Limited (2) Gala Leisure (2000) Limited (3) First Leisure Corporation Plc
13/05/2005	Licence to Alter	(1) CGNU Life Assurance Limited (2) Gala Leisure (2000) Limited
29/04/2009	Rent Review Memorandum	(1) CGNU Life Assurance Limited (2) Gala Leisure (2000) Limited (3) Gala Group Investments Limited
15/01/2013	Licence to Assign	(1) Aviva Life & Pensions UK Limited (2) Gala Leisure (2000) Limited (3) Gala Leisure Limited (4) Gala Group Investments Limited
15/01/2013	Form TR1	(1) Gala Leisure (2000) Limited (2) Gala Leisure Limited
15/01/2013	Notice of Assignment	(1) Gala Leisure (2000) Limited (2) Aviva Life & Pensions UK Limited
27/08/2014	Landlord and Tenant Act 1954 Statutory Declaration	██████████

Date	Document	Parties
	(Guarantor - main lease)	
27/08/2014	Landlord and Tenant Act 1954 Statutory Declaration (Guarantor - supplemental lease)	██████████
27/08/2014	Landlord and Tenant Act 1954 Statutory Declaration (Tenant - main lease)	██████████
27/08/2014	Landlord and Tenant Act 1954 Statutory Declaration (Tenant - supplemental lease)	██████████
28/08/2014	Deed of Variation	(1) Aviva Life & Pensions UK Limited (2) Gala Leisure Limited (3) Gala Group Investments Limited
28/08/2014	Agreement to Surrender	(1) Aviva Life & Pensions UK Limited (2) Gala Leisure Limited (3) Gala Group Investments Limited
10/02/2015	Rent Review Memorandum	(1) Aviva Life & Pensions UK Limited (2) Gala Leisure Limited
05/12/2016	Landlord and Tenant Act 1954 Statutory Declaration (Agreement to surrender)	██████████
09/12/2016	Agreement to Surrender	(1) Surrey Quays Limited (2) Gala Leisure Limited
09/12/2016	Deed of Variation	(1) Surrey Quays Limited (2) Gala Leisure Limited
09/12/2016	Rent Review Memorandum	(1) Surrey Quays Limited (2) Gala Leisure Limited
09/12/2016	Side Letter	(1) Surrey Quays Limited (2) Gala Leisure Limited
Restaurant at Mast Leisure Complex		
27/11/1997	Agreement relating to Development & Leasing	(1) Morrison Developments Limited (2) Pizza Hut (UK) Limited
25/08/1998	Lease	(1) General Accident Life Assurance Limited (2) Pizza Hut (UK) Limited
25/08/1998	Licence to carry out Alterations	(1) General Accident Life Assurance Limited (2) Pizza Hut (UK) Limited
04/04/2005	Rent Review Memorandum	(1) CGNU Life Assurance Limited (2) Pizza Hut (UK) Limited
18/05/2011	Rent review memorandum	(1) Aviva Life & Pensions UK Limited (2) Pizza Hut (UK) Limited
18/05/2011	Deed of Variation	(1) Aviva Life & Pensions UK Limited

Date	Document	Parties
		(2) Pizza Hut (UK) Limited
24/11/2014	Landlord and Tenant Act 1954 Statutory Declaration	██████████
24/11/2014	Agreement to Surrender	(1) Aviva Life & Pensions UK Limited (2) Pizza Hut (UK) Limited
24/11/2014	Deed of Variation	(1) Aviva Life & Pensions UK Limited (2) Pizza Hut (UK) Limited
24/11/2014	Rent Review Memorandum	(1) Aviva Life & Pensions UK Limited (2) Pizza Hut (UK) Limited
24/11/2014	Side Letter	(1) Aviva Life & Pensions UK Limited (2) Pizza Hut (UK) Limited
09/09/2016	Landlord and Tenant Act 1954 Statutory Declaration	██████████
12/09/2016	Lease	(1) Surrey Quays Limited (2) Pizza Hut (UK) Limited
Indoor Bowling Centre		
30/09/1996	Agreement relating to Development & Leasing	(1) Mast Leisure Developments Limited (2) Bass Leisure Activities Limited
27/04/2000	Deed of Novation	(1) CGU Life Assurance Limited (2) Gala Holdings Limited (3) Bass Taverns Limited (4) Morrison Developments Limited
27/04/2000	Lease	(1) CGU Life Assurance Limited (2) Bass Taverns Limited
23/10/2001	Memorandum and Terms of Consent	(1) CGNU Life Assurance Limited (2) Six Continents Retail Limited
13/08/2010	Debenture	(1) AMF Bowling Limited (2) Barclays Bank Plc
17/08/2010	Rent review memorandum	(1) Aviva Life & Pensions UK Limited (2) Mitchells & Butlers Retail Limited
25/03/2011	Licence to assign	(1) Aviva Life & Pensions UK Limited (2) Mitchells & Butlers Retail Limited (3) The Original Bowling Company Limited
19/05/2011	Form TR1	(1) Mitchells & Butlers Retail Limited (2) The Original Bowling Company Limited
08/07/2011	Notice of Assignment	(1) Mitchells & Butlers Retail Limited (2) Aviva Life & Pensions UK Limited
08/07/2011	Notice of Charge	(1) The Original Bowling Company Limited (2) Aviva Life & Pensions UK Limited
11/08/2014	Landlord and Tenant Act 1954 Statutory Declaration	██████████

Date	Document	Parties
13/08/2014	Letter of Consent	(1) Barclays Bank plc (2) The Original Bowling Company Limited
13/08/2014	Agreement to Surrender	(1) Aviva Life & Pensions UK Limited (2) The Original Bowling Company Limited
13/08/2014	Deed of Variation	(1) Aviva Life & Pensions UK Limited (2) The Original Bowling Company Limited
22/08/2014	Rent Review Memorandum	(1) Aviva Life & Pensions UK Limited (2) The Original Bowling Company Limited
12/05/2016	Deed of Variation	(1) Surrey Quays Limited (2) The Original Bowling Company Limited
The Multiplex Cinema		
26/07/1996	Agreement relating to Development and Leasing	(1) Mast Leisure Developments Limited (2) United Cinemas International (UK) Limited (3) United Cinemas International Multiplex BV
17/09/1996	Board resolution	(1) United Cinemas International Multiplex BV
17/09/1996	Board resolution	(1) United Cinemas International (UK) Limited
23/10/1996	Agreement varying Agreement for Lease	(1) Mast Leisure Developments Limited (2) United Cinemas International (UK) Limited (3) United Cinemas International Multiplex BV
24/09/1998	Lease	(1) General Accident Life Assurance Limited (2) United Cinemas International (UK) Limited (3) United Cinemas International Multiplex BV
24/09/1998	Licence to carry out Alterations	(1) General Accident Life Assurance Limited (2) United Cinemas International (UK) Limited (3) United Cinemas International Multiplex BV
19/11/2004	Rent Review Memorandum	(1) CGNU Life Assurance Limited (2) United Cinemas International (UK) Limited
11/05/2005	Letter attaching certified copy of Sixth Schedule of Lease (Compound Rent) including uplift figures	(1) United Cinemas International (UK) Limited
28/07/2005	Party Wall Award	(1) CGNU Life Assurance Limited (2) United Cinemas International (UK) Limited
25/04/2007	Licence to Alter	(1) CGNU Life Assurance Limited (2) United Cinemas International (UK) Limited (3) United Cinemas International Multiplex BV
11/09/2008	Rent Review Memorandum	(1) CGNU Life Assurance Limited (2) United Cinemas International (UK) Limited (3) United Cinemas International Multiplex BV
02/02/2010	Outside Seating Licence	(1) Aviva Life & Pensions UK Limited (2) United Cinemas International (UK) Limited (3) United Cinemas International Multiplex BV

Date	Document	Parties
25/11/2013	Rent Review Memorandum	(1) Aviva Life and Pensions UK Limited (2) United Cinemas International (UK) Limited (3) United Cinemas International Multiplex BV
15/08/2014	Landlord and Tenant Act 1954 Statutory Declaration (Tenant)	[REDACTED]
15/08/2014	Landlord and Tenant Act 1954 Statutory Declaration (Guarantor)	[REDACTED]
22/08/2014	Agreement to Surrender	(1) Aviva Life & Pensions UK Limited (2) United Cinemas International (UK) Limited (3) United Cinemas International Multiplex BV
22/08/2014	Deed of Variation	(1) Aviva Life & Pensions UK Limited (2) United Cinemas International (UK) Limited (3) United Cinemas International Multiplex BV
16/05/2017	Landlord and Tenant Act 1954 Statutory Declaration (Tenant)	[REDACTED]
16/05/2017	Landlord and Tenant Act 1954 Statutory Declaration (Tenant)	[REDACTED]
16/05/2017	Landlord and Tenant Act 1954 Statutory Declaration (Guarantor)	[REDACTED]
16/05/2017	Landlord and Tenant Act 1954 Statutory Declaration (Guarantor)	[REDACTED]
16/05/2017	Deed of Variation (of an agreement to surrender dated 22 August 2014)	(1) Surrey Quays Limited (2) BL CW Holdings Limited (3) United Cinemas International (UK) Limited (4) United Cinemas International Multiplex BV




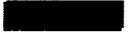
Dock Manager's Office

Date	Document	Parties
17/07/2015	Lease	(1) AmicusHorizon Limited (2) London College of International Business Studies
17/07/2015	Rent Deposit Deed	(1) AmicusHorizon Limited (2) London College of International Business Studies
01/03/2017	Licence to Alter	(1) Canada Water Offices

		Limited (2) London College of International Business Studies
08/09/2017	Deed of Variation	(1) Canada Water Offices Limited (2) London College of International Business Studies

DOCK OFFICES

Date	Document	Parties
Units 1 & 1a		
23/01/2018	Landlord and Tenant Act 1954 Statutory Declaration	██████████
24/01/2018	Lease	(1) Canada Water Offices Limited (2) The Poetry School
24/01/2018	Side letter	(1) Canada Water Offices Limited (2) The Poetry School
24/01/2018	Memorandum of understanding	(1) Canada Water Offices Limited (2) The Poetry School
Unit 3		
03/08/1987	Lease	(1) Berkley House Investments Limited (2) Nicholas Harper and Malcolm Harrison
21/09/2000	Deed of Variation	(1) Gabriel Rothbart (2) Nicholas Harper and Malcolm Harrison and Gary Hunter
21/12/2017	Deed of Variation	(1) Canada Water Offices Limited (2) Nicholas Harper and Malcolm Harrison
Unit 4		
31/03/2015	Lease	(1) Hazelville Limited (2) The Tree Council
31/03/2015	Rent Deposit Deed	(1) Hazelville Limited (2) The Tree Council
Unit 5		

06/04/2017	Landlord and Tenant Act 1954 Statutory Declaration	
07/04/2017	Lease	(1) Canada Water Offices Limited (2) Caatylst UK Ltd
07/04/2017	Rent Deposit Deed	(1) Canada Water Offices Limited (2) Caatylst UK Ltd
Unit 6		
23/06/2015	Lease	(1) Hazelville Limited (2) Aethersys Limited
23/06/2015	Rent Deposit Deed	(1) Hazelville Limited (2) Aethersys Limited
Unit 7		
29/06/2017	Landlord and Tenant Act 1954 Statutory Declaration	
03/07/2017	Lease	(1) Canada Water Offices Limited (2) Expat Explore Travel Ltd
Unit 8		
18/12/2014	Lease	(1) Hazelville Limited (2) Adroit Accountax Limited
18/12/2014	Rent Deposit Deed	(1) Hazelville Limited (2) Adroit Accountax Limited
Unit 9		
29/06/2017	Landlord and Tenant Act 1954 Statutory Declaration	
03/07/2017	Lease	(1) Canada Water Offices Limited (2) Expat Explore Travel Ltd
Unit 10 & 11		
17/01/2018	Landlord and Tenant Act 1954 Statutory Declaration	
18/01/2018	Licence to Alter	(1) Canada Water Offices Limited (2) Bodytonic Clinic Limited
18/01/2018	Deed of Deposit	(1) Canada Water Offices Limited (2) Bodytonic Clinic Limited

18/01/2018	Lease	(1) Canada Water Offices Limited (2) Bodytonic Clinic Limited
Unit 14		
23/04/2014	Lease	(1) Hazelville Limited (2) Independent Academic Research Studies International Institute
23/04/2014	Rent Deposit Deed	(1) Hazelville Limited (2) Independent Academic Research Studies International Institute

POLICE STATION

27/04/1964	Transformer Substation	(1) The Receiver for the Metropolitan Police District (2) The London Electricity Board
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Schedule 13

DEEDS

HARMSWORTH QUAY

Date	Document	Parties
27.04.2012	Agreement	(1) Associated Newspapers Limited (2) British Land Property Management Limited (3) Union Property Holdings (London) Limited

SURREY QUAYS LEISURE PARK

Date	Document	Parties
24.09.1996	Agreement	(1) The Mayor and Burgesses of the London Borough of Southwark (2) Mast Leisure Developments Limited (3) London Docklands Development Corporation
23.10.1996	Deed of Easement	(1) London Docklands Development Corporation (2) The Mayor and Burgesses of the London Borough of Southwark (3) Mast Leisure Developments Corporation
05.05.1999	Wayleave Agreement	(1) CGU Life Assurance Limited (2) British Telecommunications plc
20.10.2010	Agreement	(1) The Mayor and Burgesses of the London Borough of Southwark (2) Aviva Life & Pensions UK Limited
25.02.2015	Agreement	(1) Aviva Life & Pensions UK Limited (2) Surrey Quays Limited

Schedule 14

INFRASTRUCTURE AND GENERAL DEVELOPMENT COSTS: SITE WIDE AND MULTI-PLOT

[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]
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[REDACTED]	[REDACTED]
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[REDACTED]	[REDACTED]
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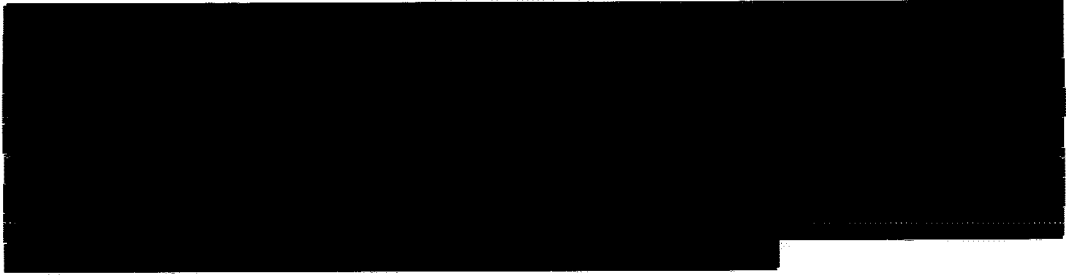
[REDACTED]

[REDACTED]

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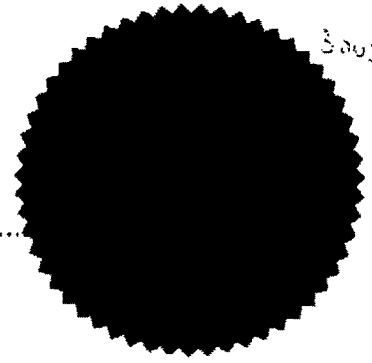


The Common Seal of **The MAYOR
AND BURGESSES OF THE LONDON BOROUGH
OF SOUTHWARK** was
hereunto affixed in the presence of :



Authorised Signatory

EMILY SPINK to do



EXECUTED as a Deed
(but not delivered until dated) by
BL CW HOLDINGS LTD
acting by two Directors/a Director and
the Secretary:

)
)
)
)
)
)

Director



Director/Secretary



EXECUTED as a Deed
(but not delivered until dated) by
BL CW DEVELOPMENTS LIMITED
acting by two Directors/a Director and
the Secretary:

)
)
)
)
)
)

Director



Director/Secretary



EXECUTED as a Deed
(but not delivered until dated) by
THE BRITISH LAND COMPANY PLC acting by two
Directors/a Director
and the Secretary:

)
)
)
)
)
)

Director



Director/Secretary





HERBERT
SMITH
FREEHILLS

..... 20[•]

THE MAYOR AND BURGESSES OF THE LONDON BOROUGH OF SOUTHWARK

and

BL CW HOLDINGS LIMITED

**HEADLEASE
of
Land at Canada Water in the London Borough
of Southwark**

Herbert Smith Freehills LLP

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Appendix 1: Plans

Appendix 2: Draft Plot Sublease

Appendix 3: Draft Direct Deed



LAND REGISTRY PRESCRIBED CLAUSES

LR1. Date of lease	[•]
LR2. Title number(s)	<p>LR2.1 Landlord's title number(s) TGL340140, TGL339299 and <i>[the title number to be allocated to the Headlease(s) granted by BL to LBS]</i> ██ ██ ██</p> <p>LR2.2 Other title numbers SGL39254 ██ ██ ██ ██</p>
LR3. Parties to this lease	<p>Landlord THE MAYOR AND BURGESSES OF THE LONDON BOROUGH OF SOUTHWARK of 160 Tooley Street, London SE1 2QH</p> <p>Tenant BL CW HOLDINGS LIMITED whose registered office is York House, 45 Seymour Street, London W1H 7LX (Co. Regn. No. 10398435)</p>
LR4. Property	<p>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.</p> <p>The premises as defined as the "Premises" in Clause 1 of this lease.</p>
LR5. Prescribed statements etc.	None
LR6. Term for which the Property is leased	The term as defined as the "Term" in Clause 1 of this lease.
LR7. Premium	£[•] ██ ██
LR8. Prohibitions or restrictions on disposing of this lease	This lease contains a provision that prohibits or restricts dispositions.
LR9. Rights of acquisition etc.	<p>LR9.1 Tenant's contractual rights to renew this lease, to acquire the reversion or another lease of the Property, or to acquire an interest in other land The right specified in Clause 5.2 of this lease.</p> <p>LR9.2 Tenant's covenant to (or offer to) surrender this lease None</p> <p>LR9.3 Landlord's contractual rights to acquire this lease None</p>
LR10. Restrictive covenants given in this lease	None

by the Landlord in respect of land other than the Property	
LR11. Easements	<p>LR11.1 Easements granted by this lease for the benefit of the Property</p> <p>The easements as specified in Part 3 of Schedule 1 to this lease.</p> <p>LR11.2 Easements granted or reserved by this lease over the Property for the benefit of other property</p> <p>The easements as specified in Part 2 of Schedule 1 to this lease.</p>
LR12. Estate rent charge burdening the Property	None
LR13. Application for standard form of restriction	The restriction as specified in Clause 5.2.8 of this lease – standard form L.
LR14. Declaration of trust where there is more than one person comprising the Tenant	Not applicable

THIS LEASE is made on the date and between the parties specified in the HM Land Registry Prescribed Clauses

1. **DEFINITIONS**

The following expressions have the respective specified meanings:

"1990 Act" means the Town and Country Planning Act 1990 (as amended by the Planning and Compulsory Purchase Act 2004) and, to the extent applicable, the Planning Act 2008;

"1995 Act" means the Landlord and Tenant (Covenants) Act 1995;

"Access Strip" means the strip of land separating the Police Station from Lower Road which is registered at HM Land Registry with Absolute Title under title number SGL39254 as at the date of this lease and which is shown edged red on Plan 9, and any other adjacent or neighbouring land to the Police Station within the ownership of the Landlord as at the date of this lease;

"Account Date" means 1 April or such other date as the Tenant may nominate from time to time;

"Accounting Year" means as appropriate:

- (a) the period from and including the date of this lease to and including the day immediately preceding the first Account Date to occur during the Term;
- (b) the year from and including each Account Date to and including the day immediately preceding the Account Date in each succeeding year of the Term;
- (c) the period beginning on and including the Account Date prior to and ending on the expiration or sooner determination of the Term;

and **"Relevant Accounting Year"** shall be construed accordingly;

"Adjoining Property" means any land adjoining or neighbouring the Premises owned by the Landlord from time to time and any building from time to time erected on it;

"Affordable Housing Lease" means an Affordable Housing Lease as defined in and entered into as contemplated by the provisions of the Master Development Agreement;

[REDACTED]

"Base Rate" means the base rate of Barclays Bank Plc or of such other United Kingdom bank as the Landlord may reasonably nominate at any time;

"Building" means the building or buildings from time to time erected or constructed on the Premises, including any replacement building or buildings following the Initial Development, any Subsequent Development or any other works on the Premises;

"Boundary Wall" means the retaining wall which, as at the date of this lease, runs along the western edge of the Existing SQSC Premises;

"Co-Investment Schedule" means Schedule 11 to the Master Development Agreement (Co-Investment);

"Combined Subsequent Development" means (at the Tenant's election) a material redevelopment of the Premises which straddles or will straddle the whole or part of two or more Development Plots or the whole or part of one or more Development Plots and part of the Retained Premises;

"Conduits" means any pipe, pipeline, tube, drain, culvert, sewer, flue, duct, gutter, wire, cable, optic fibre, conduit, channel and other conducting and service media and systems of any description, function or purpose for the passage or transmission of any services or

supplies, including all related structures, plant, machinery, apparatus, valves, meters, pumps, switchgear and similar apparatus and any other apparatus ancillary thereto;

"Council" means The Mayor and Burgesses of the London Borough of Southwark (being the Landlord at the date of this lease) or any Statutory Successor;

"Deferred Premium" means the deferred premium as defined in paragraph 2.1 of Schedule 3 and which is payable in accordance with Schedule 3;

"Development Plot" means:

- (a) a Plot in respect of which a Plot Proposal (as defined in the Co-Investment Schedule) has been submitted pursuant to the Co-Investment Schedule and the Plot Investment Commencement Date (as defined in the Co-Investment Schedule) has occurred in relation to the relevant Plot (as may be amended from time to time pursuant to paragraph 12.5 of Schedule 4); and
- (b) any New Development Plot,

but in any case excluding any Replaced Development Plot;

"Disposition" means:

- (a) the sale and purchase of (i) the freehold or lease reversion (as applicable) immediately expectant on the determination of this lease or any part of it from time to time [REDACTED];
- (b) the grant of any tenancy of (i) the reversion (whether mediately or immediately) expectant on the determination of this lease or any part of it from time to time [REDACTED]; or
- (c) the assignment of the right to receive the rents payable under this lease,

but in each case excluding any such Disposition to a Statutory Successor, and **"Dispose"** shall be construed accordingly;

"Direct Deed" means a deed or deeds to be entered into or entered into (as the case may be) between (inter alia) (1) the Landlord (2) the Tenant and (3) an Investment Undertenant, a Plot Subtenant or a Subsequent Subtenant in accordance with this lease (as varied from time to time);

[REDACTED]
[REDACTED]

"Enactment" means all Parliamentary and subordinate legislation (including all regulations, directives, schemes and rules) and bye-laws in force from time to time;

"Energy Centre" means any energy centre(s) and district heat network(s) and all other associated plant, machinery, buildings, systems and equipment for the provision of heat, light, power and other services, and all associated infrastructure, and any solar panels, wind turbines and any other systems, equipment, buildings or structures used in the generation capture storage or provision of energy;

"Estate" means the land and buildings known as the Canada Water estate shown edged red [and edged blue] on Plan 3 (which includes, for the avoidance of doubt, the Premises [REDACTED]), together with such other land as the Tenant may from time to time reasonably specify by (and with effect from the date of) notice to the Landlord; [REDACTED]

[REDACTED]

"Estate Areas" means such pedestrian ways, footpaths, roads, highways, cycle ways, junctions turning spaces, roundabouts, parking facilities, waterways, plazas, squares, open spaces, paving, landscaped areas, planting and such other infrastructure of a similar nature or purpose, whether public or private (comprising part of the Estate but which form part of the Premises from time to time) as replaced or varied from time to time, including as a consequence of the Initial Development, any Subsequent Development and any other works on the Premises, being, for the avoidance of doubt, areas upon which no buildings

are from time to time constructed or upon which buildings have been demolished either as part of the Initial Development or any Subsequent Development or any other works on the Premises;

"Estimated Rental Value" means the aggregate of the annual market rent (as determined in accordance with VPS 4 paragraph 5 of the RICS Valuation – Global Standards 2017 as amended or substituted from time to time but such market rent shall in any event exclude any VAT) in respect of each Lettable Unit (as defined in Schedule 2) as at the date of the relevant Proposal;

"Estimated Sales Proceeds" means the aggregate of the Market Value (as defined in Schedule 2) of each Sale Unit which has not been the subject of a Disposal (as defined in Schedule 2) as at the date of the relevant Proposal;

"Existing SQSC Lease" means a lease dated 19 January 1989 made between (1) London Docklands Development Corporation and (2) Tesco Holdings Limited; and a supplemental lease dated 20 June 1997 made between (1) London Docklands Development Corporation and (2) Shopping Centres Limited and registered at HM Land Registry under title number TGL22620;

"Existing SQSC Premises" means the premises known as at the date of this lease as Surrey Quays Shopping Centre, Canada Water comprised in the Existing SQSC Lease;

"Expert" means an expert appointed pursuant to Clause 7;

"Final Plot Practical Completion Date" means the date on which Practical Completion (as defined in the Master Development Agreement) of the final Plot specified in the Master Plan occurs;

"Infrastructure" means (a) any Estate Areas (b) any Energy Centre (c) any roads, paths, walls, retaining walls, barriers, sluices, gates, dams, canals, waterways, footways, highways, cycle ways, junctions, bridges, roundabouts, verge landscaping, parking facilities, signage and lighting all of which whether public or private and any other works of a similar nature or for a similar purpose (d) pumping stations, pumping mains, surface water drainage sewers, drainage, fountains, water features and associated balancing lagoons and other requisite apparatus (e) any Conduits (f) substations, governor houses and control apparatus (g) recycling centres, processing facilities, compacting facilities and all associated infrastructure (h) landscaping, planting, paving, open space, structural landscaping, tree belts and noise bunds and (i) any other works or facilities, materials or equipment necessary to allow the Initial Development or the Subsequent Development to be brought forward serving the Premises and/or the Estate (as applicable);

"Initial Development" means the development of the Premises (and, where applicable, parts of the Estate) in accordance with the Master Development Agreement;

"Initial Plot Development" means the development of the Premises in accordance with the Master Development Agreement but only so far as it relates to the development of the relevant Plot and/or any Infrastructure serving the relevant Plot;

"Initial Plot Development Practical Completion Date" means the date on which the certificate of practical completion for the whole of the relevant Initial Plot Development or the final element of it (as the case may be) is issued pursuant to the relevant building contract;

"Insured Risks" means fire, lightning, explosion, riot, civil commotion, strikes, labour and political disturbances, malicious damage, aircraft and aerial devices (other than hostile aircraft and devices) and articles accidentally dropped from them, storm, tempest, flood, bursting or overflowing of water tanks and pipes, impact, earthquake, accidental damage to underground water, oil and gas pipes or electricity wires and cables, subsidence, landslip and heave and acts of terrorism, and such other property risks as the Tenant may reasonably from time to time insure, subject to any condition, exclusion or limitation which may be imposed by the Tenant's insurers but does not include any excess;

"Investment Undertenant" means the tenant from time to time of a Permitted Investment Underlease;

"Leisure Centre Site" means the land shown edged red on Plan 4 on which a new public leisure centre will be constructed or such other site as shall be agreed pursuant to the Master Development Agreement;

"Leisure Centre Site Sublease" means the sublease of the Leisure Centre Site to be granted out of this lease to the Council pursuant to the provisions of the Master Development Agreement;

"Library" means the building which is, as at the date of this lease, situated on premises adjacent to the Plaza and which is, at the date of this lease, used as a public library;

"Library Overhang" means that part of the Library which, as at the date of this lease, projects over the Premises;

"Master Development Agreement" means the master development agreement dated [●] relating to the Initial Development and the grant of this lease (amongst other things) and made between (1) The Mayor and Burgesses of the London Borough of Southwark (2) BL CW Holdings Limited (3) BL CW Developments Limited and (4) The British Land Company PLC;

"Master Plan" has the meaning given to that term in the Master Development Agreement;

"New Development Plot" means a part of the Premises which is deemed to be Development Plot pursuant to paragraph 12.3.1, paragraph 12.4.1(A) or paragraph 12.5.1 of Schedule 4 (as applicable);

"Permitted Investment Underlease" means an underlease of the whole or any part of the Premises granted out of this lease in accordance with Clause 4.8.3 or Clause 4.8.4(A) as applicable;

"Permitted Investment Underlease Premises" means the premises demised (or to be demised) by a Permitted Investment Underlease;

"Phase 1 Completion Date" means the date on which Phase 1 Completion (as defined in the Master Development Agreement) occurs;

"Planning Law" means every Enactment and, to the extent they relate to the Premises, planning permission, statutory consent and agreement made under any Enactment relating to the use, development and occupation of land;

"Planning Obligation" means an agreement or undertaking in respect of the Initial Development or any Subsequent Development or otherwise relating to the Premises and/or the Estate and/or the Plaza and/or Redbridge Square (whether or not also affecting other property) pursuant to section 106 of the 1990 Act, section 111 Local Government Act 1972, sections 38, 184 or 278 Highways Act 1980, section 33 Local Government (Miscellaneous Provisions) Act 1982, section 98 or 104 Water Industry Act 1991, section 2 of the Local Government Act 2000 or any other statutory provisions whereby the Initial Development or any Subsequent Development is bound by obligations enforceable by any third party;

"Plans" means the plans annexed to this lease at Appendix 1 and **"Plan 1"**, **"Plan 2"**, **"Plan 3"**, **"Plan 4"**, **"Plan 5"**, **"Plan 6"**, **"Plan 7"**, **"Plan 8"** and **"Plan 9"** means each of them so marked; [REDACTED]

"Plaza" means the plaza at Canada Water which, as at the date of this lease, is shown edged blue on Plan 5;

"Plot" means any part of the Premises that is identified as a separate development plot by the developer pursuant to the Master Development Agreement and which is the subject of a Plot Sublease from time to time;

"Plot Sublease" means an underlease of the whole of a Plot granted out of this lease from time to time in accordance with Clause 4.8.5 (as varied in accordance with Clause 4.8.6 and supplemented from time to time);

"Plot Subsequent Development" means any redevelopment or refurbishment of the whole or any part of any Development Plot or any Building on any Development Plot which is carried out after the Initial Plot Development Practical Completion Date for the relevant Development Plot and in relation to which the anticipated or projected capital expenditure at the time of the Proposal is greater than the higher of:

- (a) the aggregate of the Net Rental Income and the Net Non-Residential Sales Proceeds (in each case, as defined in Schedule 2) due to the Relevant Tenant (as defined in Schedule 2) in the Accounting Year preceding the date of the Proposal; and
- (b) the Tenant's reasonable and proper estimation of the aggregate of the Estimated Rental Value and the Estimated Sales Proceeds in respect of the calendar year preceding the date of the Proposal;

"Plot Subtenant" means the tenant from time to time of a Plot Sublease;

"Police Station" means the premises known as at the date of this lease as Rotherhithe Police Station, 99 Lower Road, Canada Water, SE16 2XH and registered under title number TGL185589 as at the date of this lease;

"Pre-emption Land" means the interest the subject of any Disposition or proposed Disposition;

"Premises" means land at Canada Water in the London Borough of Southwark, being the premises described in Part 1 of Schedule 1;

"Premium" means the premium referred to at HM Land Registry Prescribed Clause LR7;

"Principal Rent" means the principal rent as defined in paragraph 2.1 of Schedule 2 and which is payable in accordance with Schedule 2;

"Proposal" has the meaning given to that term in Schedule 4;

"Redbridge Square" means the area known (as at the date of this lease) as Redbridge Square which, as at the date of this lease, is shown edged blue on Plan 6 and includes the Swing Bridge, the steps/staircases connecting into the Swing Bridge and the underpass running under the Swing Bridge and Redriff Road;

"Relevant Percentage" has the meaning given to that term in Schedule 2;

"Replaced Development Plot" has the meaning given to that term in paragraph 12.4.1(B)(1) of Schedule 4;

"Retained Premises" means such parts of the Premises as do not constitute Development Plots from time to time;

"Retained Premises Subsequent Development" means the first material development of the Retained Premises or any part of them after the Initial Development;

"Statutory Successor" means any successor authority which takes on the competence and responsibilities of The Mayor and Burgesses of the London Borough of Southwark and in which the assets (or a substantial part of the assets as shall include (but not exclusively comprise) the freehold reversion immediately expectant on the determination of this lease or any part of it) of The Mayor and Burgesses of the London Borough of Southwark shall from time to time become vested;

"SDLT" means stamp duty land tax (including interest and penalties, if any);

"Stipulated Rate" means a yearly rate of interest, calculated on a daily basis (both before and after any judgement), four per cent above the Base Rate;

"Subsequent Development" means any or all of the following:

- (a) a Plot Subsequent Development;
- (b) a Retained Premises Subsequent Development; and
- (c) a Combined Subsequent Development;

"Subsequent Sublease" means an underlease of the whole of a New Development Plot granted out of this lease in accordance with Clause 4.8.5 (as varied in accordance with Clause 4.8.6 and supplemented from time to time);

"Subsequent Subtenant" means the tenant from time to time of a Subsequent Sublease;

"Supplemental Headlease" means any lease or leases of Supplemental Premises made between the Landlord and the Tenant on substantially similar terms or by reference to this lease and designated by the Landlord and the Tenant as a lease or leases supplemental to this lease (in each case as varied or supplemented from time to time);

"Supplemental Premises" means the premises supplemental to the Premises which are the subject of a Supplemental Headlease;

"Swing Bridge" means the bridge located on Redbridge Square as at the date of this lease in the approximate location shown edged in red on Plan 7 and a reference to the Swing Bridge includes, where the context permits, any part of it;

"Tenant's Mortgagee" means any mortgagee or chargee of this lease, notice of whose mortgage or charge has been given to the Landlord;

"Tenant's obligations" means every tenant covenant, as defined by the 1995 Act, of this lease and of every collateral agreement, as so defined;

"Term" means 500 years from and including the date of this lease;

"Third Party Plot Sale" means a "Third Party Plot Sale", as defined in the Master Development Agreement;

"VAT" means Value Added Tax as referred to in the Value Added Tax Act 1994 (or any tax of a similar nature which may be substituted for, or levied in addition to, it);

[REDACTED]

"Water Pipeline" means the water pipeline leading from London Underground Limited's property to Canada Water, the route of which is shown by a green line (and marked "Pipeline Easement") on Plan 8 (and which was excluded from the Existing SQSC Premises); and

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

2. INTERPRETATION

2.1 Where a party is more than one person, their obligations are joint and several.

2.2 An obligation:

2.2.1 not to do or omit anything is also an obligation not to permit or suffer it being done or omitted by anyone deriving title from or tolerated by the person owing the obligation or by its or their employees or agents and to prevent or, as appropriate, to require it to be done;

2.2.2 to do or not omit anything is also an obligation to procure it; and

2.2.3 to make any payment or deposit requires it to be made so that the payee receives full value in cleared sterling funds on the date the payment is due or the deposit is made.

2.3 References in this lease to:

- 2.3.1 the Landlord mean the person for the time being entitled to the immediate reversion or interest expectant on the Term (save that for the purposes of Clause 4.8.5 to 4.8.8 (inclusive) and Schedule 4 the Landlord shall only mean successors in title to the properties referred to at HM Land Registry Prescribed Clause LR2.1 and shall not include any person to whom a lease of the reversion of this lease is granted);
- 2.3.2 the Tenant means the person for the time being entitled to the Term;
- 2.3.3 any Clause or Schedule are to those of this lease and references to any paragraph or Part are to those of the Clause or Schedule in which the reference appears;
- 2.3.4 a person entering the Premises or the Adjoining Property extend to anyone authorised by that person and to remaining on the Premises or the Adjoining Property (as the case may be) with any plant, equipment and materials;
- 2.3.5 a demand means a written one;
- 2.3.6 any consent, approval or agreement by the Landlord in connection with any proposed dealing with the Premises mean one delivered absolutely by the Landlord as a deed and, in connection with any other matter, mean one signed on the Landlord's behalf and, in every case, before the act requiring it and any statement that the consent, approval or agreement will not be unreasonably withheld also means that it will not be unreasonably delayed;
- 2.3.7 the Premises, the Adjoining Property, the Estate, the Estate Areas, any Building, [REDACTED], the Plaza and Redbridge Square extend, where the context permits, to any part of them;
- 2.3.8 a specific Enactment includes every modification, consolidation and re-enactment and extension of it;
- 2.3.9 the expiry of this lease mean the date when the tenancy constituted by it terminates and references to the last year of this lease mean the year ending on the expiry of this lease;
- 2.3.10 any payment being due under this lease means that it is exclusive of any VAT and that the Landlord or the Tenant (as applicable) shall upon payment issue to the other a validly addressed VAT invoice or credit note if and when it is statutorily obliged to do so;
- 2.3.11 anything which is stated to include anything else does not, by the inclusion, limit the generality of the matter referred to;
- 2.3.12 any act, default or omission by the Tenant include any act, default or omission by anyone who claims through the Tenant or any of their employees, agents or visitors; and
- 2.3.13 "land" have the meaning given by section 205 of the Law of Property Act 1925.

2.4 Clause and paragraph headings do not affect the construction of this lease.

3. **DEMISE**

In consideration of (inter alia) the Premium (including the Deferred Premium), the Landlord lets, with full title guarantee, the Premises to the Tenant for the Term together with the rights specified in Part 3 of Schedule 1 until the expiry of this lease, except and reserved

to the Landlord, and anyone authorised by it, the rights specified in Part 2 of Schedule 1 and subject to all rights, obligations and other matters affecting the Premises.

4. TENANT'S OBLIGATIONS

The Tenant agrees with the Landlord:

4.1 Rent and Deferred Premium

- 4.1.1 To pay the Principal Rent, payable in accordance with Schedule 2 (and, as additional rent, any VAT due on the Principal Rent), as it falls due and to such bank as the Landlord may nominate from time to time.
- 4.1.2 To pay the Deferred Premium, payable in accordance Schedule 3 (and any VAT due on the Deferred Premium), as it falls due and to such bank as the Landlord may nominate from time to time.
- 4.1.3 If the Landlord has received payment of an amount which is referable to all or part of the Principal Rent or the Deferred Premium payable under this lease directly from a third party (whether pursuant to the provisions of any Direct Deed or otherwise), then such payment shall be in satisfaction of the whole or relevant part of the Principal Rent or the Deferred Premium (as applicable) payable under this lease to the intent that there shall be no double recovery by the Landlord.

4.2 VAT

To pay the Landlord the equivalent of any VAT which the Landlord incurs on any amount for which the Tenant is required to reimburse or indemnify the Landlord except to the extent the Landlord lawfully obtains, or is lawfully entitled to claim, credit or repayment for such VAT, and all such VAT is payable at the same time as the sums to which it relates.

4.3 Outgoings

To pay all present and future rates, taxes, levies, costs, charges, impositions and other outgoings of whatever nature assessed on, or reasonably attributable to, the Premises, their use and occupation or on their owner or occupier until the expiry of this lease except any tax payable by the Landlord on any dealing with the reversion to this lease or on the Landlord's receipt of income (save that this exception does not apply to VAT payable under Clause 4.2).

4.4 Interest

To pay the Landlord interest on demand at the Stipulated Rate on money due to the Landlord under the Tenant's obligations which is not received within 14 days after the due date or (in the case of money due only on demand) date of demand, for the period commencing on the due payment date and ending when the debt is paid.

4.5 Compliance with Enactments

To comply with all Enactments relating to the Premises and the use and occupation of them and to anything which the Tenant does in connection with this lease (whether the requirement is imposed upon the owner or occupier) and not to do or omit anything which imposes a liability on the Landlord.

4.6 Preserving rights

To preserve all easements and other rights belonging to the Premises and not to give any acknowledgement that they are enjoyed by consent and not to permit any encroachment upon the Premises.

4.7 User

Not to use the Premises or exercise any right granted by this lease for any illegal purpose.

4.8 Dealings with the lease

4.8.1 Not to assign part of the Premises.

4.8.2 Not to assign the whole of the Premises:

- (A) prior to the Phase 1 Completion Date, unless:
 - (1) the assignee simultaneously takes a novation of the Master Development Agreement in accordance with Clauses 15.3.2, 15.3.3 and 15.3.4 of the Master Development Agreement; and
 - (2) the assignee enters into a direct deed of covenant with the Landlord on or before completion of the assignment to comply with the Tenant's obligations, in such form as the Landlord shall reasonably require; and
- (B) from and including the Phase 1 Completion Date to but excluding the Final Plot Practical Completion Date, unless:
 - (1) the assignee simultaneously takes a novation of the Master Development Agreement in accordance with Clause 15.3.7 of the Master Development Agreement; and
 - (2) the assignee enters into a direct deed of covenant with the Landlord on or before completion of the assignment to comply with the Tenant's obligations, in such form as the Landlord shall reasonably require; and
- (C) from and including the Final Plot Practical Completion Date, unless the assignee enters into a direct deed of covenant with the Landlord on or before completion of the assignment to comply with the Tenant's obligations, in such form as the Landlord shall reasonably require; and

save that the Tenant may at any time assign the whole of the Premises to a permitted assignee or novatee of the Master Development Agreement in accordance with Clause 15.3.1(b) of the Master Development Agreement provided that the assignee enters into a direct deed of covenant with the Landlord on or before completion of the assignment to comply with the Tenant's obligations, in such form as the Landlord shall reasonably require.

4.8.3 Not to underlet the whole of the Premises other than by way of a Permitted Investment Underlease and unless:

- (A) the Permitted Investment Underlease of the whole of the Premises complies with the requirements of Clause 4.8.7;
- (B) the Tenant procures that the initial Investment Undertenant enters into a Direct Deed with (inter alia) the Landlord and the Tenant on or before completion of the Permitted Investment Underlease, substantially in the form annexed at Appendix 3, with such amendments as may be required to reflect the engrossment notes in the footnotes to that template (such amendments to be in a form proposed by the Tenant and approved by the Landlord, such approval not to be unreasonably withheld or delayed) and such other amendments (if any) as the Tenant may require and the Landlord shall approve (such approval not to be unreasonably withheld and provided that the Landlord shall only be entitled to withhold its approval pursuant to this Clause 4.8.3(B) where the proposed amendment(s) would adversely affect the Landlord's right to receive

amounts under the Direct Deed or the Landlord's ability to enforce the provisions of the Direct Deed).

- 4.8.4 Not to underlet any part of the Premises (as distinct from the whole) without the Landlord's consent (not to be unreasonably withheld), save that the Tenant may without the consent of the Landlord grant:
- (A) any Permitted Investment Underlease of any part of the Premises (as distinct from the whole) provided that:
 - (1) the Permitted Investment Underlease of part of the Premises complies with the requirements of Clause 4.8.7;
 - (2) the Tenant procures that the initial Investment Undertenant enters into a Direct Deed with (inter alia) the Landlord and the Tenant on or before completion of the Permitted Investment Underlease, substantially in the form annexed at Appendix 3, with such amendments as may be required to reflect the engrossment notes in the footnotes to that template (such amendments to be in a form proposed by the Tenant and approved by the Landlord, such approval not to be unreasonably withheld or delayed) and such other amendments (if any) as the Tenant may require and the Landlord shall approve (such approval not to be unreasonably withheld and provided that the Landlord shall only be entitled to withhold its approval pursuant to this Clause 4.8.4(A)(2) where the proposed amendment(s) would adversely affect the Landlord's right to receive amounts under the Direct Deed or the Landlord's ability to enforce the provisions of the Direct Deed);
 - (B) any Plot Sublease provided that the Tenant procures that the initial Plot Subtenant enters into a Direct Deed with (inter alia) the Landlord and the Tenant on or before completion of the Plot Sublease, substantially in the form annexed at Appendix 3, with such amendments (if any) as the Tenant may require and the Landlord shall approve (such approval not to be unreasonably withheld and provided that the Landlord shall only be entitled to withhold its approval pursuant to this Clause 4.8.4(B) where the proposed amendment(s) would adversely affect the Landlord's right to receive amounts under the Direct Deed or the Landlord's ability to enforce the provisions of the Direct Deed);
 - (C) the Leisure Centre Site Sublease;
 - (D) any Subsequent Sublease provided that the Tenant procures that the initial Subsequent Subtenant enters into a Direct Deed with (inter alia) the Landlord and the Tenant on or before completion of the Subsequent Sublease, substantially in the form annexed at Appendix 3, with such amendments (if any) as the Tenant may require and the Landlord shall approve (such approval not to be unreasonably withheld and provided that the Landlord shall only be entitled to withhold its approval pursuant to this Clause 4.8.4(D) where the proposed amendment(s) would adversely affect the Landlord's right to receive amounts under the Direct Deed or the Landlord's ability to enforce the provisions of the Direct Deed);
 - (E) any underlease of the Estate Areas or any part of them for the purposes of procuring the management of the Estate Areas or the Estate or any part of them;

- (F) any underlease of any Infrastructure (which may be by way of a Plot Sublease, a Subsequent Sublease or otherwise);
- (G) any underlease of any part of the Premises for a Temporary Use (as defined in the Master Development Agreement) or a Permanent Temporary Use (as defined in the Master Development Agreement);
- (H) in relation to a Development Plot where no Permitted Investment Underlease or Plot Sublease or Subsequent Sublease has been granted, any underlease of the part of the Premises comprising that Development Plot;
- (I) any Affordable Housing Lease; and
- (J) any underlease of any part of the Premises for a term of 15 years or less (and which is not a Plot Sublease or a Subsequent Sublease or any other underlease contemplated by the foregoing provisions of this Clause 4.8.4).

4.8.5 To procure that each Plot Sublease and each Subsequent Sublease is substantially in the form annexed at Appendix 2 with such amendments as the Tenant shall consider reasonably appropriate and such amendment(s) shall only require the approval of the Landlord (such approval not to be unreasonably withheld) where:

- (A) the proposed amendment(s) relate to the rent schedule of the Plot Sublease or the Subsequent Sublease (as applicable) and would (in the reasonable opinion of the Tenant) materially adversely affect:
 - (1) the quantum of the rent receivable by the immediate landlord of such Plot Sublease or Subsequent Sublease (as applicable); or
 - (2) the quantum of the Principal Rent payable to the Landlord under this lease; or
- (B) (where the proposed tenant of the Plot Sublease or the Subsequent Sublease (as applicable) is a Connected Party (as defined in Schedule 2) of the Tenant only) the proposed amendments would materially adversely affect the capital value of the Plot Sublease or the Subsequent Sublease (as applicable), unless the Tenant has prior to agreeing or making any such amendments, delivered to the Landlord a written report from a Valuer (as defined in Schedule 4) confirming that the capital value of the Plot Sublease or the Subsequent Sublease (as applicable) is not materially adversely affected by the proposed amendments,

provided that the consent of the Landlord shall not be required pursuant to this Clause 4.8.5 in respect of the grant or disposal of a Plot Sublease or a Subsequent Sublease (as applicable) for a premium or the conversion of the nature of the Landlord's expected receipts from income to capital.

4.8.6 Not to vary the terms of any Plot Sublease or any Subsequent Sublease (in each case once entered into):

- (A) without the consent of the Landlord (in its absolute discretion) where the variation is to reduce the percentage of principal rent (on a net rent basis) payable to the immediate landlord of the relevant Plot Sublease or Subsequent Sublease (as applicable) to an amount which is less than the Relevant Percentage (for the relevant Development Plot) due under this lease (provided that the consent of the Landlord shall not be required

pursuant to this Clause 4.8.6(A) in respect of any reduction in the percentage of principal rent (on a net rent basis) payable to the immediate landlord of the relevant Plot Sublease or Subsequent Sublease (as applicable) which is in accordance with the terms of the Master Development Agreement (including the Co-Investment Schedule) or the relevant Plot Sublease or Subsequent Sublease (as applicable), including in relation to any redevelopment);

- (B) without the consent of the Landlord (not to be unreasonably withheld) where such variation(s) relate to the rent schedule of the Plot Sublease or Subsequent Sublease (as applicable) and would (in the reasonable opinion of the Tenant) materially adversely affect the quantum of the rent receivable by the immediate landlord of the relevant Plot Sublease or Subsequent Sublease (as applicable) or the quantum of the Principal Rent payable to the Landlord under this lease save that the consent of the Landlord shall not be required pursuant to this Clause 4.8.6(B) in respect of the disposal of a Plot Sublease or Subsequent Sublease (as applicable) for a premium or the conversion of the nature of the Landlord's expected receipts from income to capital;
- (C) (where the tenant of the Plot Sublease or the Subsequent Sublease (as applicable) is a Connected Party (as defined in Schedule 2) of the Tenant only) without the consent of the Landlord (not to be unreasonably withheld) where such variation(s) would materially adversely affect the capital value of the Plot Sublease or the Subsequent Sublease (as applicable), unless the Tenant has prior to agreeing or making any such amendments, delivered to the Landlord a written report from a Valuer (as defined in Schedule 4) confirming that the capital value of the Plot Sublease or the Subsequent Sublease (as applicable) is not materially adversely affected by the proposed variation(s); or
- (D) without the consent of the Landlord (not to be unreasonably withheld) where the variation(s) relates in any way to the provision of a Direct Deed or compliance with the terms of a Direct Deed;

and the Tenant may otherwise vary the terms of any Plot Sublease or any Subsequent Sublease without the consent of the Landlord.

4.8.7 Each Permitted Investment Underlease of the whole or part of the Premises shall (save where the Landlord has given its prior written consent (not to be unreasonably withheld)):

- (A) include provisions which are substantially equivalent to the provisions relating to Principal Rent contained in Schedule 2 of this lease (to the extent applicable and mutatis mutandis) with a percentage of principal rent (on a net rent basis) attributable to the Permitted Investment Underlease Premises payable to the immediate landlord of the Permitted Investment Underlease which is at least equivalent to the Relevant Percentage (for the relevant Development Plot(s) and, where applicable, any parts of the Retained Premises within the Permitted Investment Underlease Premises) due under this lease; and
- (B) either contain:
 - (1) provisions in relation to underletting of the whole or part of the Permitted Investment Underlease Premises which are substantially equivalent to the provisions of Clauses 4.8.3 to 4.8.6 (each inclusive) of this lease (mutatis mutandis) or, to the extent that the Tenant properly requires, are more restrictive to

the Investment Undertenant than the provisions of Clauses 4.8.3 to 4.8.6 (each inclusive) of this lease (mutatis mutandis); or

- (2) provisions which restrict underletting of the whole or part of the Permitted Investment Underlease Premises other than by way of a management leaseback of the whole or part of the Permitted Investment Underlease Premises to the immediate landlord of the Permitted Investment Underlease (and such management leaseback shall contain provisions in relation to underletting the whole or part of the premises demised by the management leaseback which are substantially equivalent to the provisions of Clauses 4.8.3 to 4.8.6 (each inclusive) of this lease (mutatis mutandis)).

4.8.8 Not to vary the terms of any Permitted Investment Underlease of the whole or part of the Premises (in each case once entered into) without the consent of the Landlord (not to be unreasonably withheld) in such a way as would result in the Permitted Investment Underlease no longer complying with the requirements of Clause 4.8.7 and the Tenant may otherwise vary the terms of any Permitted Investment Underlease of the whole or part of the Premises without the consent of the Landlord.

4.8.9 Clauses 4.8.3 to 4.8.8 (inclusive) shall not apply to any underlease of the Premises to the extent that the premises demised by such underlease include any premises:

- (A) in relation to which the Council has made a Council Sell Decision (as defined in and in accordance with the Co-Investment Schedule);
- (B) which have been the subject of a Third Party Plot Sale;
- (C) which comprise a Non-Residential Sold Unit (as defined in Schedule 2) or a Residential Sold Unit (as defined in Schedule 3); or
- (D) where the Relevant Plot Percentage is zero per cent (0%),

and the Tenant may freely underlet any such part of the Premises.

4.8.10 The Tenant may, without the consent of the Landlord, enter into any easements, licences and other rights of occupation, wayleaves, undertakings and supply agreements, neighbourly agreements, disposals or any analogous agreement, dealing or arrangement with contractors, statutory authorities, utilities companies, service providers, public bodies, adjoining or neighbouring owners and other third parties, in connection with the Initial Development and any Subsequent Development or otherwise, the Leisure Centre Site, the provision of services at or for the Premises or the Estate, the delivery of any Infrastructure, any Planning Obligation or statutory agreement or where otherwise required in accordance with the principles of good estate management and (subject to compliance with any confidentiality obligations which the Tenant owes to third parties) shall provide the Landlord with copies of the same upon reasonable request.

4.8.11 The Tenant may mortgage, charge or assign by way of security the whole or any part of the Premises or this lease to any third party without the consent of the Landlord.

4.9 **Notice of dealings with the lease**

Within one month after any dealing with or devolution of any estate or interest in or derived out of this lease, to give the Landlord notice of the relevant transaction with a certified copy of the relevant document and pay the Landlord's solicitor's reasonable registration fee.

4.10 Supplemental Headlease

In the event that any Supplemental Headlease is in existence and for so long as it continues to subsist:

- 4.10.1 the Tenant acknowledges that it is an essential condition of this lease and of any Supplemental Headlease that the Premises and any Supplemental Premises are and remain in the lawful and immediate possession and occupation of the same person (subject to any separate lawful and permitted possession and occupation of the Premises or the Supplemental Premises (as relevant) and to any entitlement to share occupation of the Premises or the Supplemental Premises (as relevant)); and
- 4.10.2 notwithstanding anything to the contrary contained in this lease, if the Tenant intends to transfer or charge the whole of the Premises, the whole of the Supplemental Premises shall be simultaneously transferred or charged to the same person and the transfer or charge of the whole of the Premises shall be in accordance with all other relevant requirements of this lease which apply to any such dealing and the Tenant shall not otherwise transfer or charge the whole of the Premises.

4.11 Insurance

- 4.11.1 To insure and keep the Premises insured (or procure that the Premises or relevant parts of the Premises are insured and kept insured) against the Insured Risks for the Tenant's reasonable estimate of the Premises (or the relevant part of the Premises) full reinstatement cost (subject to all excess sums or a fair proportion of them which the insurers are not liable to pay out on any insurance claim in respect of the Premises (or relevant part of the Premises)).
- 4.11.2 In relation to the insurance effected pursuant to Clause 4.11.1, to:
 - (A) supply the Landlord, whenever it reasonably requests (but not more frequently than once in any 12 month period), with reasonable details of such insurance and reasonable evidence that the policy is subsisting and in effect;
 - (B) procure that the Landlord is informed of any material change in any insurance policy effected pursuant to Clause 4.11.1 within a reasonable time after the Tenant becomes aware of the change;
 - (C) procure that (unless and to the extent unavailable in the London insurance market at reasonable commercial rates and on reasonable commercial terms) the Landlord's interest is noted on such insurance either specifically or by generally noting the Landlord's interest under the conditions of the policy; and
 - (D) use reasonable endeavours to procure that the insurers waive their rights of subrogation against the Landlord and that the insurance policy contains a non-invalidating provision in favour of the Landlord in respect of any act, default or omission by the Tenant.
- 4.11.3 The obligations in Clauses 4.11.1 and 4.11.2 shall not apply:
 - (A) during the Initial Development and any Subsequent Development in respect of such part or parts of the Premises the subject of the Initial Development or the Subsequent Development (as applicable) when such obligations shall be temporarily suspended so far as is appropriate in accordance with good estate management; or

4.15 **Plot Subleases, Subsequent Subleases and Permitted Investment Underleases**

- 4.15.1 To the extent that the Tenant is the immediate landlord under any Plot Sublease, Subsequent Sublease or Permitted Investment Underlease (as applicable), at the reasonable request and at the cost of the Landlord, to use reasonable endeavours to enforce any breach of the provisions of any Plot Sublease, Subsequent Sublease or Permitted Investment Underlease (as applicable).
- 4.15.2 To the extent that the Tenant is the immediate landlord under any Plot Sublease, Subsequent Sublease or Permitted Investment Underlease (as applicable), to comply, by way of indemnity only, with the obligations on the part of the landlord contained in the Plot Sublease, the Subsequent Sublease or the Permitted Investment Underlease (as applicable).
- 4.15.3 To use commercial endeavours in good faith to collect rents and other sums to which the Tenant is contractually entitled from time to time to receive in relation to the Premises provided that the Tenant shall not be in breach of this Clause 4.15.3 where rent and/or other sums to which it was contractually entitled have been forgone commuted waived or released due either to a bona fide assessment of the costs and benefits of pursuing the same or in pursuance of bona fide tenant or estate management objectives or as part of a settlement agreement.

4.16 **Direct Deed**

To comply with the obligations on the part of the ["Headlease Tenant"] contained in each Direct Deed.

4.17 **Tenant Indemnity**

To indemnify the Landlord against all costs, losses and expenses arising directly from breach of the Tenant's obligations insofar as such breach relates to any part of the Premises for which the Relevant Plot Percentage (as defined in Schedule 2) is zero per cent (0%) from the date upon which the Relevant Plot Percentage for the relevant part of the Premises is reduced to zero per cent (0%) provided always that the Landlord uses reasonable endeavours to mitigate such costs, losses and expenses.

5. **LANDLORD'S OBLIGATIONS**

The Landlord agrees with the Tenant:

5.1 **Quiet enjoyment**

That the Tenant may peaceably hold and enjoy the Premises without any interruption by the Landlord or any person rightfully claiming from or in trust for it.

5.2 **Pre-emption right**

- 5.2.1 The Landlord shall not at any time accept an offer for any Disposition from any third party (other than the Tenant) or otherwise Dispose of the Pre-emption Land without having first offered to sell the Pre-emption Land to the Tenant in accordance with this Clause 5.2 or without such acceptance being expressed to be subject to the provisions of this Clause 5.2.
- 5.2.2 If the Landlord wishes to make a Disposition it shall first offer to sell the relevant Pre-emption Land to the Tenant or the Tenant's nominee by serving notice on the Tenant signed by the Landlord specifying the price and terms on which the Landlord is willing to Dispose of the Pre-emption Land (the "**Offer Notice**").
- 5.2.3 If, within three months after the date of service of an Offer Notice, the Tenant serves a counter-notice on the Landlord confirming that it, or the Tenant's nominee, wishes to acquire the Pre-emption Land (the "**Acceptance Notice**"),

the Landlord shall proceed to dispose of, and the Tenant shall proceed to acquire or procure that its nominee acquires, the Pre-emption Land at the price and on the terms contained in the Offer Notice.

5.2.4 If no Acceptance Notice is received by the Landlord within three months after the date of service of the Offer Notice, the Landlord shall be entitled to sell the Pre-emption Land to any third party within nine months after the date of service of the Offer Notice at [REDACTED] of the price and on terms not substantially less advantageous to the Landlord than those contained in the Offer Notice and, if the Landlord shall not sell the Pre-emption Land to the third party within such [REDACTED] period, the provisions of this Clause 5.2 shall again apply.

5.2.5 Any Disposition to the Tenant shall be on the following terms:

- (A) the Disposition is to be subject to the edition of the Standard Commercial Property Conditions of Sale current at the date when the contract for the Disposition is made, so far as they are applicable to and not inconsistent with or varied, expressly or impliedly, by these terms;
- (B) the Disposition is to be completed on the first Working Day after the expiry of three months from the date of the Acceptance Notice (or on such alternative date as agreed by the Landlord and the Tenant) and shall be made by the Landlord with full title guarantee as legal and beneficial owner of the Pre-emption Land;
- (C) the Disposition shall take effect subject to and with the benefit of the entries on the official copy entries for the Pre-emption Land as at the date of the Disposition; and
- (D) completion of the Disposition is not to prejudice the accrued rights of the parties.

5.2.6 Time is of the essence in respect of all periods referred to in this Clause 5.2.

5.2.7 On any Disposition by the Landlord, to procure that the disponee enters into a direct deed of covenant (including a restriction in the form specified in Clause 5.2.8 or such other form as the Tenant agrees to in its discretion) with the Tenant to comply, for the period from and including the date of the relevant Disposition (and, if the Disposition is in relation to part only, insofar as this Clause 5.2 relates to the part of the premises the subject of the Disposition) with this Clause 5.2.

5.2.8 The Landlord consents to the entry of the following restriction against title number(s) in HM Land Registry Prescribed Clause LR.2.1, being the title numbers to the freehold and leasehold (as applicable) reversion immediately expectant on the determination of this lease and shall provide the Tenant with all reasonable assistance to permit the entry of the following title restriction:

"No disposition of the registered estate (other than a charge) by the proprietor of the registered estate, or by the proprietor of any registered charge, not being a charge registered before the entry of this restriction, is to be registered without a certificate signed by a conveyancer that the provisions of Clause 5.2.7 of a lease dated [●] made between (1) The Mayor and the Burgesses of the London Borough of Southwark and (2) BL CW Holdings Limited have been complied with or that they do not apply."

5.3 Planning Obligations

To enter into all necessary Planning Obligations subject to:

5.3.1 its prior approval of the same (such approval not to be unreasonably withheld);

- 5.3.2 the Tenant providing an indemnity to the Landlord in relation to all costs, claims, expenses and liability incurred or arising from them save where arising as a result of the Landlord's fraud or wilful misconduct; and
- 5.3.3 any positive obligations or liabilities of the Landlord under a Planning Obligation being expressed as not being enforceable unless and until the development which is regulated by the relevant Planning Obligation (or, if applicable, that part of the development to which the relevant Planning Obligation relates) is begun for the purposes of section 56 of the 1990 Act and (to the extent it may be reasonably agreed with the relevant authority) coming to an end on any date when the Landlord completes a disposal of its interest in land in respect of which the relevant obligation was undertaken (save in respect of any antecedent breaches).

5.4 **Direct Deed**

- 5.4.1 The Landlord shall:
- (A) enter into a Direct Deed in the circumstances contemplated by this lease; and
 - (B) comply with the obligations on the part of the ["Council"] contained in each Direct Deed.

5.4.2 The Landlord covenants with the Tenant that it shall not grant a tenancy of the reversion (whether mediately or immediately) expectant on the determination of this lease (a "**Reversionary Lease**") unless the Landlord procures that the tenant of such Reversionary Lease enters into a Direct Deed (or Direct Deeds) with the Tenant and any relevant Investment Undertenant, Plot Subtenant and Subsequent Tenant (together "**Lessees**") on or before the completion of such Reversionary Lease, substantially in the form annexed at Appendix 3 and with such amendments as the Tenant may properly require to provide the Lessees with equivalent rights against the tenant of the Reversionary Lease to those which the Tenant has against the Landlord (and in addition to such rights against the Landlord).

5.4.3 The Landlord consents to the entry of the following restriction against title number(s) in HM Land Registry Prescribed Clause LR.2.1, being the title numbers to the freehold and leasehold (as applicable) reversion immediately expectant on the determination of this lease and shall provide the Tenant with all reasonable assistance to permit the entry of the following title restriction:

"No disposition of the registered estate (other than a charge) by the proprietor of the registered estate, or by the proprietor of any registered charge, not being a charge registered before the entry of this restriction, is to be registered without a certificate signed by a conveyancer that the provisions of Clause 5.4.2 of a lease dated [●] made between (1) The Mayor and the Burgesses of the London Borough of Southwark and (2) BL CW Holdings Limited have been complied with or that they do not apply."

6. **OTHER AGREEMENTS AND DECLARATIONS**

6.1 **Forfeiture protection**

- 6.1.1 The Landlord shall not exercise any right of forfeiture or re-entry at common law.
- 6.1.2 Without prejudice to Clause 6.1.1, the Landlord may not exercise any right of forfeiture or re-entry at law unless it has first given to the Tenant and any Tenant's Mortgagee (provided that the Tenant has provided notice to the

[REDACTED]

[REDACTED]

6.4 Subsequent Development

The Landlord and the Tenant shall comply with their respective obligations set out in Schedule 4.

6.5 Service of notices

6.5.1 Any notice under this lease:

- (A) must be in writing, addressed to the relevant party at a correct address; and
- (B) may be served by:
 - (1) post or personal delivery (but not by facsimile, e-mail, other electronic means of transmission, any document exchange nor by any other means); or
 - (2) an agent of the serving party but not on an agent of the party to be served.

6.5.2 An addressee's correct address is any of:

- (A) the registered office of a corporate addressee; and
- (B) an address for service within the United Kingdom as last notified by a foreign party to the serving party, if the addressee is a foreign party.

6.5.3 For the purpose of calculating any notice period associated with the service of a notice, the period begins on the date the notice is given to the party to be served.

6.5.4 A notice is given:

- (A) by post, on the date of the second day after the date when the notice is posted; and
- (B) by personal delivery, on the date when the notice is delivered, to a correct address of the party to be served.

6.5.5 In this lease any reference to giving notice is synonymous with notifying and vice versa; and "give", "send", "serve" and "deliver" are synonymous.

6.5.6 A foreign party agrees to maintain and keep the other party notified of a correct address for the purposes of Clause 6.5.2(B) at all times.

6.6 No warranty as to use

There is no warranty by the Landlord (and no exercise of any of the Landlord's powers under this lease constitutes a warranty) that the Premises are authorised under Planning Law to be used, or are otherwise fit, for any specific purpose.

6.7 Overriding lease

If, before the expiry of this lease, the Landlord grants a tenancy of the reversion immediately expectant on the determination of this lease, whether under section 19 of the 1995 Act or otherwise and which shall in any event be subject to Clause 5.2, any obligation of the Tenant to obtain the consent of the Landlord under this lease to any dealing with it

includes an obligation to obtain the consent of the lessor under such tenancy to that dealing.

6.8 Exclusion of Third Party Rights

The parties confirm that no term of this lease (other than Clause 6.1 which is capable of being enforced by any Tenant's Mortgagee) is enforceable under the Contracts (Rights of Third Parties) Act 1999 by a person who is not a party to it.

6.9 No Compensation

Any statutory right of the Tenant to claim compensation from the Landlord on vacating the Premises is excluded to the extent allowed by law.

6.10 Rights and Easements

The operation of section 62 of the Law of Property Act 1925 is excluded from this lease and the only rights granted to the Tenant are those set out in this lease and (subject to Clause 6.14) the Tenant is not entitled to any other rights affecting any adjoining property.

6.11 Limitation of Landlord's liability

6.11.1 Subject to Clause 5.2, if a person who is the Landlord of this lease assigns the reversionary interest in the Premises, either by transfer, by the grant of a term of years in reversion to this lease or by operation of law (and notwithstanding that the assignment operates in equity only pending registration at HM Land Registry), that person:

(A) is released from the Landlord's obligations under this lease; and

(B) ceases to be entitled to the benefit of the Tenant's obligations, as from the assignment except in respect of any antecedent breach.

6.12 Law, Jurisdiction and Severance

6.12.1 This lease and any dispute or claim arising out of or in connection with it or its subject matter, existence, negotiation, validity, termination or enforceability (including non-contractual disputes or claims) shall be governed by and construed in accordance with English law and within the exclusive jurisdiction of the English courts, to which the parties irrevocably submit.

6.12.2 Each party agrees that any claim form or other document to be served under the Civil Procedure Rules may be served on it by being delivered to or left at a correct address for the purposes of Clause 6.5.2.

6.12.3 If any provision of this lease is void or prohibited under any Enactment due to any applicable law, it shall be deemed to be deleted and the remaining provisions of this lease shall continue in force.

6.13 Landlord as Council

6.13.1 This Clause 6.13 applies for so long as the Council is the Landlord.

6.13.2 Save as permitted by law, nothing contained or implied in this lease shall prejudice or affect the rights, powers, duties and obligations of the Council in the exercise of its functions as a local planning, highway or buildings regulation authority or as a local authority under any other statutory provision or its rights as a landowner and the rights, powers, duties and obligations of the Council under all public and private statutes, bye-laws, orders and regulations may be as fully and effectually exercised in relation to the Premises as if it were not the owner of any interest in them.

- 6.13.3 Notwithstanding any other provision of this lease, the Council shall not be obliged to do or omit to do any act or thing the doing or omission of which would be unlawful or ultra vires.

6.14 Further Rights and Assurances

- 6.14.1 The Landlord and the Tenant each agree and acknowledge that, at the date of this lease, the Initial Development has not yet commenced and that the provisions of this lease (including the rights granted and reserved by this lease and the Plans) may need to be varied and/or supplemented to grant the Landlord or the Tenant or both of them or any other person claiming through or deriving title from either of them further rights and/or oblige them to do such further acts and things for all purposes in connection with the delivery of the Initial Development.
- 6.14.2 In the event that the Landlord or the Tenant reasonably requests the other to agree any variation of this lease and/or grant of any additional rights granted or reserved or enter into any additional obligations pursuant to Clause 6.14.1, the Landlord and the Tenant shall each use their reasonable endeavours to agree the terms of and to document such variation and/or additional rights or obligations at the proper and reasonable cost of the requesting party.
- 6.14.3 Notwithstanding Clauses 6.14.1 and 6.14.2, the Landlord and the Tenant each agree, at any time and at the request and proper and reasonable cost of the other, to grant any rights (including in relation to management, access, servicing, planning and the carrying out of works) for the benefit of the Adjoining Property or the Premises (as applicable) where reasonably required by the Landlord or the Tenant respectively or any person claiming through or deriving title from them.
- 6.14.4 The Landlord and the Tenant each agree (at the other's proper and reasonable cost but subject to Clause 6.14.5) to do all such further acts and things and execute or procure the execution of all such other documents as the other party may reasonably require for the purpose of giving full effect to the provisions of this lease.
- 6.14.5 The Landlord and the Tenant each agree that they shall act in good faith towards one another in relation to all matters the subject of this lease and shall not, as a term of granting any consent, approval, easement or other act or thing which the other party may reasonably require for the benefit of (in the case of Landlord) the Adjoining Property or (in the case of the Tenant) the Premises, require the payment of any substantial fine, ransom payment, special premium or other substantial consideration or collateral advantage, but shall instead be entitled to require payment of fair compensation together with any relevant professional fees properly and reasonably incurred.

7. DISPUTE RESOLUTION

7.1 Referral to an Expert

- 7.1.1 Any disputes arising out of Schedule 2, Schedule 3 and Schedule 4 (other than disputes relating to matters of law) shall be referred by the Landlord or the Tenant (the "**Dispute Parties**") to an Expert for determination on the terms of this Clause 7.
- 7.1.2 All disputes referred for determination to an Expert under Schedule 2, Schedule 3 and Schedule 4 shall be referred to an independent chartered building surveyor or valuer (as appropriate) having not less than ten years' practice before the date of his appointment and recent substantial experience in the procurement and execution of works of a substantially similar size, character and nature to the

Premises (in the case of any dispute arising out of Schedule 2 or Schedule 3) or the Subsequent Development (in the case of any dispute arising out of Schedule 4) and who is a partner or director of a leading firm or company of surveyors or valuers (as appropriate) having specialist knowledge of such matters.

7.2 The Expert

- 7.2.1 The Expert shall be appointed by the Dispute Parties jointly or failing agreement, by the President (or his deputy) for the time being of the Royal Institution of Chartered Surveyors on the written application of any Dispute Party who will be at liberty to make such application in respect of any relevant dispute at any time and the Dispute Party making such application shall contemporaneously supply to any other Dispute Parties a copy of such application.
- 7.2.2 The Expert shall forthwith give to the Dispute Parties notice in writing of its appointment and shall in that notice invite each of them (but without imposing any obligation on them so to do) to submit to the Expert within a period of ten Working Days from the date of the giving of such notice of his appointment (or such longer period as he may direct) such reports information and representations ("**representations**") as any Dispute Party shall think fit and copies of the representations so submitted shall contemporaneously be submitted (by the party making the submission) to the other Dispute Parties.
- 7.2.3 Within ten Working Days of receipt of the other Dispute Party's representations (if any) (or such longer period as the Expert may direct) the Dispute Parties shall be entitled to submit to the Expert cross representations on the other parties' representations ("**cross representations**") and copies of them shall contemporaneously be submitted by the Dispute Party making the submission.
- 7.2.4 For the purposes of this Clause 7, the Expert:
- (A) will act as an expert and not as an arbitrator;
 - (B) will be entitled to seek such other professional advice as it considers necessary;
 - (C) will consider the representations and cross representations (if any) and will give due regard to the same but will not be in any way limited or fettered thereby;
 - (D) will be entitled to rely on its own judgement and opinion; and
 - (E) shall be required to give reasons for its decision.
- 7.2.5 The Expert shall within 15 Working Days after its appointment or (if later) within ten Working Days of the receipt of the last of the representations and cross representations made by the Dispute Parties give to each of the Dispute Parties written notice of his determination.
- 7.2.6 If the Expert does not give notice of its determination within the time and in the manner aforesaid, if the Expert relinquishes its appointment or dies or if for any reason it becomes apparent that the Expert will be unable to complete its duties under this Clause 7, the Dispute Parties jointly may appoint, or failing agreement, either may apply for the appointment of a new Expert in its place by application to the President for the time being of the Royal Institution of Chartered Surveyors and this procedure may be repeated as many times as may be necessary.
- 7.2.7 The Expert's fees or charges shall be borne and shared equally by the Dispute Parties unless the Expert is of the opinion that having regard to their conduct or

otherwise the said fees and charges should be borne in any other manner in which event it shall be so stated in the Expert's notice of determination and the said fees and charges shall be borne as so stated.

- 7.2.8 The decision of the Expert shall in all cases be final and binding on the Dispute Parties save in the case of manifest error.

IN WITNESS whereof this deed has been executed by the parties hereto and is intended to be and is hereby delivered on the date first above written.

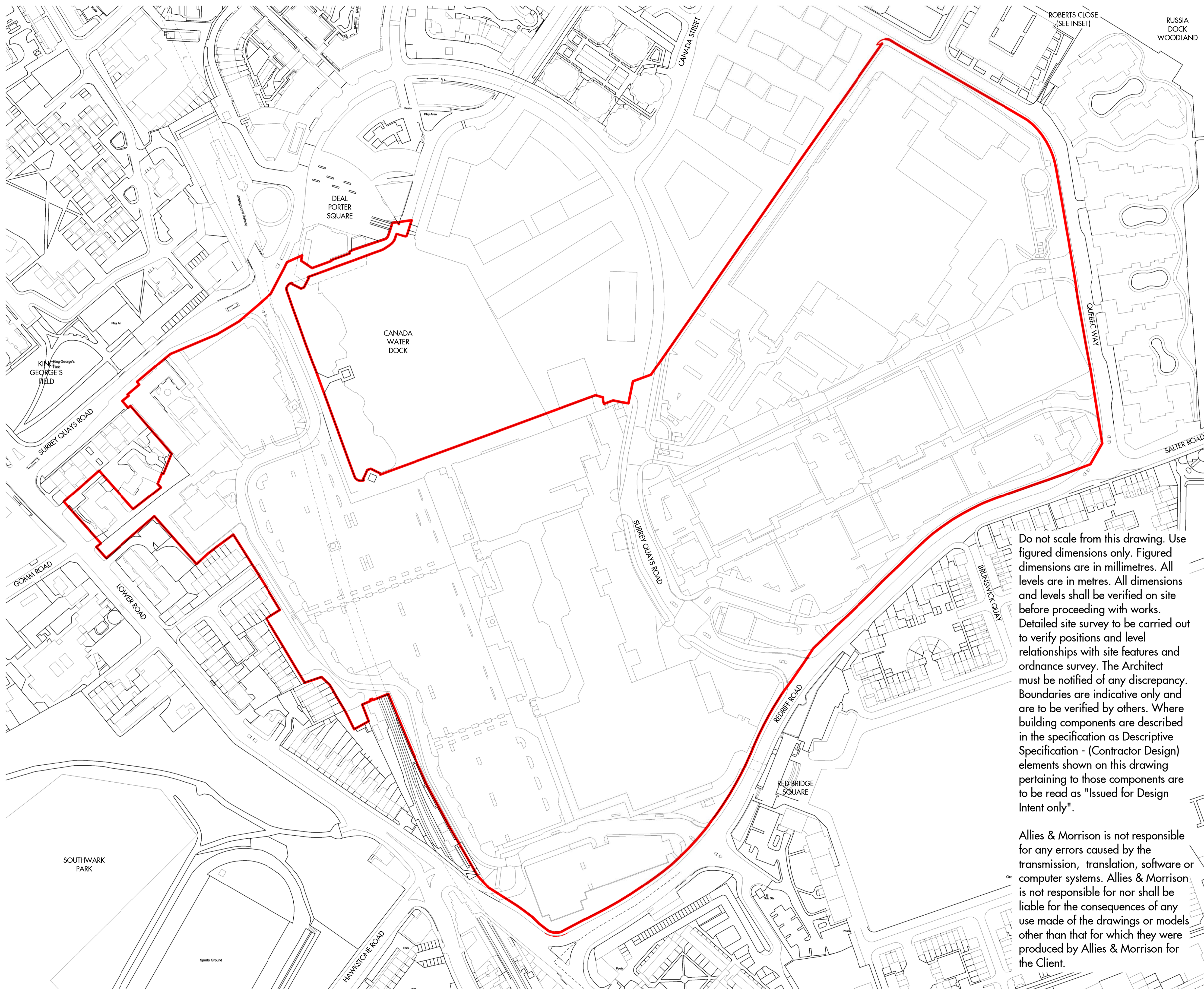
SCHEDULE 1

PART 1

(THE PREMISES)

All those the premises shown edged red on Plan 1 at Canada Water in the London Borough of Southwark, together with all Buildings, erections and structures now or at any time erected or constructed on them and all additions, alterations and improvements to them and any Conduits at any time exclusively serving them, which form part of the land registered at HM Land Registry at the date of this lease under title numbers [●] and including the Boundary Wall but excluding for the avoidance of doubt:

- a) the underground railway tunnels excluded from title number TGL340140; and
- b) the Water Pipeline.



Do not scale from this drawing. Use figured dimensions only. Figured dimensions are in millimetres. All levels are in metres. All dimensions and levels shall be verified on site before proceeding with works. Detailed site survey to be carried out to verify positions and level relationships with site features and ordnance survey. The Architect must be notified of any discrepancy. Boundaries are indicative only and are to be verified by others. Where building components are described in the specification as Descriptive Specification - (Contractor Design) elements shown on this drawing pertaining to those components are to be read as "Issued for Design Intent only".

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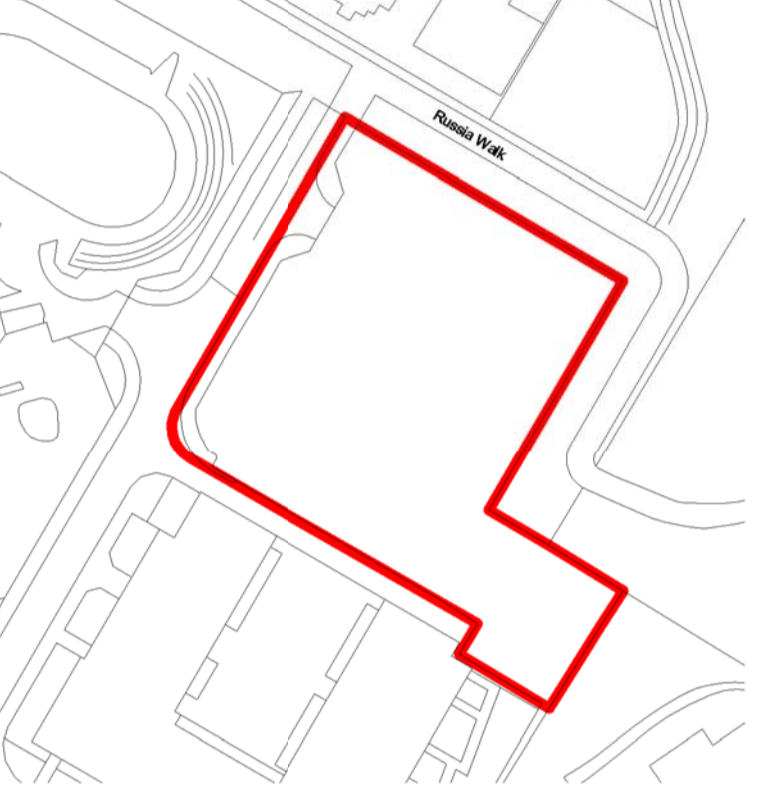
Do not scale from this drawing. Use figured dimensions only. Figured dimensions are in millimetres. All dimensions shall be verified on site before proceeding with works. All levels are nominal: detailed site survey to be carried out to verify positions and level relationships with site features and ordnance survey. All levels are in metres. This drawing is for design intent only. This drawing is to be read in conjunction with other documentation from the architect, design team, main contractor and employer's agent. The architect must be notified of any discrepancies.

REV	DATE	DESCRIPTION	CD
P 1	24/04/18	First Issue	DC

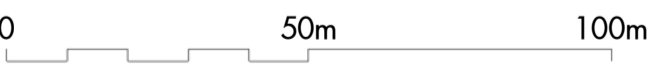
DRAFT AND CONFIDENTIAL

04/05/18

ROBERTS CLOSE

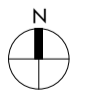


KEY
 — Lease Demise Outline



Canada Water Masterplan :
 MDA - Site Plan excluding Dock

802_00_SK_201
 SCALE 1 : 1250 @A1
 SCALE 1 : 2500 @A3



Allies and Morrison
 85 Southwark Street
 London SE1 0HX
 telephone 020 7921 0100
 facsimile 020 7921 0101
 email info@alliesandmorrison.co.uk
 A&M JOB NO:802

The rights specified in this Part 2 are for the benefit of the land comprised in title numbers TGL340140, TGL339299 and ***[the title number to be allocated to the Headlease(s) granted by BL to LBS]*** and any superior interests to this lease. [REDACTED]

PART 3
(RIGHTS GRANTED)

The following rights (in common with all others for the time being authorised by the Landlord or otherwise entitled) for (save where otherwise specifically provided) the Tenant and any permitted undertenant and occupier of the Premises and those claiming through, deriving title from, and authorised by, them:

1. [The right to pass and repass at all times and for all purposes with or without vehicles over the roads shown coloured [●] on Plan [●] until such roads are adopted by the highway authority and maintainable at the public expense and over the road shown coloured [●] on Plan [●] for the purpose of access to or egress from the Premises.] [REDACTED]
[REDACTED]
2. The right of free and uninterrupted passage and running of water, surface water, drainage, sewage, soil, gas, air, smoke, electricity, light, information telecommunications and other transmissions, services and supplies to and from the Premises and the Adjoining Property in and through any Conduits and Infrastructure now or at any time to be constructed or installed in or under the Adjoining Property to the extent that the same are not or do not become adopted and serve or are capable of serving the Estate and/or the Premises.
3. The right to connect into any Conduits and Infrastructure now or at any time to be constructed or installed in or under the Adjoining Property and serving the Estate and/or the Premises and to lay new Conduits and Infrastructure in the Premises and the Adjoining Property serving the Estate and/or the Premises and thereafter to inspect, repair, renew, replace, clean and maintain the same, the persons exercising such rights causing any such works to be carried out causing as little damage as reasonably practicable and making good as soon as reasonably practicable and to the reasonable satisfaction of the Landlord any damage so caused to the Adjoining Property, provided that the Landlord may re-route or alter any such Conduits and Infrastructure within the Adjoining Property, the Landlord (a) exercising all reasonable endeavours to minimise any disruption caused and (b) ensuring that the suitability and capacity of the Conduits and the Infrastructure is not materially adversely affected.
4. The right for the Tenant to carry out (or procure the carrying out of) (a) the Initial Development (including any works to construct, erect or install any Energy Centre and Infrastructure) (b) any Subsequent Development or other redevelopment of the Premises or any Building and (c) any works required to repair, rebuild, alter, renew or reinstate the Premises or any Building and (so far as it is on or relates to the Premises) the Initial Development or any Subsequent Development following damage or destruction, in each case notwithstanding any rights of light or air or other rights and easements in favour of the Adjoining Property may be diminished or affected.
5. The right (to the extent that such works cannot reasonably be carried out from within the Premises and subject to obtaining necessary consents of any other owners and occupiers) on reasonable notice to the Landlord (except in the case of emergency) to enter and remain on any part of the Adjoining Property which remains unbuilt upon and is immediately adjoining or adjacent to any part of the Premises, with or without vehicles and/or equipment for the purposes of:
 - 5.1 inspecting, repairing, renewing, replacing, cleaning and maintaining any Conduits and Infrastructure serving the Estate and/or the Premises;

- 5.2 carrying out (a) the Initial Development (including any works to construct, erect or install any Energy Centre and Infrastructure) (b) any Subsequent Development or other redevelopment of the Premises or any Building and (c) any works required to repair, rebuild, alter, renew or reinstate the Premises or any Building and (so far as it is on or relates to the Premises) the Initial Development or any Subsequent Development following damage or destruction;
- 5.3 carrying out any works required or permitted under this lease and exercising and performing any other Tenant's rights and obligations contained in this lease or as may be required by any Enactment,

the persons exercising this right causing such works to be carried out causing as little damage as reasonably practicable and making good as soon as reasonably practicable and to the reasonable satisfaction of the Landlord any damage so caused to the Adjoining Property.

- 6. The right of escape in the case of emergency (including practice for emergency) from the Premises over, along or through such routes within the Adjoining Property as are required to satisfy the proper requirements of any relevant competent statutory body.
- 7. The right of support, shelter and protection for the Premises as the same is now or at any time enjoyed from any Adjoining Property.
- 8. The right to erect and maintain signage (whether illuminated or otherwise):
 - 8.1 in all locations on the Adjoining Property which the Tenant has installed and retained signage as at the date of this lease (including at the junction of Surrey Quays and Lower Road); and
 - 8.2 (subject to obtaining any necessary consents) on the Adjoining Property in locations and of a type, size and number to be approved by the Landlord (such approval not to be unreasonably withheld),

and, in each case, the persons exercising this right shall cause as little damage as reasonably practicable and make good as soon as reasonably practicable and to the reasonable satisfaction of the Landlord any damage so caused to the Adjoining Property.

- 9. Any rights granted in favour of or benefitting the Tenant or any person claiming through or deriving title from them pursuant to Clause 6.14.
- 10. The right to pass and repass at all times and for all purposes (including but not limited to access to and egress from the Premises) with or without vehicles over the Access Strip.

■ [REDACTED]

- 12. The right at all times to:
 - 12.1 (subject to compliance with any reasonable requirements of the Tenant in relation to the same) use, operate, inspect, repair and maintain any plant, machinery or equipment (including any pump rooms, attenuation tanks, Conduits and any other apparatus) located on the Adjoining Property [REDACTED]

[REDACTED]

- 12.2 pass and repass (with or without vehicles, equipment and/or materials) for the purposes of exercising the rights in paragraph 12.1 along such reasonable routes (as may be

designated by the Landlord from time to time) over those parts of the Adjoining Property which are not covered by buildings or other structures.



SCHEDULE 2

(RENT)

1. DEFINITIONS AND INTERPRETATION

1.1 The following expressions have the respective specified meanings:

"Annual Certificate" has the meaning given to that expression in paragraph 4.1;

"Capital Goods Scheme" means the provisions relating to the adjustments to the deduction of input tax on capital items under Part XV of the Value Added Tax Regulations 1995 (SI 1995/2518);

"Connected Party" means a company, limited partnership or other vehicle which is any of the following:-

- (a) a company which is a subsidiary or subsidiary undertaking of or which has the same holding company or parent undertaking as the Relevant Tenant (where subsidiary, subsidiary undertaking, holding company and parent undertaking have the same meanings given to them by sections 1159, 1162 and 1173 of the Companies Act 2006); or
- (b) such an entity in which the Relevant Tenant has a Controlling Interest;

"Connected Party Sale" means a Disposal of a Non-Residential Sale Unit to a Connected Party;

"Connected Party Non-Residential Sales Proceeds" means the Market Value of the Non-Residential Sale Unit which is the subject of the relevant Connected Party Sale, as agreed or determined pursuant to paragraph 11;

"Controlling Interest" means:

- (a) an interest in shares in a company held directly or indirectly conferring in the aggregate 50% or more of the total voting rights conferred by all the issued shares in that company taking account of restrictions on voting rights contained in the articles of association of that company; or
- (b) an interest in 50% or more of the total voting rights held directly or indirectly in a limited partnership or 50% or more of the decision making powers in any other vehicle;

"Council's Investment Period" means, in relation to a Development Plot, the relevant Council's Investment Period as defined in the Co-Investment Schedule;

"Council's Investment Period Expenditure" means, in relation to a Development Plot, all costs and expenditure incurred in respect of the Council's Investment Period for a Plot (whether in fact incurred prior to, during, or after the Council's Investment Period);

"Council's Investment Period Receipts" means, in relation to a Development Plot, any receipts or income received by or on behalf of the Relevant Tenant in respect of the Council's Investment Period for the relevant Plot (whether in fact received prior to, during or after the relevant Council's Investment Period);

"Designated Plot Development Costs" has the meaning given to that expression in paragraph 8.1;

"Development Plots Rent" means, for each Development Plot, for the Relevant Accounting Year, the amount calculated according to the following formula:

$$\text{Relevant Percentage} \times (\text{NRI} + \text{NNSP})$$

where:

"NRI" is the Net Rental Income received by the Relevant Tenant in respect of the relevant Development Plot for the Relevant Accounting Year; and

"NNSP" is the Net Non-Residential Sales Proceeds received by the Relevant Tenant in respect of the relevant Development Plot for the Relevant Accounting Year;

"Disposal" means any of the following: an agreement for sale or lease, a transfer or the grant of a lease in consideration of a capital sum but excluding (for the avoidance of doubt) any Excluded Disposal;

"Equipment Lease" means any lease, licence or other agreement authorising the use of equipment at the Relevant Premises;

"Excluded Disposal" means any dealing with the Relevant Tenant's interest in the Relevant Premises (or, where applicable, any other interest in reversion to the Relevant Tenant's interest) which does not exclusively relate to a Lettable Unit or a Non-Residential Sale Unit, including by way of example and without limitation:

- (a) the grant or assignment of this lease, any Permitted Investment Underlease and/or any Plot Sublease;
- (b) any dealing with the vehicle holding the Relevant Lease (including the sale or charging of any shares and/or units in relation to the Relevant Tenant);
- (c) any assignment or charge of rental income;
- (d) any Third Party Plot Sale; and
- (e) any Disposal of a Residential Sale Unit;

"Excluded Receipts" means all of the following:

- (a) all sums received by the Relevant Tenant (whether by way or reimbursement of expenditure incurred, payment in advance on account of expenditure to be incurred including without limitation sums payable by way of any sinking fund provision or on any other basis) from any Occupier in respect of rates, repairs, maintenance, insurance (including without limitation management fees) and/or the provision of any other services, supplies or facilities to Occupiers (including without limitation the provision of Utilities and concierge services), save if and to the extent that the capital costs of items required to provide the relevant services or facilities have been included as Gross Deductible Expenditure unless and to the extent that an owner of an asset equivalent to the Relevant Premises would in any event have required to incur such expenditure irrespective of whether it was providing the relevant facilities or services including without limitation where the relevant expenditure is required to comply with a Planning Obligation or Enactment;
- (b) without prejudice to the generality of paragraph (a), any development management, asset management (including service charge management) or project management fees or charges due to the Relevant Tenant for services provided at or in relation to the Relevant Premises (including, where applicable, any part of any item of Gross Rental Income attributable to such fees or charges);
- (c) income to which the Relevant Tenant may be entitled but which has not yet been received or recovered;
- (d) income resulting from proceedings brought by the Relevant Tenant in respect of any latent or inherent defects or the installation of defective plant or machinery if and to the extent that the expenditure associated with remedying the same (or any related damage or loss) has been excluded from Gross Deductible Expenditure;
- (e) any item of income which also constitutes Non-Residential Sales Proceeds or Plot Sales Receipts;
- (f) VAT or any other tax received in relation to any item or component of Gross Rental Income or Non-Residential Sales Proceeds;
- (g) any borrowing or other receipts associated with any funding;

- (h) premiums and other payments received by the Relevant Tenant in respect of any assignment transfer mortgage charge surrender termination or other disposal disposition variation or amendment of the Relevant Lease;
- (i) insurance moneys received other than such arising from loss of rent or other income claims;
- (j) any rent deposits or other security (save to the extent that it is applied to make good any shortfall in the principal rent and licence fees paid by any Occupational Tenants);
- (k) sums received by the Relevant Tenant in respect of the cost of works carried out by or on behalf of the Relevant Tenant or any Connected Party of the Relevant Tenant;
- (l) sums received by the Relevant Tenant by way of reimbursement of fees or expenses incurred by the Relevant Tenant (including management fees) in deciding whether to grant or withhold consent to any application made to the tenant by an Occupational Tenant and, where applicable, documenting the same;
- (m) any sum payable or allowable to the Relevant Tenant by the Landlord in respect of overpaid Principal Rent or Deferred Premium including but not limited to sums paid pursuant to this Schedule and/or Schedule 3;
- (n) any specific item of income falling under one head of description if and to the extent that the same item of income has been taken into account under any other head of income;
- (o) any sums paid to the Relevant Tenant in error provided they are subsequently repaid by the Relevant Tenant;
- (p) where any Occupational Lease reserves an inclusive rent or licence fee (meaning a rent or licence fee where no separate service charge and/or insurance rent is payable): such fair and reasonable proportion of the occupational rent or licence fee as the Tenant shall (acting reasonably) determine as representing the service charge and/or insurance rent which would otherwise (if the occupational rent or licence fee was not by way of an inclusive rent) have properly been payable to the Tenant;
- (q) any receipt which the Tenant is obliged to credit to the service charge;
- (r) all Council's Investment Period Receipts;
- (s) all receipts or income relating to Non-Residential Sold Units (other than the Non-Residential Sales Proceeds relating to the relevant Disposal);
- (t) all receipts or income relating to or derived from any Excluded Disposal;
- (u) all sums received by the Relevant Tenant in respect of the collection, sorting, use, transfer, sale or other dealing in relation to any data or the provision of any technology, information or business services to any third party (whether or not the same is done from or in connection with the Relevant Premises); and
- (v) any rent or licence fee payable under any Equipment Lease where the Landlord has not contributed the Relevant Percentage of the costs of providing the equipment which is the subject of the relevant Equipment Lease;

"Expenditure" means Gross Deductible Expenditure and Non-Residential Deductibles;

"Final Value Assessment Date" has the meaning given to that term in the Co-Investment Schedule;

"Gross Deductible Expenditure" means:

- (1) the costs and expenses (whether of a revenue or capital nature) incurred (save as referred to in paragraph (x) by or on behalf of the Relevant Tenant (including without limitation the costs of any agents, contractors, warrantors, consultants or professionals engaged in relation to or to provide the same) in each Accounting Year in respect of, or

incidental to, compliance with the Tenant's obligations or otherwise in connection with the Relevant Premises (including, where applicable, a fair and reasonable proportion of any relevant costs and expenses incurred in relation to the Estate in relation to matters which benefit the Relevant Premises in any way including the costs relating to Redbridge Square and/or the Plaza which are referred to in paragraph (y) below which shall be deemed for the purposes of this definition to benefit all parts of the Estate), including without limitation:

- (a) all costs and expenses in the nature of service charges, insurance (including public liability and property owner's cover, loss of rent insurance, the costs of valuations and all associated fees, commissions and taxes together with any sums equivalent to all excesses which any insurer is not liable to pay out on any insurance claim and the amount rendered irrecoverable as a result of any vitiation), general rates, utility charges and all other Outgoings and holding costs in respect of:
 - (i) any Lettable Unit which is the subject of an Occupational Lease, save if and to the extent the relevant costs and expenses have been recovered under the service charge in the relevant Occupational Lease and counted as Gross Rental Income; and
 - (ii) any other part of the Relevant Premises including without limitation where the relevant part of the Relevant Premises is used in connection with the management of the Relevant Premises or the common parts of the Relevant Premises or is the subject of a Subsequent Development or having other works done to it;
- (b) all costs and expenses in connection with the provision of any services or facilities to the Relevant Premises or any part thereof (together with the costs and expenses incurred in establishing and managing the provision of such services and facilities), save if and to the extent the relevant costs and expenses have been recovered under the relevant Occupational Lease and counted as Gross Rental Income;
- (c) the professional costs and expenses (including the fees of managing agents, letting agents, sales agents, solicitors and other consultants) incurred in connection with the Relevant Premises or any Occupational Lease or both, including:
 - (i) the matters mentioned in paragraphs (a) and (b) above;
 - (ii) rent reviews under any Occupational Lease;
 - (iii) the surrender of any Occupational Lease;
 - (iv) the actual and attempted letting of Lettable Units;
 - (v) the collection and recovery of Gross Rental Income and sums payable by Occupational Tenants and others and the enforcement of their obligations;
 - (vi) the preservation of rights which benefit the Relevant Premises;
 - (vii) the valuation of the Relevant Premises;
 - (viii) the provision of management services in relation to the Relevant Premises (including without limitation estate management, property management, development management and asset management (including administration and reporting services)) and the preparation of certified accounts relating to the Relevant Premises; and
 - (ix) the negotiation for and/or recovery of any item of Gross Rental Income;
- (d) in respect of any period where the Relevant Tenant or a Connected Party of the Relevant Tenant provides or undertakes any of the matters referred to in paragraph (c) above, the following deemed fees (save if and to the extent that such services are provided during the Council's Investment Period in which case

equivalent fees shall be allowable "Plot Development Costs" as defined in and for the purposes of the Co-Investment Schedule):

- (i) in respect of any development management services, a deemed fee equal to [REDACTED] of the aggregate amount of the costs of the relevant works including all costs, fees, expenses and other amounts incurred, paid, reimbursed, committed or allocated for payment in connection with the preparation, design, procurement, carrying out and completion of the relevant development works (as well as post completion work) (including statutory and all third party costs, fees and expenses);
 - (ii) in respect of any asset management services (including administration and reporting services), a deemed fee equal to 1.3 multiplied by the aggregate amount of all direct and indirect costs, fees, expenses and other amounts incurred, paid, reimbursed, committed or allocated for payment in connection with providing or undertaking the asset management service;
 - (iii) in respect of each of any estate management services and property management services, a deemed annual fee for the provision of the relevant estate management services or property management services (as applicable) provided or undertaken by the Relevant Tenant or Connected Party of the Relevant Tenant which is equivalent to the fee which an external third party provider of the relevant services (with appropriate experience, reputation and capacity of managing assets of a similar value, location and nature to the Property) would charge from time to time for such estate management services or property management services (as applicable) (a "**Market Rate**") Provided That such deemed annual fee shall be increased or decreased every three years as required to ensure that the deemed annual fee remains a Market Rate at that time;
 - (iv) in respect of any other service or matter referred to in paragraph (c) above, a deemed fee equal to the reasonable professional costs and expenses which would be charged by external professionals appointed to provide the relevant service in respect of the Relevant Premises in accordance with the usual terms of engagement from time to time appropriate;
- (e) the cost of any alterations, additions and/or works to the Relevant Premises including without limitation by way of repair, maintenance, refurbishment, improvement or otherwise, reinstating insured or uninsured damage, any works which any Occupational Tenant should have carried out or paid for under its obligations in any Occupational Lease but which the Occupational Tenant failed to do and any works to rectify any defect;
 - (f) any sums paid or allowances made in consideration of the surrender, variation or waiver of any Occupational Lease or as an inducement to any Occupational Tenants to accept Occupational Leases;
 - (g) any sums, inducements or consideration in kind paid to any Occupational Tenant;
 - (h) the monetary value (or, if higher, the cost) of any works carried out as an inducement to an Occupational Tenant to take an Occupational Lease or otherwise pursuant to an obligation owed to an Occupational Tenant or as a term of a transaction and any capital contribution or other monetary investment incurred in connection with it;
 - (i) SDLT (or any replacement tax) on the Relevant Lease and on any interest in any part of the Relevant Premises acquired from time to time (including without limitation by means of a surrender of an Occupational Lease to the Relevant Tenant);

- (j) any costs properly incurred by the Relevant Tenant in its capacity as landlord under Occupational Leases where such costs have been incurred for the benefit of occupiers or a class of occupiers of the Relevant Premises or (in the case of insurances for the benefit of owners, managers, employees, agents and contractors);
- (k) providing on-site staff for the security and management of the Relevant Premises;
- (l) the cost of managing (including manager's fees), letting, marketing, promoting, publicising and advertising the Relevant Premises and/or the Estate including the cost of any associated events;
- (m) proper legal and other professional fees incurred in contemplating and of actually taking proceedings in respect of or for the benefit of the Relevant Premises or any part of it;
- (n) the premiums or fees paid for any consent required from a landlord or any third party in relation to the Relevant Premises;
- (o) the costs of upkeep, maintenance, removal and replacement of any artwork and plant and machinery in the Relevant Premises and/or the Estate;
- (p) compliance with legislation affecting the Relevant Premises;
- (q) any costs properly incurred by or demanded from the Relevant Tenant in respect of the obligations imposed on the Relevant Premises pursuant to the Master Development Agreement and/or any of the Site Wide Development Management Agreement, the Phase 1 Development Management Agreement, the Leisure Centre Agreement and the CPO Indemnity Agreement (in each case, as defined in the Master Development Agreement) and any other agreement entered into pursuant to or in connection with the Master Development Agreement;
- (r) any tax paid by or on behalf of the Relevant Tenant occasioned by receipt of the whole or any part of the Gross Rental Income and/or by the grant of an Occupational Lease or any Disposal or deemed Disposal of or dealing by the Relevant Tenant with the whole or any part of the Relevant Premises;
- (s) any withholding tax applied to any item of Gross Rental Income;
- (t) any costs incurred that are not directly derived or generated from an interest in land in respect of the Relevant Premises;
- (u) any expenditure of sums received by way of payments for dilapidations;
- (v) any other costs and expenses (including a sinking fund (if any)) properly incurred or suffered in respect of the Relevant Premises or any part of it, any underletting or otherwise suffered or incurred in the interests of good estate management or otherwise;
- (w) any amount previously included in Gross Rental Income and properly refunded or credited to Occupational Tenants; and
- (x) any proper costs incurred in relation to complying with the Relevant Tenant's obligations in this Schedule or where applicable by reference to this Schedule (for example in a Plot Sublease) including without limitation the costs of preparing and liaising with the Landlord in relation to the Estimate and the Annual Certificate as well as the costs of entering into any documentation referred to in this Schedule (including without limitation the memoranda relating to Non-Residential Sold Units referred to in paragraph 13) Provided That for the purposes of this paragraph Gross Deductible Expenditure shall not only include such costs incurred by or on behalf of the Relevant Tenant but also, where the Relevant Tenant is not the Tenant, all equivalent costs incurred by or on behalf of the Tenant;
- (y) any costs incurred by any Relevant Entity pursuant to any maintenance or management agreement relating to Redbridge Square or the Plaza to the extent

that such costs are greater than the net income generated from the uses put to and activities carried out on the Plaza and/or Redbridge Square for the corresponding period pursuant to the relevant maintenance or management agreement;

(2) all irrecoverable VAT paid on any of the foregoing under paragraph (1) of this definition and any irrecoverable VAT suffered by any Relevant Entity in respect of (i) any rent and/or premium payments and/or (ii) the operation of the Capital Goods Scheme;

provided that (for the avoidance of doubt) the following shall not constitute Gross Deductible Expenditure:

- (i) any sums incurred in respect of any Owner Occupied Premises in relation to the Owner Occupied Period which would have been the liability of an Occupational Tenant had an Occupational Lease (on the terms referred to in the definition of "Open Market Rent") been granted of the relevant Owner Occupied Premises in relation to the relevant Owner Occupied Period (including for the avoidance of doubt, where applicable, those items covered at limb (b) of this definition);
- (ii) any sums incurred by the Relevant Tenant in connection with any permitted assignment or charging of its interest in the Relevant Premises;
- (iii) any sums incurred in relation to any Subsequent Development which will be dealt with in accordance with the provisions of Schedule 4 to this lease or the provisions of the relevant Plot Sublease which are equivalent to the provisions of Schedule 4 to this lease (as applicable);
- (iv) any sums reimbursed or otherwise recovered from Occupational Tenants, save if and to the extent the relevant income from the relevant Occupational Tenants constitutes Gross Rental Income;
- (v) in relation to each Development Plot, all Council's Investment Period Expenditure and any Designated Plot Development Costs (as defined in paragraph 8.1) (such sums in each case instead constituting Plot Development Costs for the purposes of the Co-Investment Schedule); and
- (vi) (save if and to the extent that such insurance proceeds have been treated as Gross Rental Income) any expenditure relating to the Relevant Property to the extent that the relevant sums have been paid for out of insurance proceeds in respect of the relevant item;

and provided further that sums counted under one head of Gross Deductible Expenditure shall not be counted again under any other head;

"Gross Rental Income" means for each Accounting Year, the aggregate of the following sums or other consideration received by the Relevant Tenant in respect of the Relevant Premises (whether received monthly or quarterly or on any other periodic basis) in that Accounting Year (in cleared funds), but excluding in each case all Excluded Receipts:

- (a) all principal rent and licence fees paid by Occupational Tenants and all other equivalent income received by the Relevant Tenant in respect of the use and occupation of any part of the Relevant Premises (including any sums received by the Relevant Tenant in respect of overpaid Principal Rent which was permitted as an item of Excluded Receipts (under paragraph (m) of the definition of that term) where, if and when applicable, the relevant sums of Principal Rent are not repaid to the relevant Occupational Tenant, subsequently fall due, are treated by the Tenant as forming part of the Principal Rent and are not an overpayment);
- (b) financial consideration or consideration in money's worth (including forfeited deposits) in relation to any Occupational Lease, easement, right of any sort, option or pre-emption rights, in each case over Lettable Units or pursuant to an Occupational Lease;
- (c) financial consideration or consideration in money's worth (including premiums and fines) for or in respect of the grant waiver release or variation by or surrender

of any Occupational Lease, covenant or other obligation relating to the Relevant Premises or anything above or below the Relevant Premises or the obligations of any guarantor therefor including any payments for dilapidations;

- (d) mesne profits and damages for trespass to the Relevant Premises (net of the costs of recovery);
- (e) interest on increased rent following a rent review relating to the Relevant Premises which is settled after the relevant review date;
- (f) sums relating to the use or occupation of the Relevant Premises by way of damages or compensation and interest on them awarded by a court or arbitrator or other person exercising a judicial quasi-judicial or arbitral function or an expert or negotiated by the Tenant, in each case net of costs;
- (g) sums for or in respect of compromising or settling any judicial quasi-judicial arbitral or expert proceedings brought by the Tenant in relation to the use or occupation of the Relevant Premises, in each case net of costs;
- (h) net proceeds of insurance for loss of rent, but only to the extent that the same:
 - (i) are in respect of principal rents or licence fees;
 - (ii) are in respect of an insurance policy insuring the full relevant Gross Rental Income payable to the Relevant Tenant from time to time; and
 - (iii) have not been paid to the landlord of the Relevant Premises (so that if they have been paid there should be no double counting);
- (i) interest paid by persons on late payments of any item of Gross Rental Income;
- (j) distributions (net of costs) in the liquidation, bankruptcy or insolvency of any person in respect of claims founded on any entitlement or alleged entitlement to any item of Gross Rental Income;
- (k) sums payable by any guarantor in respect of or otherwise relating to any item of Gross Rental Income;
- (l) proceeds of realising security for any item of Gross Rental Income (whether a guarantee, rent deposit or other form of security), in each case net of costs;
- (m) the proceeds of any naming rights, sponsorship and/or promotion of or advertising at the Relevant Premises;
- (n) costs which have previously been items of Gross Deductible Expenditure which are in a subsequent Accounting Year recovered in the course of pursuing legal remedies with respect to the Relevant Premises;
- (o) any sums actually received from Occupational Tenants as contributions towards a rental in respect of any management suite or area occupied for shop mobility purposes, or other equivalent arrangements; and
- (p) any rent or licence fee payable under any Equipment Lease, but only where the Landlord has contributed the Relevant Percentage of the capital costs of providing the equipment which is the subject of the relevant Equipment Lease;

provided that, if and to the extent that any part of the Relevant Premises was or is the subject of Owner Occupation during the Relevant Accounting Year, the Relevant Tenant shall be deemed to have received for the Owner Occupation Period, in lieu of all sums referred to above which would otherwise (but for this proviso) have been included as Gross Rental Income in respect of the relevant Owner Occupied Premises, a sum equivalent to the Open Market Rent of the relevant Owner Occupied Premises for the use and occupation of the relevant Owner Occupied Premises;

"Income" means Gross Rental Income and Non-Residential Sales Proceeds;

"Landlord's Plot Percentage" means the "Council's Plot Percentage" for the relevant Development Plot as defined in and calculated pursuant to the Co-Investment Schedule (and, if and when applicable, as recalculated pursuant to Schedule 4 of this lease);

"Landlord's Plot Percentage Memorandum Date" means the date on which the Council's Plot Percentage Memorandum for the relevant Development Plot is dated in accordance with the Co-Investment Schedule;

"Lettable Unit" means any unit of accommodation in the Relevant Premises which is designed or intended to be income-producing and excluding, for the avoidance of doubt, a management suite or any area used for a shop mobility scheme or any area for marketing or areas used for equivalent arrangements Provided Always That the Tenant may re-designate a Lettable Unit as a Residential Sale Unit or a Non-Residential Sale Unit (as applicable) at any time;

"Market Value" means market value as determined in accordance with VPS 4 paragraph 4 of the RICS Valuation – Global Standards 2017 as amended or substituted from time to time but such market value shall in any event exclude any VAT;

"Net Non-Residential Sales Proceeds" means in respect of each Accounting Year, the aggregate of all Non-Residential Sales Proceeds received by the Relevant Tenant less the aggregate of all Non-Residential Deductibles, in each case in respect of the Relevant Premises;

"Net Rental Income" means, for each Accounting Year, the figure resulting from the following formula, determined in each case by reference to the relevant Annual Certificate:

$$GRI - GDE$$

where:

GRI = Gross Rental Income received by the Relevant Tenant in respect of the Relevant Premises in the Relevant Accounting Year;

GDE = Gross Deductible Expenditure incurred and paid in respect of the Relevant Premises in the Relevant Accounting Year;

"Non-Residential Deductibles" means:

(1) all costs, fees and expenses incurred by or on behalf of the Relevant Tenant in connection with, or otherwise attributable to, the Disposal of the relevant Non-Residential Sale Unit (and, where applicable, any previous abortive Disposal) including without limitation:

- (a) the Non-Residential Fit Out Costs;
- (b) the Non-Residential Marketing Costs;
- (c) the Non-Residential Sales Costs;
- (d) all capital contributions, rent free periods, concessionary rents, reverse premiums, caps, holidays and incentives, including the cost of any incentives provided by way of the supply of goods or services (including where the Relevant Tenant, or any third party on its behalf, has offered to pay or bears (whether directly or indirectly) any costs, fees and expenses usually borne by the purchaser such as SDLT (or any replacement tax) or stamp duty (if applicable) (or any replacement tax) or the purchaser's legal fees, but excluding (to avoid double-counting such costs) any contributions or incentives which constitute Marketing Costs);
- (e) all irrecoverable VAT on any such costs, fees and expenses;
- (f) any sums equivalent to all excesses which any insurer is not liable to pay out on any insurance claim and the amount of any insurance money rendered irrecoverable as a result of any vitiation, to the extent that the relevant sums are not otherwise recovered by the Relevant Tenant; and

- (g) any costs and expenses in relation to applying for and obtaining any third party consents or approvals;

provided that:

- (i) where any such costs, fees and expenses within paragraphs (a), (b), (c) and/or (d) above relate to the relevant Non-Residential Sale Unit as well as other Non-Residential Sale Unit and/or other parts of the Premises, a fair and reasonable proportion of the relevant costs, fees and expenses (determined by the Tenant acting reasonably) shall be deemed to have been incurred in connection with the relevant Non-Residential Sale Unit; and
- (ii) such costs, fees and expenses (or, if appropriate, a fair and reasonable proportion of them) shall be counted and included for the purposes of this definition, notwithstanding that they may relate to other parts of the Relevant Premises which are to be used in connection with the relevant Non-Residential Sale Unit,

provided further that (for the avoidance of doubt) no item will be included more than once for the purpose of calculating the Non-Residential Deductibles; and

(2) all irrecoverable VAT paid on any of the foregoing under paragraph (1) of this definition and any irrecoverable VAT suffered by any Relevant Entity in respect of (i) any rent and/or premium payments and/or (ii) the operation of the Capital Goods Scheme;

"Non-Residential Fit Out Costs" means any costs, fees or expenses incurred or to be incurred by or on behalf of the Relevant Tenant in fitting out a Non-Residential Sale Unit for the purposes of marketing and/or to assist the Disposal of a Non-Residential Sale Unit (including costs incurred in connection with the provision of fittings, furnishings or appliances);

"Non-Residential Marketing Costs" means marketing costs incurred by or on behalf of the Relevant Tenant in connection with the Disposal or attempted Disposal of a Non-Residential Sale Unit;

"Non-Residential Sales Costs" means all selling agents and legal costs incurred in connection with the Disposal or attempted Disposal of a Non-Residential Sale Unit, together with (in addition) the actual legal fees attributable to any abortive transaction in relation to whole or any part of the Relevant Premises;

"Non-Residential Sales Proceeds" means in respect of:

- (a) each Non-Residential Sale Unit other than any Connected Party Sale Premises: the purchase price received by the Relevant Tenant for the Disposal of the relevant Non-Residential Sale Unit, including any contribution received by the Relevant Tenant towards fittings, furnishings or appliances and any capital sum received by the Relevant Tenant for the grant of rights relating to car parking at the Relevant Premises, in each case howsoever the obligation to pay such contribution is documented; and
- (b) each Connected Party Sale Premises: the Connected Party Non-Residential Sales Proceeds as agreed or determined in accordance with paragraph 11;

but excluding (i) any Plot Sales Receipts, as defined in and distributed in accordance with the Co-Investment Schedule and (ii) all Excluded Receipts;

"Non-Residential Sale Unit" means any Sale Unit which does not constitute a Residential Sale Unit from time to time Provided Always That:

- (a) the Tenant may re-designate a Non-Residential Sale Unit as a Lettable Unit at any time; and
- (b) the Non-Residential Sales Proceeds relating to the Disposal of any such Non-Residential Sale Unit shall form part of the Principal Rent calculation under this Schedule but no receipts attributable to any Non-Residential Sold Units (including without limitation any future receipts of any description) shall be included in any

subsequent Principal Rent calculation under this Schedule so that the Disposal of any Non-Residential Sale Unit will be a Disposal of the relevant Non-Residential Sale Unit free of the Landlord's Principal Rent entitlement pursuant to this Schedule

"Non-Residential Sold Unit" means any Non-Residential Sale Unit which has been the subject of a Disposal;

"Occupational Lease" means any lease of the whole or any part of the Relevant Premises and any other tenancy document, licence or agreement (including concession agreements) giving a person the right to occupy the whole or any part of the Relevant Premises including, in each case, any agreement to grant the same but excluding (for the avoidance of doubt) Equipment Leases;

"Occupational Tenant" means the tenant or any other person in actual occupation of the Relevant Premises or any part of the Relevant Premises under any Occupational Lease from time to time;

"Occupier" means an Occupational Tenant or any other person in actual occupation of or using the Relevant Premises or any part of the Relevant Premises from time to time;

"Open Market Rent" means the yearly rent (excluding any sums payable in respect of water, rates and Outgoings and charges, VAT, business rates, services, service charges, insurance and reimbursement of expenses whether or not reserved as rent) which might reasonably be expected to be payable following the expiry of any period at the beginning of the term during which no rent or a concessionary rent is payable which might be negotiated (for fitting out purposes only) in the open market if the relevant Owner Occupied Premises (in this definition the **"premises"**) had been let on the relevant date (being the first day of the relevant Owner Occupation (the **"Relevant Date"**)):

- (a) as a whole;
- (b) with vacant possession;
- (c) in the open market;
- (d) by a willing landlord to a willing tenant;
- (e) without a fine or premium being received by the willing landlord; and
- (f) for a permitted use which comprises the use to which the relevant Owner Occupied Premises are to be put pursuant to the relevant Owner Occupation;

for a term of years starting on the Relevant Date and equal to the length of the term which at the Relevant Date it is the practice to grant in the open market on lettings to occupational tenants of premises comparable to the relevant Owner Occupied Premises on such terms, basis and frequency of review (and other lease terms) as shall accord with normal letting practice current at the Relevant Date in respect of lettings of similar premises and which also reflect and are consistent with the provisions of this lease (including, without limitation, the lessee's covenants) taking into account any rent free period or receipt of any other inducement which the willing landlord would negotiate with the willing tenant as a term of such a letting but disregarding any rent free period or other concession in respect of fitting out which might for the time being be offered in the open market and on the assumptions that:

- (g) that if the premises have been damaged or destroyed, the same have before the relevant time, been fully reinstated; and
- (h) any such premises are ready to receive the willing tenant's fit out works;

but disregarding:

- (i) any effect on rent of the fact that the relevant occupier and/or any other person deriving title under the relevant occupier and/or their respective predecessors in title have been in occupation of the relevant Owner Occupied Premises;

- (j) any goodwill attached to the relevant premises by reason of the carrying on of the business of the relevant occupier and/or any other person deriving title under the relevant occupier and/or their respective predecessors in title in their respective businesses;
- (k) any special bid which the willing tenant may make by reason of it being a tenant on any other premises on the Estate; and
- (l) any increase in the rental value of the premises attributable to any works carried out at the premises (including without limitation fit-out works);

"Outgoings" means all rates, taxes, charges and other outgoings whatsoever now or hereafter assessed, charged or imposed upon the Relevant Premises or the Estate (as applicable) or (in each case) upon their owner or occupier and all charges for water, gas, telecommunications and electricity and other utilities (including meter rents) consumed in the Relevant Premises or the Estate (as applicable);

"Owner Occupation" means the beneficial occupation and use of any Lettable Unit by the Relevant Tenant and/or a Connected Party of the Relevant Tenant (or any guarantor of the Relevant Tenant) for trading purposes (including any fitting out in connection with such trading);

"Owner Occupation Period" the period in respect of which any Owner Occupied Premises are the subject of Owner Occupation but excluding any period during which the relevant Lettable Unit is being fitted out;

"Owner Occupied Premises" means any Lettable Unit(s) which is or are (or is or are deemed to be) subject to Owner Occupation from time to time;

"Plot Sales Receipts" means "Plot Sales Receipts", as defined in and for the purposes of the Co-Investment Schedule;

"Relevant Area" means each part of the Premises to which a separate Relevant Percentage applies (whether or not the Relevant Percentages might be the same for a period in relation to some Relevant Areas), being the Retained Premises and each Development Plot;

"Relevant Entity" means all of the following:

- (a) the Tenant, the Relevant Tenant and any lessee of any Relevant Lease from time to time;
- (b) any developer of any Plot; and
- (c) any Connected Party of any person within paragraphs (a) and/or (b) of this definition as if (where the relevant person within paragraphs (a) and/or (b) is not the Relevant Tenant) the definition of "Connected Party" referred to the relevant person within paragraphs (a) and/or (b) of this definition instead of the "Relevant Tenant";

"Relevant Lease" means this lease, any Permitted Investment Underlease or any Plot Sublease (as the context permits);

"Relevant Percentage" means:

- (a) in relation to each Development Plot: the Relevant Plot Percentage;
- (b) in relation to the Retained Premises: twenty per cent (20%);

"Relevant Plot Percentage" means in relation to the relevant Development Plot:

- (a) during the Council's Investment Period: zero per cent (0%);
- (b) where the relevant Plot is the subject of a Third Party Plot Sale: zero per cent (0%) with effect from and including the date of completion of the relevant Third Party Plot Sale for the remainder of the Term and where this paragraph (b) applies, none of the following paragraphs of this definition shall apply;

- (c) where the Council makes a Council Sell Decision, as defined in and in accordance with the Co-Investment Schedule: from the date on which the Council sells the Council's Plot Receipts Entitlement (as defined in the Co-Investment Schedule) pursuant to paragraph 6 of the Co-Investment Schedule: zero per cent (0%) for the remainder of the Term and where this paragraph (c) applies, none of the following paragraphs of this definition shall apply;
- (d) with effect from but excluding the Final Value Assessment Date: the relevant Landlord's Plot Percentage for the remainder of the Term (irrespective of whether a Plot Sublease or a Permitted Investment Underlease is granted or remains in place from time to time) save that:
- (i) the relevant Landlord's Plot Percentage shall be subject to variation from time to time in accordance with the provisions of Schedule 4 to this lease (and/or the provisions of the relevant Plot Sublease which are equivalent to the provisions of Schedule 4 to this lease (as applicable));
 - (ii) where the initial Plot Sublease to be granted in relation to the relevant Development Plot is for a term of less than 80 years, the Relevant Plot Percentage for the relevant Development Plot shall revert back to twenty per cent (20%) following the surrender or determination of that initial Plot Sublease, which shall be subject to variation from time to time in accordance with the provisions of Schedule 4 to this lease (and/or the provisions of the relevant Plot Sublease which are equivalent to the provisions of Schedule 4 to this lease (as applicable));

"Relevant Premises" means:

- (a) in relation to the Development Plots: the relevant Development Plot;
- (b) in relation to the Retained Premises: the Retained Premises;

"Relevant Tenant" means:

- (a) in relation to a Development Plot for so long as a Plot Sublease subsists in respect of the relevant Development Plot: the relevant Plot Subtenant;
- (b) in relation to a Development Plot, if and when applicable, where a Plot Sublease has terminated in respect of the relevant Development Plot leaving in place a Permitted Investment Underlease in immediate reversion to the Occupational Leases and for so long as such Permitted Investment Underlease (or any Permitted Investment Underlease derived out of this lease, whether directly or indirectly) subsists and no replacement Plot Sublease has been granted: the lessee of the Permitted Investment Underlease which is in immediate reversion to the Occupational Leases;
- (c) in relation to any Development Plots to which neither paragraph (a) nor paragraph (b) of this definition applies from time to time: the Tenant; and
- (d) in relation to the Retained Premises: the Tenant;

"Rent Payment Dates" means 1 February, 1 May, 1 August and 1 November in every year of the Term;

"Residential Sale Unit" means a "Residential Sale Unit", as defined in Schedule 3;

"Retained Premises Rent" means, for the Relevant Accounting Year, the amount calculated according to the following formula:

$$\text{Relevant Percentage} \times (\text{NRI} + \text{NNSP})$$

where:

"NRI" is the Net Rental Income received by the Relevant Tenant in respect of the Retained Premises for the Relevant Accounting Year; and

"NNSP" is the Net Non-Residential Sales Proceeds received by the Relevant Tenant in respect of the Retained Premises for the Relevant Accounting Year;

"Sale Unit" means any unit or units of accommodation constructed at the Relevant Premises which is or are intended to be disposed of for a premium together with, if the Tenant so requires in its absolute discretion, associated common parts of the relevant building or estate and a Sale Unit may therefore, if the Tenant so requires, include (by way of example only):

- (a) (in the case of Residential Sale Units only) areas of the Relevant Premises designated as affordable housing from time to time; and
- (b) block(s) of units Disposed of to a purchaser who intends in turn to dispose to occupiers;

"Utilities" means electricity, gas, water, sewerage, telecoms, wi-fi services, and any other utilities commonly provided to premises similar in function and location to the Relevant Premises (or any part thereof) from time to time.

2. PRINCIPAL RENT

2.1 The Principal Rent payable in each Accounting Year shall be the aggregate of:

2.1.1 the Retained Premises Rent; and

2.1.2 the Development Plots Rent,

in each case calculated and payable in accordance with this Schedule Provided Always That (where applicable and for the avoidance of doubt) there shall be no Principal Rent due:

2.1.3 for any Development Plot following and including the date on which:

- (A) a Third Party Plot Sale is completed; or
- (B) the date on which the Council sells the Council's Plot Receipts Entitlement (as defined in the Co-Investment Schedule) pursuant to paragraph 6 of the Co-Investment Schedule; and

2.1.4 for any Redevelopment Premises (as defined in Schedule 4) during which the Principal Rent is suspended in respect of such Redevelopment Premises in accordance with paragraph 13 of Schedule 4.

2.2 Each Accounting Year shall be divided into four quarters ("**Accounting Quarters**") and the Principal Rent attributable to each quarter shall be due (on account, by reference to the Estimate) on the Rent Payment Date next following expiry of the relevant Accounting Quarter, being:

Accounting Quarter	Corresponding Rent Payment Date
1 April – 30 June	1 August next following
1 July – 30 September	1 November next following
1 October – 31 December	1 February next following
1 January – 31 March	1 May next following

2.3 The Principal Rent shall be payable from the date of this lease in accordance with this Schedule and the Tenant agrees with the Landlord to pay (subject, where applicable, to paragraphs 2.5, 2.6, 2.7, 2.8 and 2.9):

- 2.3.1 the Estimate (as defined in paragraph 3) on account of the Net Rental Income component of the Principal Rent, the Estimate to be payable on the Rent Payment Dates in the amounts specified in the Estimate, the first payment of the Estimate for the first Accounting Quarter (being an apportionment of the Estimate from the date of this lease to expiry of the current Accounting Quarter (inclusive)) to be made on the date of this lease; and
- 2.3.2 any Principal Rent balance, in accordance with paragraph 5.4.
- 2.4 The Landlord agrees with the Tenant to pay any Estimate overpayment for the last Accounting Period, in accordance with paragraph 5.4.
- 2.5 In relation to each Development Plot (save where paragraphs 2.1.3(A) or 2.1.3(B) apply) between the Final Value Assessment Date and Landlord's Plot Percentage Memorandum Date (the "**Relevant Period**"), pending the ascertainment of the Landlord's Plot Percentage, the Relevant Percentage shall be assumed for the purposes of this Schedule and all calculations under it to be the anticipated Landlord's Plot Percentage (as determined by the Tenant, acting properly) and the Estimate shall be deemed to have been adjusted accordingly with effect from the Final Value Assessment Date Provided That:
- 2.5.1 once the Landlord's Plot Percentage has been ascertained, all calculations relating to the Principal Rent shall assume the actual Landlord's Plot Percentage (applied with effect from the Final Value Assessment Date) and be re-calculated as appropriate (where applicable as part of the Annual Certificate); and
- 2.5.2 where an Annual Certificate has been agreed or determined pursuant to this Schedule before the Landlord's Plot Percentage Memorandum Date in respect of a period part or all of which falls within the Relevant Period, within 20 Working Days of the Landlord's Plot Percentage Memorandum Date, the Tenant shall re-calculate the Principal Rent for the relevant Accounting Year on the basis of the actual Landlord's Plot Percentage (with effect, where applicable, from the Final Value Assessment Date) and:
- (A) to the extent that the re-calculated Principal Rent exceeds the sums already paid to the Landlord pursuant to this Schedule in respect of the relevant Accounting Year, the Tenant shall pay an amount equivalent to such excess to the Landlord within 20 Working Days of submission of the revised Principal Rent calculation; and
- (B) to the extent that the re-calculated Principal Rent is less than the sums already paid to the Landlord pursuant to this Schedule in respect of the relevant Accounting Year, the Landlord shall pay an amount equivalent to such difference to the Tenant within 20 Working Days of submission of the revised Principal Rent calculation.
- 2.6 Subject where applicable to paragraph 2.7, if the Principal Rent is a negative figure the Landlord shall pay the relevant sum to the Tenant as if the payment obligations in this Schedule were reversed so that instead of the Tenant paying the Principal Rent the Landlord is obliged to pay the Principal Rent to the Tenant (mutatis mutandis).
- 2.7 Where the Principal Rent for any Development Plot is a negative figure for seven or more consecutive Accounting Years following the relevant Final Value Assessment Date and no bona fide redevelopment proposal and associated request for capital expenditure has been made, then for the purposes of the Principal Rent calculation under this Schedule it shall be assumed that the Principal Rent for the relevant Development Plot for any subsequent consecutive Accounting Year in which the Principal Rent for the relevant Development Plot remains negative is instead zero, so that the Tenant bears 100% of the associated net losses until the first occurring Accounting Year occurring thereafter in which either (i) a

bona fide redevelopment or refurbishment proposal and request for capital expenditure is made or (ii) the Principal Rent for the relevant Development Plot is a positive figure.

- 2.8 Where the Relevant Tenant is a Plot Subtenant or an Investment Undertenant and, in respect of any Accounting Quarter, the Tenant has not received any Net Rental Income or Net Non-Residential Sales Proceeds from the Relevant Tenant (or, where applicable, any person with an interest in reversion to the Relevant Tenant's interest), the Tenant shall be entitled to withhold an equivalent amount from the Principal Rent which would otherwise fall due to the Landlord in relation to the relevant Accounting Quarter pursuant to this Schedule until the sooner of:
- 2.8.1 ten Working Days after the date the relevant moneys are either received by the Tenant; and
- 2.8.2 (where applicable) the date on which the relevant moneys are paid directly to the Landlord at the Tenant's direction (including without limitation pursuant to the relevant Direct Deed).
- 2.9 Where the Relevant Tenant is the Tenant and, in respect of any Accounting Quarter, the Tenant has not received any Gross Rental Income which the Estimate anticipated would be received in the relevant Accounting Quarter, the Tenant shall be entitled to withhold an equivalent amount from the Principal Rent which would otherwise fall due to the Landlord in relation to the relevant Accounting Quarter pursuant to this Schedule until such time as the moneys are received by the Tenant.

3. ESTIMATE

- 3.1 As soon as reasonably practicable prior to the commencement of each Accounting Year (the "**Relevant Accounting Year**") the Tenant shall provide or procure the submission of the draft Estimate (the "**Draft Estimate**") to the Landlord and such Draft Estimate shall include the Tenant's reasonable estimate of the Net Rental Income component of the Principal Rent (but not the Net Non-Residential Sales Proceeds component of the Principal Rent) which would be due on each Rent Payment Date (on the basis set out in paragraph 2 above).
- 3.2 As soon as reasonably practicable and in any event within one calendar month after receipt of the Draft Estimate (the "**Response Period**") the Landlord shall notify the Tenant whether the Draft Estimate is agreed. Provided That if the Landlord fails to respond within the Response Period (time being of the essence for the purpose of this paragraph 3.2), the Landlord shall be deemed to have confirmed that the Draft Estimate is agreed. Where the Landlord notifies the Tenant within the Response Period that the Draft Estimate is not agreed the parties shall endeavour to agree the Estimate and in the absence of agreement between the parties, the matter may be referred by either party at any time for determination by an Expert in accordance with Clause 7. Once the Draft Estimate for any Relevant Accounting Year has been agreed (or determined in accordance with Clause 7) it shall constitute the "**Estimate**" for the Relevant Accounting Year for purposes of this paragraph 3.
- 3.3 If the Estimate has not been agreed or determined by the first Rent Payment Date of the Relevant Accounting Year, the Tenant will pay in accordance with paragraph 2.3 on each Rent Payment Date the relevant quarterly instalment on the basis of the Draft Estimate and whenever the Estimate shall have been agreed (or determined under Clause 7) the Tenant or, as the case may require, the Landlord shall forthwith and in any event within 10 Working Days pay such amount as shall be appropriate to adjust the aggregate amount of the instalments of the Estimate paid during the Relevant Accounting Year (taking due account of other adjustment payments which may then have been paid) to the amount which should have been paid had the Estimate been settled at the commencement of the Relevant Accounting Year together with interest at the Base Rate on any such adjustment

payment from the relevant due date when payment would have been made had the Estimate been settled until the date the adjustment payment is made.

- 3.4 The Estimate may be revised by the Tenant (but not more frequently than three monthly) to take account of changes in Net Rental Income during the Relevant Accounting Year and on the agreement or determination of a revised Estimate the Tenant's quarterly payments will be adjusted accordingly.
- 3.5 In the absence of agreement as to the calculation or adjustment of the Estimate the matter may be referred by either the Landlord or the Tenant for determination by an Expert in accordance with Clause 7.

4. PRODUCTION OF AND EXCLUSIONS FROM ANNUAL CERTIFICATE

4.1 Within 60 Working Days after the end of each Accounting Year, the Tenant shall give the Landlord a certificate (the "**Annual Certificate**") audited by a competent qualified, professional and independent accountant (who is a professionally qualified member of the Institute of Chartered Accountants of England and Wales) appointed by the Tenant showing:

- 4.1.1 all Gross Rental Income and Non-Residential Sales Proceeds received by the Relevant Tenant in respect of the Relevant Premises in the Relevant Accounting Year;
- 4.1.2 all Gross Deductible Expenditure and Non-Residential Deductibles in respect of the Relevant Premises arising in the Relevant Accounting Year;
- 4.1.3 the amount of Net Rental Income and Net Non-Residential Sales Proceeds in respect of the Relevant Premises arising in the Relevant Accounting Year;
- 4.1.4 the amount of Retained Premises Rent and Development Plots Rent due pursuant to this Schedule in respect of the Relevant Accounting Year; and
- 4.1.5 any Designated Plot Development Costs;

and the Tenant will use all reasonable endeavours to procure that the Annual Certificate states these amounts accurately and in sufficient detail to be clear and comprehensible.

- 4.2 The Tenant will be entitled to omit elements of insurance, service charges, rates and VAT in respect of the Relevant Premises from the accounts delivered to the Landlord to the extent that income and expenditure balances or any excess income is held on trust for Occupational Tenants.
- 4.3 If reasonably requested to do so, the Tenant shall provide the Landlord with details (but not with the accounts) of:
- 4.3.1 the sums held on trust for occupational tenants which are referred to in paragraph 4.2; and
- 4.3.2 the costs of insurance and service charges in respect of the Relevant Premises for the Relevant Accounting Year.

5. LANDLORD'S RIGHT TO CHALLENGE THE ANNUAL CERTIFICATE

- 5.1 The Landlord may challenge or object to the whole or any part of the Annual Certificate by written notice to the Tenant served within 20 Working Days of receipt of the Annual Certificate, setting out in reasonable detail the facts relied upon by the Landlord in making such challenge or objection (and the evidence supporting the same) and the Tenant shall give due and proper regard to such challenges.
- 5.2 If the Landlord shall not notify the Tenant in writing of its non-agreement pursuant to paragraph 5.1 within the said period of 20 Working Days (time being of the essence for the purposes of this paragraph 5.2), providing reasons for such non-agreement, the Landlord shall be deemed to accept the calculation of the Gross Rental income, Gross Deductible Expenditure, Non-Residential Sales Proceeds, Non-Residential Deductibles, Net Rental Income, Net Non-Residential Sales Proceeds and the Retained Premises Rent and the Development Plots Rent for the Relevant Accounting Year, all as set out in the Annual Certificate supplied by the Tenant.
- 5.3 If the Landlord notifies the Tenant in writing of its non-agreement pursuant to paragraph 5.1 within the said period of 20 Working Days (time being of the essence for the purposes of this paragraph 5.3), providing reasons for such non-agreement and the parties shall be unable within a further period of 30 Working Days to resolve the matters arising from the Annual Certificate which are challenged or in dispute then such matters shall be determined by an Expert in accordance with Clause 7.
- 5.4 Within 10 Working Days after the agreement or determination of the Principal Rent for the Relevant Accounting Year the Tenant shall pay to the Landlord or (subject to paragraph 5.5) the Landlord shall repay to the Tenant (as appropriate) the difference between the amounts actually paid on account by way of Principal Rent and the Principal Rent so agreed or determined for the Relevant Accounting Year and for the avoidance of doubt where the Principal Rent ascertained in accordance with the Annual Certificate is a negative figure (irrespective of whether the Estimates anticipated that that would be the case), the Principal Rent shall be due from the Landlord to the Tenant rather than vice versa and (subject to paragraph 5.5) the Landlord shall pay the Tenant the sum required (taking into account any payments on account by the Tenant by way of the Estimate) to ensure that the Landlord has paid the Tenant an amount equivalent to the relevant shortfall.
- 5.5 If the Landlord is required to pay an amount to the Tenant pursuant to paragraph 5.4 (the "**Relevant Amount**"), the Landlord shall be entitled to require that the Relevant Amount (or relevant part thereof) shall be deducted from the Principal Rent (or payments on account of the Principal Rent) to be paid by the Tenant to the Landlord in respect of the Accounting Year which immediately follows the Relevant Accounting Year (in which the Landlord's obligation to pay the Relevant Amount to the Tenant pursuant to paragraph 5.4 relates) (the "**Following Accounting Year**") provided that if that the Relevant Amount exceeds the Principal Rent set out in the Estimate for the Following Accounting Year, no deduction may be made pursuant to this paragraph 5.5 and the Landlord shall pay the entire Relevant Amount to the Tenant in accordance with paragraph 5.4.
- 5.6 Interest shall be paid at the Stipulated Rate on any sum which is due to be repaid by one party to the other pursuant to paragraph 5.4 of this Schedule that is not paid within 10 Working Days of the date on which it is due.

6. RECORDS

The Tenant shall or (where the Relevant Tenant is someone other than the Tenant and has not given an equivalent covenant to this paragraph 6 directly to the Landlord, whether by means of a Direct Deed or otherwise) shall use reasonable endeavours to procure that the Relevant Tenant shall:

- 6.1 maintain sufficient books, accounts and records reasonably required so as to enable Gross Rental income, Gross Deductible Expenditure, Non-Residential Sales Proceeds, Non-Residential Deductibles, Net Rental Income and Net Non-Residential Sales Proceeds (in each case in respect of the Relevant Premises) to be determined and the Retained Premises Rent and/or the Development Plots Rent (as applicable) and other sums payable to or by the Landlord under this Schedule to be determined;
- 6.2 when reasonably required to do so, make available within 25 Working Days of a request all such books, accounts and records and such other documents as the Landlord may reasonably require for inspection and/or copying by or on behalf of the Landlord to enable the figures supplied for the calculations required by this Schedule to be verified; and
- 6.3 provide such further information and explanation as the Landlord shall properly require for that purpose,

and all reasonable costs arising from the Landlord's request shall constitute Gross Deductible Expenditure.

7. BASIS OF CALCULATION OF PRINCIPAL RENT

- Notwithstanding anything to the contrary in this Schedule, the parties have agreed the following in relation to the calculation of the Principal Rent:
- 7.1 to the extent that any item of Income or Expenditure relates, as to part, to one Relevant Area and, as to part, to another Relevant Area or Relevant Areas, a fair and reasonable apportionment shall be made to each Relevant Area when calculating Income and Expenditure;
 - 7.2 to the extent that any receipt or item of expenditure relates as to part to a Non-Residential Sale Unit and as to part to any other Lettable Unit or Sale Unit(s), a fair and reasonable apportionment shall be made between (as applicable) Gross Rental Income, Non-Residential Sales Proceeds and Residential Sales Proceeds (as defined in Schedule 3) or between (as applicable) Gross Deductible Expenditure, Non-Residential Deductibles and Residential Deductibles (as defined in Schedule 3);
 - 7.3 no element of Income or Expenditure which is included in the calculation of the Principal Rent for one Relevant Area or one Accounting Year shall be included in the calculation of the Principal Rent for any other Relevant Area or any other Accounting Year and, without prejudice to paragraph 7.1, there shall be no double counting of any item of Gross Rental Income, Gross Deductible Expenditure or Excluded Receipts;
 - 7.4 where an item of Expenditure comprises consideration in kind or which is otherwise non-monetary in nature, for the purposes of the calculation of the Gross Deductible Expenditure or the Non-Residential Deductibles (as applicable), the Relevant Tenant shall be deemed to have incurred a sum equivalent to the reasonable monetary value of the relevant item (or, if higher, its cost);
 - 7.5 where an item of Expenditure has been paid to a Connected Party, the amount in question shall only constitute Expenditure for the purposes of the calculation of the Gross Deductible Expenditure or the Non-Residential Deductibles (as applicable) to the extent that it constitutes a rate which might be paid to a third party provider of equivalent standing, experience or reputation (as applicable) for the relevant product or service or other item; and
 - 7.6 no rent or value shall be attributed to any space occupied or used for the purposes of or in connection with the provision of Utilities to Occupational Tenants from time to time (whether or not occupied or operated by a Connected Party), including without limitation substations and other space housing plant used in connection with the provision of Utilities (and, accordingly, the Market Value of any such space shall be nil and the Open Market Rent of any such space where it constitutes Owner Occupied Premises shall be nil).

8. INTERFACE BETWEEN THIS SCHEDULE AND THE CO-INVESTMENT SCHEDULE

The parties have agreed the following principles in relation to the interface between this Schedule and the Co-Investment Schedule, in each case in relation to the relevant Development Plot:

- 8.1 if and to the extent that any item of cost or expenditure which is incurred in respect of any period prior to the start of the Council's Investment Period and which would, absent this paragraph, constitute an item of Gross Deductible Expenditure or a Non-Residential Deductible also constitutes a "Plot Development Cost", as defined in and for the purposes of the Co-Investment Schedule, (including without limitation the Multi-Plot Costs and the Estate Wide Costs) then:
- 8.1.1 where the relevant item of cost or expenditure is incurred prior to submission of the Plot Proposal in relation to the relevant Development Plot, there shall be a presumption that such costs and expenditure are to be treated as an item of Gross Deductible Expenditure or a Non-Residential Deductible unless, before the production of the next Annual Certificate, the Tenant requests that the Landlord approves (such approval not to be unreasonably withheld or delayed) the relevant item of cost or expenditure being treated as a Plot Development Cost (instead of an item of Gross Deductible Expenditure or a Non-Residential Deductible); and
- 8.1.2 where the relevant item of cost or expenditure is incurred on or after submission of the Plot Proposal in relation to the relevant Development Plot, there shall be a presumption that such costs and expenditure are to be treated as a Plot Development Cost for the purposes of the Co-Investment Schedule (rather than an item of Gross Deductible Expenditure or a Non-Residential Deductible unless, before the production of the next Annual Certificate, the Tenant requests that the Landlord approves (such approval not to be unreasonably withheld or delayed) the relevant item of cost or expenditure being treated as an item of Gross Deductible Expenditure or a Non-Residential Deductible (instead of a Plot Development Cost);
- and any such items of cost or expenditure which, pursuant to paragraph 8.1.1 or paragraph 8.1.2 are to be treated as Plot Development Costs ("**Designated Plot Development Costs**") rather than Gross Deductible Expenditure or Non-Residential Deductibles shall not feature in any calculation pursuant to this Schedule);
- 8.2 all Council's Investment Period Expenditure shall constitute "Plot Development Costs", as defined in and for the purposes of the Co-Investment Schedule, and not Gross Development Expenditure or Non-Residential Deductibles pursuant to this Schedule;
- 8.3 all Plot Sales Receipts (including without limitation any received prior to the commencement of the Council's Investment Period) shall be dealt with in accordance with the Co-Investment Schedule and shall not be included in any calculation pursuant to this Schedule;
- 8.4 all Council's Investment Period Receipts shall, where applicable, constitute Plot Development Interim Income, Plot Rental Income Receipts and/or Plot Sales Receipts, in each case as defined in and for the purposes of the Co-Investment Schedule and not Gross Rental Income or Non-Residential Sales Proceeds pursuant to this Schedule.

9. OWNER OCCUPATION

- 9.1 The Tenant shall inform the Landlord within 15 Working Days of the commencement or termination of any Owner Occupation of any relevant Lettable Unit within the Relevant Premises and shall provide the Landlord with such details relating to that Owner Occupation as the Landlord may reasonably require together with a confirmation (a "**Surveyor's Confirmation**") from a surveyor with appropriate valuation experience of the

Open Market Rent of the relevant Owner Occupied Premises together with a duty of care letter extending reliance on the surveyor's opinion to the Council (on terms which are consistent with prevailing market practice).

- 9.2 Where the Tenant has provided a Surveyor's Confirmation, the Open Market Rent of the relevant Owner Occupied Premises shall be deemed to be the amount stated in the Surveyor's Confirmation.

10. **THIRD PARTY PLOT SALES**

Where a Third Party Plot Sale has been completed in relation to any relevant Plot:

- 10.1 the Relevant Plot Percentage for the relevant Sold Plot shall be reduced to zero per cent with effect from and including the completion date relating to such Third Party Plot Sale (the "**Completion Date**") and this Schedule shall be of no further effect in relation to the relevant Sold Plot from the Completion Date. The parties shall sign a memorandum to record the disapplication of this Schedule in relation to the relevant Sold Plot and attach it to the original and counterpart of this lease in accordance with clause 17.4.5(b) of the Master Development Agreement; and
- 10.2 no Net Rental Income or Net Non-Residential Sales Proceeds for the Sold Plot shall be included in the calculations of the Principal Rent for the period commencing on the first day of the Accounting Period in which the Completion Date occurred and finishing on the Completion Date (the sums in question being accounted for instead in the statement referred to in clause 17.4.5(a) of the Master Development Agreement).

11. **NON-RESIDENTIAL SALES PROCEEDS FOR SALES TO A CONNECTED PARTY**

Within 20 Working Days of the later of the completion of any Connected Party Sale and the expiry of any subsequent Accounting Year during which that Connected Party Sale occurs the Landlord and Tenant shall use reasonable endeavours to agree the Connected Party Non-Residential Sales Proceeds and in default of agreement the Market Value shall be determined by an Expert in accordance with Clause 7.

12. **CHANGE IN RELEVANT PERCENTAGE**

Where the Relevant Percentage applicable to a Relevant Area changes for any reason (whether in the circumstances set out in the definition of Relevant Plot Percentage and whether pursuant to this lease, a Permitted Investment Underlease, a Plot Sublease, the Co-Investment Schedule or otherwise), the parties shall enter into a memorandum (in such form as the Tenant may reasonably require) recording the revised Relevant Percentage applicable to the Relevant Area and the date from which the revised Relevant Percentage takes effect.

13. **NON-RESIDENTIAL SOLD UNITS**

In relation to any Non-Residential Sold Unit, the Tenant may request that the Landlord signs or enters into a memorandum or other document (for the benefit of the Tenant and any person deriving title from the Tenant in respect of the relevant Non-Residential Sold Unit) which is reasonably required by the Tenant to evidence that the Landlord is not entitled to any amounts in respect of the relevant Non-Residential Sold Unit (including any premiums or other payments received in respect of the relevant Non-Residential Sold Unit in respect of any assignment, transfer, mortgage, charge, surrender, termination or other disposal, disposition, variation or amendment of the lease of the relevant Non-Residential Sold Unit) and the Landlord shall sign or enter into such memorandum or document within 20 Working Days of the Tenant's request.

14. **RECORDING OF RELEVANT PLOT PERCENTAGE**

As soon as reasonably practicable after any change to the Relevant Plot Percentage has been effected, agreed or determined in relation to any Development Plot, the Landlord, the

Tenant, any Investment Undertenant and any Plot Sub-Tenant shall record the revised Relevant Plot Percentage in a memorandum in such form as the Tenant may reasonably require (such memorandum to be signed by the Landlord, the Tenant, any Investment Undertenant and any Plot Sub-tenant) and a copy of such memorandum shall be attached to the original and counterpart of this lease.

15. **EFFECT OF TERMINATION OF THIS LEASE**

If this lease comes to an end or is terminated (by whatever means) this Schedule shall be of no further effect (without prejudice to any antecedent breach or any apportionments the parties may agree as part of any relevant termination including without limitation a surrender of this lease).

SCHEDULE 3

(DEFERRED PREMIUM)

1. DEFINITIONS AND INTERPRETATION

1.1 The following expressions have the respective specified meanings:

"Annual Deferred Premium Certificate" has the meaning given to that expression in paragraph 3;

"Capital Goods Scheme" means the provisions relating to the adjustments to the deduction of input tax on capital items under Part XV of the Value Added Tax Regulations 1995 (SI 1995/2518);

"Connected Party" means a company, limited partnership or other vehicle which is any of the following:-

- (a) a company which is a subsidiary or subsidiary undertaking of or which has the same holding company or parent undertaking as the Relevant Tenant (where subsidiary, subsidiary undertaking, holding company and parent undertaking have the same meanings given to them by sections 1159, 1162 and 1173 of the Companies Act 2006); or
- (b) such an entity in which the Relevant Tenant has a Controlling Interest;

"Connected Party Sale" means a Disposal of a Residential Sale Unit to a Connected Party;

"Connected Party Residential Sales Proceeds" means the Market Value of the Residential Sale Unit which is the subject of the relevant Connected Party Sale, as agreed or determined pursuant to paragraph 9 (and, in the case of a Residential Sale Unit which is designated as for use as a type of affordable housing, the Landlord and the Tenant acknowledge that the Market Value of such Residential Sale Unit will assume that such Residential Sale Unit may only be used for the purposes of such relevant type of affordable housing);

"Controlling Interest" means:

- (a) an interest in shares in a company held directly or indirectly conferring in the aggregate 50% or more of the total voting rights conferred by all the issued shares in that company taking account of restrictions on voting rights contained in the articles of association of that company; or
- (b) an interest in 50% or more of the total voting rights held directly or indirectly in a limited partnership or 50% or more of the decision making powers in any other vehicle;

"Council's Investment Period" means, in relation to a Development Plot, the relevant Council's Investment Period as defined in the Co-Investment Schedule;

"Council's Investment Period Expenditure" means, in relation to a Development Plot, all costs and expenditure incurred in respect of the Council's Investment Period for a Plot (whether in fact incurred prior to, during, or after the Council's Investment Period);

"Council's Investment Period Receipts" means, in relation to a Development Plot, any receipts or income received by or on behalf of the Relevant Tenant in respect of the Council's Investment Period for the relevant Plot (whether in fact received prior to, during or after the relevant Council's Investment Period);

"Designated Plot Development Costs" has the meaning given to that expression in paragraph 7.1;

"Development Plots Deferred Premium" means, for each Development Plot, for the Relevant Accounting Year, the amount calculated according to the following formula:

Relevant Percentage x NRSP

where:

"NRSP" is the Net Residential Sales Proceeds received by the Relevant Tenant in respect of the relevant Development Plot for the Relevant Accounting Year;

"Disposal" means any of the following: an agreement for sale or lease, a transfer or the grant of a lease in consideration of a capital sum but excluding (for the avoidance of doubt) any Excluded Disposal;

"Equipment Lease" means any lease, licence or other agreement authorising the use of equipment at the Relevant Premises;

"Excluded Disposal" means any dealing with the Relevant Tenant's interest in the Relevant Premises (or, where applicable, any other interest in reversion to the Relevant Tenant's interest) which does not exclusively relate to a Residential Sale Unit, including by way of example and without limitation:

- (a) the grant or assignment of this lease, any Permitted Investment Underlease and/or any Plot Sublease;
- (b) any dealing with the vehicle holding the Relevant Lease (including the sale or charging of any shares and/or units in relation to the Relevant Tenant);
- (c) any assignment or charge of rental income;
- (d) any Third Party Plot Sale; and
- (e) any Disposal of a Non-Residential Sale Unit;

"Excluded Receipts" means all of the following:

- (a) all sums received by the Relevant Tenant (whether by way or reimbursement of expenditure incurred, payment in advance on account of expenditure to be incurred including without limitation sums payable by way of any sinking fund provision or on any other basis) from any Occupier in respect of rates, repairs, maintenance, insurance (including without limitation management fees) and/or the provision of any other services, supplies or facilities to Occupiers (including without limitation the provision of Utilities and concierge services);
- (b) without prejudice to the generality of paragraph (a), any development management, asset management (including service charge management) or project management fees or charges due to the Relevant Tenant for services provided at or in relation to the Relevant Premises;
- (c) receipts to which the Relevant Tenant may be entitled but which has not yet been received or recovered;
- (d) receipts resulting from proceedings brought by the Relevant Tenant in respect of any latent or inherent defects or the installation of defective plant or machinery;
- (e) any receipt which also constitutes Plot Sales Receipts;
- (f) VAT or any other tax received in relation to any item or component of Residential Sales Proceeds;
- (g) any borrowing or other receipts associated with any funding;
- (h) premiums and other payments received by the Relevant Tenant in respect of any assignment transfer mortgage charge surrender termination or other disposal disposition variation or amendment of the Relevant Lease;
- (i) insurance moneys received;
- (j) any deposits or other security;
- (k) sums received by the Relevant Tenant in respect of the cost of works carried out by or on behalf of the Relevant Tenant or any Connected Party of the Relevant Tenant;

- (l) sums received by the Relevant Tenant by way of reimbursement of fees or expenses incurred by the Relevant Tenant (including management fees) in deciding whether to grant or withhold consent to any application made to the tenant by an Occupational Tenant and, where applicable, documenting the same;
- (m) any sum payable or allowable to the Relevant Tenant by the Landlord in respect of overpaid Principal Rent or Deferred Premium including but not limited to sums paid pursuant to this Schedule and/or Schedule 2;
- (n) any specific receipt falling under one head of description if and to the extent that the same receipt has been taken into account under any other head;
- (o) any sums paid to the Relevant Tenant in error provided they are subsequently repaid by the Relevant Tenant;
- (p) any receipt which the Relevant Tenant is obliged to credit to the service charge;
- (q) all Council's Investment Period Receipts;
- (r) all receipts or income relating to Residential Sold Units (other than the Residential Sales Proceeds relating to the relevant Disposal);
- (s) all receipts or income relating to or derived from any Excluded Disposal; and
- (t) all sums received by the Relevant Tenant in respect of the collection, sorting, use, transfer, sale or other dealing in relation to any data or the provision of any technology, information or business services to any third party (whether or not the same is done from or in connection with the Relevant Premises);

"Final Value Assessment Date" has the meaning given to that term in the Co-Investment Schedule;

"Landlord's Plot Percentage" means the "Council's Plot Percentage" for the relevant Development Plot as defined in and calculated pursuant to the Co-Investment Schedule (and, if and when applicable, as recalculated pursuant to Schedule 4 of this lease);

"Landlord's Plot Percentage Memorandum Date" means the date on which the Council's Plot Percentage Memorandum for the relevant Development Plot is dated in accordance with the Co-Investment Schedule;

"Market Value" means market value as determined in accordance with VPS 4 paragraph 4 of the RICS Valuation – Global Standards 2017 as amended or substituted from time to time but such market value shall in any event exclude any VAT;

"Net Residential Sales Proceeds" means in respect of each Accounting Year, the aggregate of all Residential Sales Proceeds received by the Relevant Tenant less the aggregate of all Residential Deductibles, in each case in respect of the Relevant Premises;

"Non-Residential Sale Unit" means a "Non-Residential Sale Unit", as defined in Schedule 2;

"Occupational Lease" means any lease of the whole or any part of the Relevant Premises and any other tenancy document, licence or agreement (including concession agreements) giving a person the right to occupy the whole or any part of the Relevant Premises including, in each case, any agreement to grant the same but excluding (for the avoidance of doubt) Equipment Leases;

"Occupational Tenant" means the tenant or any other person in actual occupation of the Relevant Premises or any part of the Relevant Premises under any Occupational Lease from time to time;

"Occupier" means an Occupational Tenant or any other person in actual occupation of or using the Relevant Premises or any part of the Relevant Premises from time to time;

"Plot Sales Receipts" means "Plot Sales Receipts", as defined in and for the purposes of the Co-Investment Schedule;

"Relevant Area" means each part of the Premises to which a separate Relevant Percentage applies (whether or not the Relevant Percentages might be the same for a period in relation to some Relevant Areas), being the Retained Premises and each Development Plot;

"Relevant Entity" means all of the following:

- (a) the Tenant, the Relevant Tenant and any lessee of any Relevant Lease from time to time;
- (b) any developer of any Plot; and
- (c) any Connected Party of any person within paragraphs (a) and/or (b) of this definition as if (where the relevant person within paragraphs (a) and/or (b) is not the Relevant Tenant) the definition of "Connected Party" referred to the relevant person within paragraphs (a) and/or (b) of this definition instead of the "Relevant Tenant";

"Relevant Lease" means this lease, any Permitted Investment Underlease or any Plot Sublease (as the context permits);

"Relevant Percentage" means:

- (a) in relation to each Development Plot: the Relevant Plot Percentage;
- (b) in relation to the Retained Premises: twenty per cent (20%);

"Relevant Plot Percentage" means in relation to the relevant Development Plot:

- (a) during the Council's Investment Period: zero per cent (0%);
- (b) where the relevant Plot is the subject of a Third Party Plot Sale: zero per cent (0%) with effect from and including the date of completion of the relevant Third Party Plot Sale for the remainder of the Term and where this paragraph (b) applies, none of the following paragraphs of this definition shall apply;
- (c) where the Council makes a Council Sell Decision, as defined in and in accordance with the Co-Investment Schedule: from the date on which the Council sells the Council's Plot Receipts Entitlement (as defined in the Co-Investment Schedule) pursuant to paragraph 6 of the Co-Investment Schedule: zero per cent (0%) for the remainder of the Term and where this paragraph (c) applies, none of the following paragraphs of this definition shall apply;
- (d) with effect from but excluding the Final Value Assessment Date: the relevant Landlord's Plot Percentage for the remainder of the Term (irrespective of whether a Plot Sublease or a Permitted Investment Underlease is granted or remains in place from time to time) save that:
 - (i) the relevant Landlord's Plot Percentage shall be subject to variation from time to time in accordance with the provisions of Schedule 4 to this lease (and/or the provisions of the relevant Plot Sublease which are equivalent to the provisions of Schedule 4 to this lease (as applicable));
 - (ii) where the initial Plot Sublease to be granted in relation to the relevant Development Plot is for a term of less than 80 years, the Relevant Plot Percentage for the relevant Development Plot shall revert back to twenty per cent (20%) following the surrender or determination of that initial Plot Sublease, which shall be subject to variation from time to time in accordance with the provisions of Schedule 4 to this lease (and/or the provisions of the relevant Plot Sublease which are equivalent to the provisions of Schedule 4 to this lease (as applicable));

"Relevant Premises" means:

- (a) in relation to the Development Plots: the relevant Development Plot;

(b) in relation to the Retained Premises: the Retained Premises;

"Relevant Tenant" means:

(a) in relation to a Development Plot for so long as a Plot Sublease subsists in respect of the relevant Development Plot: the relevant Plot Subtenant;

(b) in relation to a Development Plot, if and when applicable, where a Plot Sublease has terminated in respect of the relevant Development Plot leaving in place a Permitted Investment Underlease in immediate reversion to the Occupational Leases and for so long as such Permitted Investment Underlease (or any Permitted Investment Underlease derived out of this lease, whether directly or indirectly) subsists and no replacement Plot Sublease has been granted: the lessee of the Permitted Investment Underlease which is in immediate reversion to the Occupational Leases;

(c) in relation to any Development Plots to which neither paragraph (a) nor paragraph (b) of this definition applies from time to time: the Tenant; and

(d) in relation to the Retained Premises: the Tenant;

"Residential Deductibles" means:

(1) all costs, fees and expenses incurred by or on behalf of the Relevant Tenant in connection with, or otherwise attributable to, the Disposal of the relevant Residential Sale Unit (and, where applicable, any previous abortive Disposal) including without limitation:

(a) the Residential Fit Out Costs;

(b) the Residential Marketing Costs;

(c) the Sales Costs;

(d) all capital contributions, rent free periods, concessionary rents, reverse premiums, caps, holidays and incentives, including the cost of any incentives provided by way of the supply of goods or services (including where the Relevant Tenant, or any third party on its behalf, has offered to pay or bears (whether directly or indirectly) any costs, fees and expenses usually borne by the purchaser such as SDLT (or any replacement tax) or stamp duty (if applicable) (or any replacement tax) or the purchaser's legal fees, but excluding (to avoid double-counting such costs) any contributions or incentives which constitute Residential Marketing Costs);

(e) any sums equivalent to all excesses which any insurer is not liable to pay out on any insurance claim and the amount of any insurance money rendered irrecoverable as a result of any vitiation, to the extent that the relevant sums are not otherwise recovered by the Relevant Tenant;

(f) any costs and expenses in relation to applying for and obtaining any third party consents or approvals; and

(g) any costs incurred in relation to complying with the Relevant Tenant's obligations in this Schedule or where applicable by reference to this Schedule (for example in a Plot Sublease) including without limitation the costs of preparing and liaising with the Landlord in relation to the Annual Deferred Premium Certificate as well as the costs of entering into any documentation referred to in this Schedule (including without limitation the memoranda relating to Residential Sold Units referred to in paragraph 11) and for the purposes of this paragraph Residential Deductibles shall not only include such costs incurred by or on behalf of the Relevant Tenant but also, where the Relevant Tenant is not the Tenant, all equivalent costs incurred by or on behalf of the Tenant;

provided that:

(i) where any such costs, fees and expenses within paragraphs (a), (b), (c) and/or (d) above relate to the relevant Residential Sale Unit as well as other Residential

Sale Unit(s) and/or other parts of the Premises, a fair and reasonable proportion of the relevant costs, fees and expenses (determined by the Tenant acting reasonably) shall be deemed to have been incurred in connection with the relevant Residential Sale Unit; and

- (ii) such costs, fees and expenses (or, if appropriate, a fair and reasonable proportion of them) shall be counted and included for the purposes of this definition, notwithstanding that they may relate to other parts of the Relevant Premises which are to be used in connection with the relevant Residential Sale Unit,

provided further that (for the avoidance of doubt) no item will be included more than once for the purpose of calculating the Residential Deductibles and if and to the extent that a Residential Deductible has already been counted as a Non-Residential Deductible for the purposes of Schedule 2 it shall (to that extent) not also constitute a Residential Deductible under this Schedule; and

(2) all irrecoverable VAT paid on any of the foregoing under paragraph (1) of this definition and any irrecoverable VAT suffered by any Relevant Entity in respect of (i) any rent and/or premium payments and/or (ii) the operation of the Capital Goods Scheme;

"Residential Fit Out Costs" means any costs, fees or expenses incurred or to be incurred by or on behalf of the Relevant Tenant in fitting out a Residential Sale Unit for the purposes of marketing and/or to assist the Disposal of a Residential Sale Unit (including costs incurred in connection with the provision of fittings, furnishings or appliances);

"Residential Marketing Costs" means marketing Costs incurred by or on behalf of the Relevant Tenant in connection with the Disposal or attempted Disposal of a Residential Sale Unit;

"Residential Sales Costs" means all selling agents and legal costs incurred in connection with the Disposal or attempted Disposal of a Residential Sale Unit, together with (in addition) the actual legal fees attributable to any abortive transaction in relation to whole or any part of the Relevant Premises;

"Residential Sales Proceeds" means in respect of:

- (a) each Residential Sale Unit other than any Connected Party Residential Sale Premises: the purchase price received by the Relevant Tenant for the Disposal of the relevant Residential Sale Unit, including any contribution received by the Relevant Tenant towards fittings, furnishings or appliances and any capital sum received by the Relevant Tenant for the grant of rights relating to car parking at the Relevant Premises, in each case howsoever the obligation to pay such contribution is documented; and
- (b) each Connected Party Residential Sale Premises: the Connected Party Residential Sales Proceeds as agreed or determined in accordance with paragraph 11;

but excluding (i) any Plot Sales Receipts, as defined in and distributed in accordance with the Co-Investment Schedule, (ii) all Excluded Receipts and (to ensure no double-counting) (iii) any sums which constitute Non-Residential Sales Proceeds, as defined in Schedule 2;

"Residential Sale Unit" means any Sale Unit which comprises residential accommodation (including without limitation all types of affordable housing and private residential units) Provided Always That:

- (a) the Tenant may re-designate a Residential Sale Unit as a Lettable Unit (as defined in Schedule 2) at any time; and
- (b) the Residential Sales Proceeds relating to the Disposal of any such Residential Sale Unit shall form part of the Deferred Premium calculation under this Schedule but no receipts attributable to any Residential Sold Units (including without limitation any future receipts of any description) shall be included in any subsequent Deferred Premium calculation under this Schedule so that the

Disposal of any Residential Sale Unit will be a Disposal of the relevant Residential Sale Unit free of the Landlord's Deferred Premium entitlement pursuant to this Schedule;

"Residential Sold Unit" means any Residential Sale Unit which has been the subject of a Disposal;

"Retained Premises Deferred Premium" means, for the Relevant Accounting Year, the amount calculated according to the following formula:

$$\text{Relevant Percentage} \times \text{NRSP}$$

where:

"NRSP" is the Net Residential Sales Proceeds received by the Relevant Tenant in respect of the Retained Premises for the Relevant Accounting Year;

"Sale Unit" means any unit or units of accommodation constructed at the Relevant Premises which is or are intended to be disposed of for a premium together with, if the Tenant so requires in its absolute discretion, associated common parts of the relevant building or estate and a Sale Unit may therefore, if the Tenant so requires, include (by way of example only):

- (a) (in the case of Residential Sale Units only) areas of the Relevant Premises designated as affordable housing from time to time; and
- (b) block(s) of units Disposed of to a purchaser who intends in turn to dispose to occupiers; and

"Utilities" means electricity, gas, water, sewerage, telecoms, wi-fi services, and any other utilities commonly provided to premises similar in function and location to the Relevant Premises (or any part thereof) from time to time.

2. DEFERRED PREMIUM

2.1 The Deferred Premium payable in each Accounting Year shall be the aggregate of:

2.1.1 the Retained Premises Deferred Premium; and

2.1.2 the Development Plots Deferred Premium,

in each case calculated and payable in accordance with this Schedule Provided Always That (where applicable and for the avoidance of doubt) there shall be no Deferred Premium due:

2.1.3 for any Development Plot following and including the date on which:

- (A) a Third Party Plot Sale is completed; or
- (B) the date on which the Council sells the Council's Plot Receipts Entitlement (as defined in the Co-Investment Schedule) pursuant to paragraph 6 of the Co-Investment Schedule; and

2.1.4 for any Redevelopment Premises (as defined in Schedule 4) during which the Deferred Premium is suspended in respect of such Redevelopment Premises in accordance with paragraph 13 of Schedule 4.

2.2 The Deferred Premium shall be payable in accordance with this Schedule and the Tenant agrees with the Landlord to pay (subject, where applicable, to the remainder of this paragraph 2) the Deferred Premium in accordance with paragraph 4.4.

2.3 In relation to each Development Plot (save where paragraphs 2.1.3(A) or 2.1.3(B) apply) between the Final Value Assessment Date and Landlord's Plot Percentage Memorandum Date (the **"Relevant Period"**), pending the ascertainment of the Landlord's Plot Percentage, the Relevant Percentage shall be assumed for the purposes of this Schedule

and all calculations under it to be the anticipated Landlord's Plot Percentage (as determined by the Tenant, acting properly) Provided That:

- 2.3.1 once the Landlord's Plot Percentage has been ascertained, all calculations relating to the Deferred Premium shall assume the actual Landlord's Plot Percentage (applied with effect from the Final Value Assessment Date) and be re-calculated as appropriate (as part of the Annual Deferred Premium Certificate); and
- 2.3.2 where an Annual Deferred Premium Certificate has been agreed or determined pursuant to this Schedule before the Landlord's Plot Percentage Memorandum Date in respect of a period part or all of which falls within the Relevant Period, within 20 Working Days of the Landlord's Plot Percentage Memorandum Date, the Tenant shall re-calculate the Deferred Premium for the relevant Accounting Year on the basis of the actual Landlord's Plot Percentage (with effect, where applicable, from the Final Value Assessment Date) and:
 - (A) to the extent that the re-calculated Deferred Premium exceeds the sums already paid to the Landlord pursuant to this Schedule in respect of the relevant Accounting Year, the Tenant shall pay an amount equivalent to such excess to the Landlord within 20 Working Days of submission of the revised Deferred Premium calculation; and
 - (B) to the extent that the re-calculated Deferred Premium is less than the sums already paid to the Landlord pursuant to this Schedule in respect of the relevant Accounting Year, the Landlord shall pay an amount equivalent to such difference to the Tenant within 20 Working Days of submission of the revised Deferred Premium calculation.
- 2.4 Subject where applicable to paragraph 2.5, if the Deferred Premium is a negative figure the Landlord shall pay (by way of adjustment to the aggregate Deferred Premium) the relevant sum to the Tenant as if the payment obligations in this Schedule were reversed so that instead of the Tenant paying the Deferred Premium the Landlord is obliged to pay the Deferred Premium to the Tenant (*mutatis mutandis*).
- 2.5 Where the Deferred Premium for any Development Plot is a negative figure for seven or more consecutive Accounting Years following the relevant Final Value Assessment Date and no bona fide redevelopment proposal and associated request for capital expenditure has been made, then for the purposes of the Deferred Premium calculation under this Schedule it shall be assumed that the Deferred Premium for the relevant Development Plot for any subsequent consecutive Accounting Year in which the Deferred Premium for the relevant Development Plot remains negative is instead zero, so that the Tenant bears 100% of the associated net losses until the first occurring Accounting Year occurring thereafter in which either (i) a bona fide redevelopment or refurbishment proposal and request for capital expenditure is made or (ii) the Deferred Premium for the relevant Development Plot is a positive figure.
- 2.6 Where the Relevant Tenant is a Plot Subtenant or an Investment Undertenant and, in respect of any Accounting Period, the Tenant has not received any Net Residential Sales Proceeds from the Relevant Tenant (or, where applicable, any person with an interest in reversion to the Relevant Tenant's interest), the Tenant shall be entitled to withhold an equivalent amount from the Deferred Premium which would otherwise fall due to the Landlord in relation to the relevant Accounting Period pursuant to this Schedule until the sooner of:
 - 2.6.1 ten Working Days after the date the relevant moneys are either received by the Tenant; and

2.6.2 (where applicable) the date on which the relevant moneys are paid directly to the Landlord at the Tenant's direction (including without limitation pursuant to the relevant Direct Deed).

3. **PRODUCTION OF AND EXCLUSIONS FROM ANNUAL DEFERRED PREMIUM CERTIFICATE**

Within 60 Working Days after the end of each Accounting Year, the Tenant shall give the Landlord a certificate (the "**Annual Deferred Premium Certificate**") audited by a competent qualified, professional and independent accountant (who is a professionally qualified member of the Institute of Chartered Accountants of England and Wales) appointed by the Tenant showing:

- 3.1 all Residential Sales Proceeds received by the Relevant Tenant in respect of the Relevant Premises in the Relevant Accounting Year;
- 3.2 all Residential Deductibles in respect of the Relevant Premises arising in the Relevant Accounting Year;
- 3.3 the amount of Net Residential Sales Proceeds in respect of the Relevant Premises arising in the Relevant Accounting Year;
- 3.4 the amount of Retained Premises Deferred Premium and Development Plots Deferred Premium due pursuant to this Schedule in respect of the Relevant Accounting Year; and
- 3.5 any Designated Plot Development Costs;

and the Tenant will use all reasonable endeavours to procure that the Annual Deferred Premium Certificate states these amounts accurately and in sufficient detail to be clear and comprehensible.

4. **LANDLORD'S RIGHT TO CHALLENGE THE ANNUAL DEFERRED PREMIUM CERTIFICATE**

- 4.1 The Landlord may challenge or object to the whole or any part of the Annual Deferred Premium Certificate by written notice to the Tenant served within 20 Working Days of receipt of the Annual Deferred Premium Certificate, setting out in reasonable detail the facts relied upon by the Landlord in making such challenge or objection (and the evidence supporting the same) and the Tenant shall give due and proper regard to such challenges.
- 4.2 If the Landlord shall not notify the Tenant in writing of its non-agreement pursuant to paragraph 4.1 within the said period of 20 Working Days (time being of the essence for the purposes of this paragraph 4.2), providing reasons for such non-agreement, the Landlord shall be deemed to accept the calculation of the Residential Sales Proceeds, Residential Deductibles, Net Residential Sales Proceeds and the Retained Premises Deferred Premium and the Development Plots Deferred Premium for the Relevant Accounting Year, all as set out in the Annual Deferred Premium Certificate supplied by the Tenant.
- 4.3 If the Landlord notifies the Tenant in writing of its non-agreement pursuant to paragraph 4.1 within the said period of 20 Working Days (time being of the essence for the purposes of this paragraph 4.3), providing reasons for such non-agreement and the parties shall be unable within a further period of 30 Working Days to resolve the matters arising from the Annual Deferred Premium Certificate which are challenged or in dispute then such matters shall be determined by an Expert in accordance with Clause 7.
- 4.4 Within 10 Working Days after the agreement or determination of the Deferred Premium for the Relevant Accounting Year the Tenant shall pay to the Landlord or the Landlord shall repay to the Tenant the Deferred Premium so agreed or determined for the Relevant Accounting Year and for the avoidance of doubt where the Deferred Premium ascertained

in accordance with the Annual Certificate is a negative figure, the Deferred Premium shall be due from the Landlord to the Tenant rather than vice versa and the Landlord shall pay the Tenant the relevant Deferred Premium.

- 4.5 Within 10 Working Days after the agreement or determination of the Deferred Premium for the Relevant Accounting Year the Tenant shall pay to the Landlord the Deferred Premium so agreed or determined for the Relevant Accounting Year.
- 4.6 Interest shall be paid at the Stipulated Rate on any sum which is due to be paid pursuant to paragraph 4.4 of this Schedule that is not paid within 10 Working Days of the date on which it is due.

5. **RECORDS**

The Tenant shall or (where the Relevant Tenant is someone other than the Tenant and has not given an equivalent covenant to this paragraph 5 directly to the Landlord, whether by means of a Direct Deed or otherwise) shall use reasonable endeavours to procure that the Relevant Tenant shall:

- 5.1 maintain sufficient books, accounts and records reasonably required so as to enable Residential Sales Proceeds, Residential Deductibles and Net Residential Sales Proceeds (in each case in respect of the Relevant Premises) to be determined and the Retained Premises Deferred Premium and/or the Development Plots Deferred Premium (as applicable) and other sums payable to or by the Landlord under this Schedule to be determined;
- 5.2 when reasonably required to do so, make available within 25 Working Days of a request all such books, accounts and records and such other documents as the Landlord may reasonably require for inspection and/or copying by or on behalf of the Landlord to enable the figures supplied for the calculations required by this Schedule to be verified; and
- 5.3 provide such further information and explanation as the Landlord shall properly require for that purpose,

and all reasonable costs arising from the Landlord's request shall constitute a Residential Deductible.

6. **BASIS OF CALCULATION OF DEFERRED PREMIUM**

Notwithstanding anything to the contrary in this Schedule, the parties have agreed the following in relation to the calculation of the Deferred Premium:

- 6.1 to the extent that any item of Residential Sales Proceeds or Residential Deductibles relates, as to part, to one Relevant Area and, as to part, to another Relevant Area or Relevant Areas, a fair and reasonable apportionment shall be made to each Relevant Area when calculating Residential Sales Proceeds and Residential Deductibles;
- 6.2 to the extent that any receipt or item of expenditure relates as to part to a Residential Sale Unit and as to part to any other Lettable Unit or Sale Unit(s), a fair and reasonable apportionment shall be made between (as applicable) Gross Rental Income (as defined in Schedule 2), Non-Residential Sales Proceeds (as defined in Schedule 2) and Residential Sales Proceeds or between (as applicable) Gross Deductible Expenditure (as defined in Schedule 2), Non-Residential Deductibles (as defined in Schedule 2) and Residential Deductibles;
- 6.3 no element of Residential Sales Proceeds or Residential Deductibles which is included in the calculation of the Deferred Premium for one Relevant Area or one Accounting Year shall be included in the calculation of the Deferred Premium for any other Relevant Area or any other Accounting Year and, without prejudice to paragraph 6.1, there shall be no

double counting of any item of Residential Sales Proceeds, Residential Deductibles or Excluded Receipts;

- 6.4 where an item of Residential Deductibles comprises consideration in kind or which is otherwise non-monetary in nature, for the purposes of the calculation of the Residential Deductibles, the Relevant Tenant shall be deemed to have incurred a sum equivalent to the reasonable monetary value of the relevant item (or, if higher, its cost);
- 6.5 where an item of Residential Deductibles has been paid to a Connected Party, the amount in question shall only constitute Residential Deductibles for the purposes of the calculation of the Residential Deductibles to the extent that it constitutes a rate which might be paid to a third party provider of equivalent standing, experience or reputation (as applicable) for the relevant product or service or other item; and
- 6.6 no value shall be attributed to any space occupied or used for the purposes of or in connection with the provision of Utilities to Occupational Tenants from time to time (whether or not occupied or operated by a Connected Party), including without limitation substations and other space housing plant used in connection with the provision of Utilities (and, accordingly, the Market Value of any such space shall be nil).

7. **INTERFACE BETWEEN THIS SCHEDULE AND THE CO-INVESTMENT SCHEDULE**

The parties have agreed the following principles in relation to the interface between this Schedule and the Co-Investment Schedule, in each case in relation to the relevant Development Plot:

- 7.1 if and to the extent that any item of cost or expenditure which is incurred in respect of any period prior to the start of the Council's Investment Period and which would, absent this paragraph, constitute a Residential Deductible also constitutes a "Plot Development Cost", as defined in and for the purposes of the Co-Investment Schedule, (including without limitation the Multi-Plot Costs and the Estate Wide Costs) then:
 - 7.1.1 where the relevant item of cost or expenditure is incurred prior to submission of the Plot Proposal in relation to the relevant Development Plot, there shall be a presumption that such costs and expenditure are to be treated as a Residential Deductible unless, before the production of the next Annual Deferred Premium Certificate, the Tenant requests that the Landlord approves (such approval not to be unreasonably withheld or delayed) the relevant item of cost or expenditure being treated as a Designated Plot Development Cost (instead of an item of a Residential Deductible); and
 - 7.1.2 where the relevant item of cost or expenditure is incurred on or after submission of the Plot Proposal in relation to the relevant Development Plot, there shall be a presumption that such costs and expenditure are to be treated as a Plot Development Cost for the purposes of the Co-Investment Schedule (rather than a Residential Deductible) and any such items of cost or expenditure ("**Designated Plot Development Costs**") shall not feature in any calculation pursuant to this Schedule) unless, before the production of the next Annual Deferred Premium Certificate, the Tenant requests that the Landlord approves (such approval not to be unreasonably withheld or delayed) the relevant item of cost or expenditure being treated as a Residential Deductible (instead of a Designated Plot Development Cost);
- 7.2 all Council's Investment Period Expenditure shall constitute "Plot Development Costs", as defined in and for the purposes of the Co-Investment Schedule, and not Residential Deductibles pursuant to this Schedule;
- 7.3 all Plot Sales Receipts (including without limitation any received prior to the commencement of the Council's Investment Period) shall be dealt with in accordance with

the Co-Investment Schedule and shall not be included in any calculation pursuant to this Schedule;

- 7.4 all Council's Investment Period Receipts shall, where applicable, constitute Plot Development Interim Income, Plot Rental Income Receipts and/or Plot Sales Receipts, in each case as defined in and for the purposes of the Co-Investment Schedule and not Residential Sales Receipts pursuant to this Schedule.

8. THIRD PARTY PLOT SALES

Where a Third Party Plot Sale has been completed in relation to any relevant Plot:

- 8.1 the Relevant Plot Percentage for the relevant Sold Plot shall be reduced to zero per cent with effect from and including the completion date relating to such Third Party Plot Sale (the "**Completion Date**") and this Schedule shall be of no further effect in relation to the relevant Sold Plot from the Completion Date. The parties shall sign a memorandum to record the disapplication of this Schedule in relation to the relevant Sold Plot and attach it to the original and counterpart of this lease in accordance with clause 17.4.5(b) of the Master Development Agreement; and
- 8.2 no Net Residential Sales Proceeds for the Sold Plot shall be included in the calculations of the Deferred Premium for the period commencing on the first day of the Accounting Period in which the Completion Date occurred and finishing on the Completion Date (the sums in question being accounted for instead in the statement referred to in clause 17.4.5(a) of the Master Development Agreement).

9. RESIDENTIAL SALES PROCEEDS FOR SALES TO A CONNECTED PARTY

Within 20 Working Days of the later of the completion of any Connected Party Residential Sale and the expiry of the Accounting Year during which that Connected Party Residential Sale occurs the Landlord and Tenant shall use reasonable endeavours to agree the Connected Party Residential Sales Proceeds and in default of agreement the Market Value shall be determined by an Expert in accordance with Clause 7.

10. CHANGE IN RELEVANT PERCENTAGE

Where the Relevant Percentage applicable to a Relevant Area changes for any reason (whether in the circumstances set out in the definition of Relevant Plot Percentage and whether pursuant to this lease, a Permitted Investment Underlease, a Plot Sublease, the Co-Investment Schedule or otherwise), the parties shall enter into a memorandum (in such form as the Tenant may reasonably require) recording the revised Relevant Percentage applicable to the Relevant Area and the date from which the revised Relevant Percentage takes effect.

11. RESIDENTIAL SOLD UNITS

In relation to any Residential Sold Unit, the Tenant may request that the Landlord signs or enters into a memorandum or other document (for the benefit of the Tenant and any person deriving title from the Tenant in respect of the relevant Residential Sold Unit) which is reasonably required by the Tenant to evidence that the Landlord is not entitled to any amounts in respect of the relevant Residential Sold Unit (including any premiums or other payments received in respect of the relevant Residential Sold Unit in respect of any assignment, transfer, mortgage, charge, surrender, termination or other disposal, disposition, variation or amendment of the lease of the relevant Residential Sold Unit) and the Landlord shall sign or enter into such memorandum or document within 20 Working Days of the Tenant's request.

12. RECORDING OF RELEVANT PLOT PERCENTAGE

As soon as reasonably practicable after any change to the Relevant Plot Percentage has been effected, agreed or determined in relation to any Development Plot, the Landlord, the

Tenant, any Investment Undertenant and any Plot Sub-Tenant shall record the revised Relevant Plot Percentage in a memorandum in such form as the Tenant may reasonably require (such memorandum to be signed by the Landlord, the Tenant, any Investment Undertenant and any Plot Sub-tenant) and a copy of such memorandum shall be attached to the original and counterpart of this lease.

13. **EFFECT OF TERMINATION OF THIS LEASE**

If this lease comes to an end or is terminated (by whatever means) this Schedule shall continue in full force and effect in relation to any Net Residential Sales Proceeds which exist from time to time.

**SCHEDULE 4
(SUBSEQUENT DEVELOPMENT)**

1. DEFINITIONS AND INTERPRETATION

1.1 The following expressions have the respective specified meanings:

"Accounting Records" means all accounting documents and records (including computer tapes, discs, cash register tapes, receipts, inventory and stock movement records, internet order records, bank statements, tax returns and records verifying orders made through or received by electronic devices) which are, or ought reasonably to be, kept by the Tenant for the purpose of ascertaining and verifying all costs relating to the relevant Subsequent Development or which are, or may reasonably be, relevant for such purpose;

"Agreed Combined Relevant Percentage" means, in respect of a Combined Subsequent Development, the Combined Relevant Percentage in respect of the relevant Combined Subsequent Development which is proposed by the Tenant and approved by the Landlord in accordance with paragraph 4.3 or which is otherwise determined pursuant to the provisions of this lease;

"Amended Development Plot" has the meaning given that to term in paragraph 12.4.1(B)(2);

"Capital Goods Scheme" means the provisions relating to the adjustments to the deduction of input tax on capital items under Part XV of the Value Added Tax Regulations 1995 (SI 1995/2518);

"Combined Relevant Percentage" means, in respect of a Combined Subsequent Development, a single blended gearing which shall be applicable in respect of the Redevelopment Premises (the subject of the relevant Combined Subsequent Development) which shall be (provided that such single blended gearing shall not exceed 20%):

- (a) in the case of a Combined Subsequent Development which straddles or will straddle the whole or part of two or more Development Plots: a weighted average of the respective Relevant Percentages applicable (in each case as at the date of the Proposal) to each relevant Development Plot comprised in the Redevelopment Premises (the subject of the relevant Combined Subsequent Development) based on the proportion that the respective Market Values (as at the date of the Proposal) of each such Development Plot comprised in the Redevelopment Premises (the subject of the relevant Combined Subsequent Development) bears to the Market Value of the whole of the Redevelopment Premises (the subject of the relevant Combined Subsequent Development);
- (b) in the case of a Combined Subsequent Development which straddles or will straddle the whole or part of one or more Development Plots and part of the Retained Premises: a weighted average of the respective Relevant Percentages applicable (in each case as at the date of the Proposal) to each relevant Development Plot and the relevant part(s) of the Retained Premises (as applicable) comprised in the Redevelopment Premises (the subject of the relevant Combined Subsequent Development) based on the proportion that the respective site areas (as at the date of the Proposal) of each such Development Plot and relevant part(s) of the Retained Premises (as applicable) comprised in the Redevelopment Premises (the subject of the relevant Combined Subsequent Development) bears to the site area of the whole of the Redevelopment Premises (the subject of the relevant Combined Subsequent Development),

or, in either case, where the Tenant properly requires, such other fair and reasonable basis for determining such a single blended gearing which shall be applicable in respect of the

Redevelopment Premises (the subject of the relevant Combined Subsequent Development) as the Tenant may propose and the Landlord shall approve (such approval not to be unreasonably withheld) (in which case, for the avoidance of doubt, paragraph (a) or (b) of this definition (as applicable) shall not apply in respect of the relevant Combined Subsequent Development);

"Cost Manager" means a reputable and suitably qualified quantity surveyor or cost consultant appointed in respect of the relevant Subsequent Development to act as the cost manager in respect of that Subsequent Development or such alternative reputable and suitably qualified cost manager as may be appointed from time to time in respect of the Subsequent Development;

"Development Cost Plan" means a detailed cost plan for the relevant Subsequent Development prepared by the Cost Manager which may (if the Tenant so requires) include allowances for a reasonable estimate of inflation between the date of the Development Cost Plan and the Tenant's estimate of when the relevant Subsequent Development Costs might be incurred;

"Development Finance" means the funding required to carry out and complete the relevant Subsequent Development (including all Subsequent Development Costs);

"Development Finance Notice" has the meaning given to that term in paragraph 10.3;

"Investing" and **"Invest"** have the meaning given to those expressions in paragraph 3.1;

"Landlord's Funding Percentage" has the meaning given to that term in paragraph 10.2.1;

"LV" means:

- (a) (in respect of a Plot Subsequent Development or a Retained Premises Subsequent Development) the Relevant Percentage (applicable to the Redevelopment Premises) of the Value; and
- (b) (in respect of a Combined Subsequent Development) the Agreed Combined Relevant Percentage of the Value;

"LTSDC" has the meaning given to that expression in paragraph 12.2.1(B);

"Market Value" means market value as determined in accordance with VPS 4 paragraph 4 of the RICS Valuation – Global Standards 2017 as amended or substituted from time to time but such market value shall in any event exclude any VAT;

"Marketing Report" means a detailed marketing report from a reputable independent agent containing a market analysis of sales and rental possibilities in respect of all lettable units and sales units forming part of the relevant Subsequent Development and opining on the likely rent and sale values to be achieved;

"Practical Completion Date" means the date on which practical completion of the whole of the relevant Subsequent Development occurs;

"Proposal" means a proposal to be provided to the Landlord to enable the Landlord inter alia to make a considered decision as to whether it wishes to Invest in the relevant Subsequent Development and that sets out the detailed proposals for the relevant Subsequent Development and subsequent sale or letting of it and shall contain inter alia the following:

- (a) a plan showing the extent of the Redevelopment Premises;
- (b) reasonably detailed drawings, plans and specifications for the relevant Subsequent Development;
- (c) the Development Cost Plan, together with a duty of care in favour of the Landlord from the Cost Manager in respect of the Development Cost Plan in a form consistent with standard market terms at the relevant time or otherwise as approved by the Landlord (such approval not to be unreasonably withheld);
- (i) a Valuer's Report in respect of the relevant Subsequent Development;

- (d) a detailed appraisal for the relevant Subsequent Development;
- (e) a monthly cashflow for the relevant Subsequent Development;
- (f) reasonable details of the letting and sales strategy for the relevant Subsequent Development;
- (g) the Marketing Report, together with a duty of care in favour of the Landlord from the agent in respect of the Marketing Report in a form consistent with standard market terms at the relevant time or otherwise as approved by the Landlord (such approval not to be unreasonably withheld);
- (h) reasonable details of the Tenant's intended strategy for selecting and thereafter appointing building contractors, suppliers and consultants (to the extent, in each case, that they have not already been selected and/or appointed from time to time) and procuring any remaining materials and services in connection with the relevant Subsequent Development from time to time; and
- (i) in respect of a Combined Subsequent Development, the proposed Combined Relevant Percentage as contemplated by paragraph 4.3;

"Re-Calculation Date" means the date which is 12 months after the Practical Completion Date;

"Redevelopment Premises" means:

- (a) in respect of a Retained Premises Subsequent Development, the relevant part of the Retained Premises to which the Retained Premises Subsequent Development relates;
- (b) in respect of a Plot Subsequent Development, the Development Plot to which the relevant Plot Subsequent Development relates or, where the relevant Plot Subsequent Development relates to part only of a Development Plot, the relevant part of the Development Plot to which the relevant Plot Subsequent Development relates; and
- (c) in respect of a Combined Subsequent Development, the Development Plot(s) (or relevant parts thereof (as applicable)) and/or the relevant part of the Retained Premises to which the Combined Subsequent Development relates;

"Re-Gearing" and **"Re-Gear"** have the meanings given to those expressions in paragraph 3.2;

"Required Funding Date" has the meaning given to that term in paragraph 10.3;

"Subsequent Development Costs" shall include all proper costs, fees, expenses and liabilities incurred, paid, or payable in connection with the development and use of the relevant Subsequent Development (whether such sums were or are incurred, paid or payable before, on or after the date of the Proposal in respect of the relevant Subsequent Development and whether before on or after the date of the relevant decision of the Landlord of whether to Invest or Re-Gear) and including without limitation, those costs, fees and expenses set out below:

- (a) all agents' and legal fees and expenses in relation to procuring vacant possession of the Redevelopment Premises (or any part of them) and all other arrangements for the construction and/or letting to occupational tenants and/or sale of the relevant Subsequent Development or any part thereof and (in each case) all related documents including SDLT (or any tax that may replace the same) and Land Registry fees in respect of any interest in land in respect of the Redevelopment Premises (or any part of them);
- (b) costs in relation to preparing, negotiating and obtaining vacant possession (to the extent not covered in limb (a) (including any amounts paid (including surrender premiums) to a third party to obtain vacant possession of the Redevelopment Premises);

- (c) all holding costs of land/properties pending the relevant Subsequent Development including (but not limited to) rates, insurance, service charge, security and other outgoings;
- (d) costs incurred in preparing any Proposal in relation to the relevant Subsequent Development and making the site ready for development including without limitation costs in relation to obtaining or attempting to obtain planning permission and any other necessary consents including but not limited to the preparation of the relevant planning applications, carrying out consultation with stakeholders and interested parties (entering into agreements where necessary), making and pursuing applications and considering and pursuing appeals;
- (e) the cost of marketing and promotion of the relevant Subsequent Development (and any premises within it) including the cost of related sponsorship including prior to starting the relevant Subsequent Development;
- (f) the cost of the community infrastructure levy (or any equivalent or replacement of the same) and any other planning gain from time to time and all other costs payments and benefits paid or provided pursuant to or otherwise in connection with any statutory agreements relating to the relevant Subsequent Development, including without limitation any payments made to the Council pursuant to any obligation owed to the Council or indemnity provided in the Council's favour (in its capacity as planning authority) in any Planning Obligation (including without limitation any agreement or undertaking made pursuant to section 106 of the 1990 Act);
- (g) the cost of acquiring or extinguishing all rights, easements and interests and obtaining all third party consents required to enable the relevant Subsequent Development to be lawfully constructed and retained;
- (h) the cost of site preparation, enabling works and construction costs in relation to the relevant Subsequent Development including archaeological costs, the construction of service roads and service diversions, the construction of, or relocation or modification of, roads, Infrastructure and services, any costs of security, safety or site maintenance;
- (i) demolition costs in relation to the relevant Subsequent Development;
- (j) the building contract sum payable to any building contractor and all fees and expenses of the professional team (and any other contractors, subcontractors, consultants and others) appointed in respect the relevant Subsequent Development and all other costs incurred in connection with the design and construction of the relevant Subsequent Development including on or off site service diversions, highway works, landscaping and the like;
- (k) the cost of pursuing or defending all claims against or brought by the building contractor or the professional team, contractors, sub-contractors, consultants and others in relation to the relevant Subsequent Development and any sums payable in relation to such claims;
- (l) the cost of complying with all obligations, exercising all rights and implementing all provisions in relation to the relevant Subsequent Development contained or referred to in this lease (including without limitation those in this Schedule) or any document which is collateral to this lease and any other documentation relating to the development, financing, sale or letting of the whole or any part of the relevant Redevelopment Premises or the relevant Subsequent Development but excluding in each such case any such cost to the extent that it is paid or payable or properly estimated to be payable as a result of any breach of such obligations;
- (m) without prejudice to the generality of the foregoing paragraphs of this definition, the costs payable to the sales and letting agents, the Costs Manager, the Valuer and any other consultant or professional in connection with the provisions of this Schedule and, where applicable, the costs contemplated by paragraph 7.6;

- (n) the cost of carrying out works (if any) to finish space for sale or letting and the cost (whether by reimbursement or payment to the relevant tenant or occupier) of all other inducements and the like that relate to works finish paid or allowed to tenants and occupiers of the relevant Subsequent Development;
- (o) the cost of the provision of signage and all other facilities for the benefit and use of occupiers of and visitors to the relevant Subsequent Development;
- (p) rates and other periodic payments in respect of the Redevelopment Premises and the relevant Subsequent Development and the cost of running, maintaining, repairing, renewing, advertising and insuring the Redevelopment Premises and the relevant Subsequent Development (including the cost of complying with the covenants on the part of the Tenant in this lease and the covenants on the part of the landlord in any underleases in respect of Redevelopment Premises and providing other services to the Redevelopment Premises consistent with good estate management practice or required by any documentation relating to or affecting the Redevelopment Premises;
- (q) if, and to the extent only, that the Tenant or a Connected Party of the Tenant internally manages the Development (and for the avoidance of doubt a development management agreement need not be completed and in force in order to recover this fee) a development management fee of [REDACTED] [REDACTED] excluding interest pursuant to paragraph (u) of this definition and the cost of any financing);
- (r) if, and to the extent only, that the relevant Subsequent Development is managed externally (meaning by any person other than the Tenant or a Connected Party of the Tenant) the actual management fee charged by the development manager and/or project manager provided that if the relevant Subsequent Development is managed partly internally and partly externally there shall be no duplication of the roles of the internal manager and external manager and no double counting of the costs incurred in carrying out such roles pursuant to this paragraph (r) and paragraph (q) above;
- (s) indirect taxes (including vacant rates and SDLT (or any replacement tax)) and Land Registry fees relating to the Redevelopment Premises;
- (t) inducements, rent free and reduced rent periods or other capital expenditure paid or allowed to tenants and/or occupiers and/or buyers of the relevant Subsequent Development and the costs (or, where applicable, the market value) of any collateral benefits provided in connection with any such letting or sale;
- (u) interest calculated daily at such rate as shall be the market standard rate for similar property developments at the relevant time (provided that if such market standard rate is less than [REDACTED], such market standard rate shall be deemed to be [REDACTED]) and compounded on a quarterly basis on Subsequent Development Costs from the date such costs are incurred;
- (v) banking charges costs fees and expenses interest and other related charges relating to any funding of or for the maintenance of bank accounts in relation to the relevant Subsequent Development;
- (w) where applicable, costs incurred pursuant to any management agreement applicable to the Redevelopment Premises;
- (x) the costs of effecting and maintaining any insurance policies benefiting the Redevelopment Premises and/or the relevant Subsequent Development (including without limitation any rights of light insurance, title insurance, defects and decennial insurance) including the costs of the premiums, brokers' and advisers' fees, insurance premium tax;
- (y) all costs associated with any dispute relating to the relevant Subsequent Development (including without limitation the costs of settling the same (including

all professional fees) and any sums payable to any other party pursuant to any settlement agreement or Court order);

- (z) costs in respect of a previous proposed development of the whole or part of the Redevelopment Premises where that development was not brought forward;
- (aa) all irrecoverable VAT paid on any of the foregoing and any irrecoverable VAT suffered by any Relevant Entity (as defined in Schedule 2) in respect of (i) any rent and/or premium payments and/or (ii) the operation of the Capital Goods Scheme;
- (bb) all other costs necessary to bring forward, commence and complete the relevant Subsequent Redevelopment and the subsequent sale and/or letting of the same;

but there shall be excluded from Subsequent Development Costs:

- (i) the employment costs incurred by the Tenant or a Connected Party of the Tenant of employing its staff but this does not preclude the recovery and inclusion within Subsequent Development Costs of fees charged or incurred by the Tenant or a Connected Party of the Tenant as part of the delivery of the relevant Subsequent Development or the amounts set out in paragraph (q) of this definition;
- (ii) any sum accounted for more than once as a Subsequent Development Cost;

and where a Subsequent Development Cost benefits or relates in part to the Redevelopment Premises and in part to other parts of the Premises (whether such other parts are themselves Redevelopment Premises or otherwise), a fair and reasonable proportion of the relevant costs shall be apportioned to the relevant Subsequent Development;

"Total Subsequent Development Costs" or "TSDC" has the meaning given to that expression in paragraph 12.2.1;

"Valuer" means a reputable, suitably qualified and experienced valuer appointed by or on behalf of the Tenant to act as the valuer in respect of the land or Buildings or such alternative reputable, suitably qualified and experienced valuer as may be appointed by or on behalf of the Tenant from time to time in respect of the land or Buildings; and

"Valuer's Report" means a written report from the Valuer stating the Market Value ("**Value**" or "**V**") as at the date immediately prior to the date on which the relevant Subsequent Development commences of the part of this lease in which the land and/or the Buildings comprising the Redevelopment Premises are situate and/or the Plot Sublease (as applicable) and assuming in respect of:

- (a) this lease, that the Relevant Percentage is zero (and, in the case of a Combined Subsequent Development, the Agreed Combined Relevant Percentage is zero) and that the term is the unexpired term of this lease; and
- (b) the Plot Sublease, that:
 - (i) the lease reserves a peppercorn rent without rent review;
 - (ii) the Relevant Percentage is zero (and, in the case of a Combined Subsequent Development, the Agreed Combined Relevant Percentage is zero);
 - (iii) the term is the unexpired term of this lease;
 - (iv) the Plot Sublease will be assumed to have been granted subject to and (where appropriate) with the benefit of all applicable title matters, encumbrances and Planning Obligations (and where such matters partly relate to the Plot and partly to other parts of the Site or to the Site as a whole, a fair and reasonable proportion of the associated costs and liabilities (whether accrued or contingent) will be deemed to attach to the relevant Plot);
 - (v) the only restrictions on alienation in the Plot Sublease are equivalent to the restrictions on alienation in this lease;

- (vi) the only restrictions or obligations concerning repair or development are equivalent to the restrictions or obligations concerning repair or development in this lease;
- (vii) the only restrictions on use, occupation or user are equivalent to the restrictions on use, occupation or user in this lease; and
- (viii) the Premises and the Plot have full and unrestricted access to the adopted highway.

1.2 Notwithstanding anything to the contrary in this Schedule, the Landlord and the Tenant acknowledge that a Subsequent Development may be taken forward by the Tenant or third party entity (including any Relevant Tenant or any Connected Party of the Tenant or a Relevant Tenant) and whilst the Tenant shall remain primarily liable to the Landlord for the performance of the Tenant's obligations pursuant to this Schedule, the Tenant shall be entitled to delegate or sub-contract responsibility for such performance to any other person and, accordingly:

- 1.2.1 where applicable, an obligation on the Tenant to do something (or, where applicable, any qualified obligation) shall be interpreted as an obligation to procure that the relevant third party does the relevant thing (such obligation to be qualified on an equivalent basis to the primary obligation on the Tenant, where applicable);
- 1.2.2 performance by any person of any obligation on the Tenant shall be treated as performance of that obligation by the Tenant as if the Tenant had itself performed the relevant obligation; and
- 1.2.3 the Tenant shall be entitled to require the Landlord to liaise directly with any person the Tenant has authorised in writing for the purposes of the performance of its obligations and the Landlord shall be entitled to treat any such authorised person as the Tenant's agent with appropriate authority to bind the Tenant for the purposes of this Schedule and shall thereafter (if so required by the Tenant) communicate directly with the Tenant's agent (sending copies of all correspondence to the Tenant).

2. **APPLICABILITY**

- 2.1 The provisions of this Schedule shall apply to any Subsequent Development (for so long as the Relevant Percentage applicable to the Redevelopment Premises is greater than zero under this lease (and not further or otherwise).
- 2.2 The procedures set out in this Schedule may be repeated as often as necessary on every occasion on which the Tenant proposes to carry out a Subsequent Development.

3. **LANDLORD'S OPTIONS**

The Landlord shall have one of two options on any Subsequent Development which are either:

- 3.1 to elect to meet (in respect of a Plot Subsequent Development or a Retained Premises Subsequent Development) the Relevant Percentage of the Subsequent Development Costs of the Subsequent Development or (in respect of a Combined Subsequent Development) the Agreed Combined Relevant Percentage of the Subsequent Development Costs (in either case referred to as "**Investing**", and "**Invest**" shall be construed accordingly); or
- 3.2 to elect not to meet the (in respect of a Plot Subsequent Development or a Retained Premises Subsequent Development) Relevant Percentage of the Subsequent Development Costs or (in respect of a Combined Subsequent Development) the Agreed

Combined Relevant Percentage of the Subsequent Development Costs, and on the Re-Calculation Date, (in respect of a Plot Subsequent Development or a Retained Premises Subsequent Development) the Relevant Percentage applicable to the Redevelopment Premises or (in respect of a Combined Subsequent Development) the Agreed Combined Relevant Percentage applicable to the Redevelopment Premises shall be recalculated in accordance with the process set out in paragraph 12 (referred to as "**Re-Gearing**", and "**Re-Gear**" shall be construed accordingly).

4. TENANT'S PROPOSAL

- 4.1 The Tenant may at any time provide a Proposal in respect of a Subsequent Development to the Landlord (and the Tenant shall provide all elements of the Proposal to the Landlord at the same time).
- 4.2 The information included in the Proposal and produced by the Tenant shall represent the Tenant's reasonable estimate of those matters as at the time of preparing the Proposal, but shall not constitute a warranty as to the accuracy of those matters or the actual or potential outcome of the Subsequent Development.
- 4.3 In respect of a Combined Subsequent Development, the Tenant shall include in the Proposal the Tenant's proposed Combined Relevant Percentage in respect of the relevant Combined Subsequent Development for the Landlord's approval (such approval not to be unreasonably withheld).
- 4.4 In respect of a Combined Subsequent Development, as soon as possible after the Agreed Combined Relevant Percentage has been agreed or determined, the Landlord and the Tenant shall enter into a memorandum (in such form as the Tenant may reasonably require) recording:
 - 4.4.1 the Agreed Combined Relevant Percentage applicable in respect of the relevant Redevelopment Premises; and
 - 4.4.2 the plan of the relevant Redevelopment Premises.
- 4.5 In respect of a Plot Subsequent Development which relates to part only of a Development Plot:
 - 4.5.1 as soon as possible after the submission of the Proposal, the Landlord and the Tenant shall enter into a memorandum (in such form as the Tenant may reasonably require) recording the Redevelopment Premises;
 - 4.5.2 the Relevant Percentage applicable in respect of the relevant Redevelopment Premises shall be the Relevant Percentage which is applicable (as at the date of the Proposal in respect of the relevant Plot Subsequent Development) to the whole of the Development Plot to which the relevant Plot Subsequent Development relates; and
 - 4.5.3 for the avoidance of doubt the Relevant Percentage of any part of a Development Plot or of any part of the Retained Premises which is not part of any Subsequent Development shall not change as a result of the relevant Plot Subsequent Development.

5. FURTHER INFORMATION

Within 20 Working Days of receipt of a Proposal pursuant to paragraph 4, the Landlord may raise written enquiries of the Tenant regarding the Proposal and requiring any reasonably necessary additional information in respect of the Proposal, in which case the Tenant shall respond promptly in writing to such enquiries and provide all reasonably necessary additional information.

6. LANDLORD'S DECISION

- 6.1 The Landlord shall have 60 Working Days from the date of service of a Proposal in which to elect whether it wishes to Invest or to Re-Gear and to notify the Tenant of its election and, if the Landlord has not given such notice to the Tenant within such 60 Working Day period, the Landlord shall be deemed to have elected to Re-Gear.
- 6.2 If the Landlord elects or is deemed to have elected to Re-Gear in accordance with this Schedule, the Landlord shall have no obligation to contribute to the Subsequent Development Costs in connection with the Subsequent Development.
- 6.3 If the Landlord elects to Invest in accordance with this Schedule, the Landlord shall be obliged to contribute to the Subsequent Development Costs in connection with the Subsequent Development in accordance with paragraph 10.

7. SUPPORTING EVIDENCE

- 7.1 The Landlord acknowledges the importance to the Tenant of knowing that the Landlord's decision to Invest is a valid enforceable appropriate authorised *intra vires* decision (a "**Binding Decision**").
- 7.2 The Landlord shall provide in support of every decision to Invest pursuant to this Schedule all information required by the Tenant (acting reasonably) to substantiate that the Landlord's decision is a Binding Decision and (without prejudice to the foregoing), for so long as the Landlord is the Council, the Landlord shall provide to the Tenant in respect of each decision to Invest:
- 7.2.1 a resolution of the Council's Cabinet confirming the relevant decision to Invest including: (A) details of any caps on funding (if any), (B) the officers to whom decision making authority is delegated and the scope of that delegation (if any); and
- 7.2.2 a legal opinion from a Queen's Counsel specialising in public law and the procedural restrictions imposed on public bodies, such opinion to opine on the legality and enforceability of the relevant Council's decision to Invest (and to be in a form satisfactory to the Tenant acting reasonably) on which the Tenant is entitled independently to rely confirming on the balance of probabilities that the Council's decision to Invest is a valid enforceable *intra vires* decision, together with the instructions pursuant to which such legal opinion was provided (which shall have been approved in advance by the Tenant, such approval not to be unreasonably withheld),
- or such other evidence as may be reasonably required by the Tenant to evidence that the decision by the Landlord to Invest is a Binding Decision.
- 7.3 For so long as the Landlord is the Council and where the Tenant has reasonable grounds for doubting that the Landlord's decision to Invest is a Binding Decision and the Tenant has substantiated those in writing to the Landlord, the Tenant may seek a further opinion of Queen's Counsel (a "**Further QC Opinion**").
- 7.4 If a Further QC Opinion is given confirming on the balance of probabilities the Landlord's decision to Invest is a Binding Decision, the Tenant shall accept the Landlord's decision to Invest.
- 7.5 Where no confirmation as contemplated by paragraph 7.4 is given the Landlord shall be deemed to have elected to Re-Gear.
- 7.6 The cost of procuring the information to substantiate a Binding Decision as contemplated by this paragraph 7 shall be a Subsequent Development Cost.

8. **TIME**

Time shall be of the essence for the purposes of all time periods referred to paragraphs 5 and 6.

9. **COMMENCEMENT OF SUBSEQUENT DEVELOPMENT**

9.1 The Tenant shall not be obliged to commence any Subsequent Development under any circumstances (including where the Tenant has given a Proposal to the Landlord or the Landlord has made a decision to Invest, or both).

9.2 If the works comprising the Subsequent Development shall not have commenced within 12 months of the Landlord's election (or deemed election) to Invest or Re-Gear pursuant to this Schedule (or such longer period as the Landlord may, acting reasonably, agree), the Tenant shall be obliged to repeat the process set out in paragraphs 4 and 6 should it wish to carry out the Subsequent Development.

10. **FUNDING SUBSEQUENT DEVELOPMENT COSTS**

10.1 This paragraph 10 shall apply where the Landlord has elected to Invest in the relevant Subsequent Development pursuant to this Schedule.

10.2 Unless the Landlord and the Tenant agree otherwise, the Development Finance shall be provided by the Landlord and the Tenant in the following proportions:

10.2.1 the Landlord shall provide:

(A) (in respect of a Plot Subsequent Development or a Retained Premises Subsequent Development) the Relevant Percentage (for the avoidance of doubt, in respect of a Subsequent Development other than a Combined Subsequent Development, being the Relevant Percentage applicable to the Redevelopment Premises prior to the commencement of the relevant Subsequent Development) of the Development Finance;

(B) (in respect of a Combined Subsequent Development) the Agreed Combined Relevant Percentage of the Development Finance,

(in each case, the "**Landlord's Funding Percentage**"); and

10.2.2 the Tenant shall provide or procure the provision of the remaining percentage of the Development Finance.

10.3 Throughout the Subsequent Development, the Tenant shall at reasonably frequent intervals (but not more than once every quarter) give to the Landlord written notices (each a "**Development Finance Notice**") specifying the amount that must be provided to the Tenant and the date by which such Development Finance must be provided (the "**Required Funding Date**") which may not be less than fifteen (15) Working Days after the receipt of the Development Finance Notice. A Development Finance Notice shall not include the cost of VAT in so far as recoverable by the Tenant.

10.4 The process set out in paragraph 10.3 shall be repeated for all Development Finance required by the Tenant to carry out and complete the Subsequent Development.

10.5 Unless the Landlord and the Tenant agree otherwise, each Development Finance Notice shall be calculated by reference to the Landlord's Funding Percentage of Subsequent Development Costs which have been paid or incurred prior to the Development Finance Notice being issued and shall be accompanied by supporting copy invoices or such other written supporting evidence as is reasonably available to support the amount of Subsequent Development Costs for which reimbursement has been requested under the relevant Development Finance Notice.

- 10.6 If and to the extent that the Landlord does not (for any reason whatsoever) provide the Landlord's Funding Percentage of the Development Finance (or any part thereof) required under paragraphs 10.1 to 10.4 (inclusive) by the Required Funding Date (the amount of the default in respect of the Development Finance being the "**Shortfall Amount**") then the Shortfall Amount shall be a debt due from the Landlord to the Tenant and the Landlord shall be liable immediately to pay such debt (and such Shortfall Amount shall accrue interest calculated daily at such rate as shall be the market standard rate for similar property developments at the relevant time (provided that if such market standard rate is less than [REDACTED], such market standard rate shall be deemed to be [REDACTED]) and compounded on a quarterly basis).
- 10.7 If and to the extent that the Landlord overpays any amounts in respect of Development Finance, then the Tenant will promptly (after the Tenant becomes aware of such overpayment) inform the Landlord of the same and the Landlord may request that the Tenant transfers such amount back to the Landlord within 30 Working Days.
- 10.8 Following the Re-Calculation Date, the Tenant shall provide a final account of Development Finance advanced by each party and the Subsequent Development Costs and, insofar as any sums paid as Development Finance by the Landlord remain unspent then the Tenant shall promptly repay such amounts to the Landlord.

11. ACCOUNTING RECORDS AND INFORMATION SHARING

The Tenant shall:

- 11.1 provide such additional information relating to any Development Finance Notice as the Landlord (acting reasonably) shall request in order to verify that the relevant Development Cost has been properly incurred or paid, such information to be provided as soon as reasonably practicable following any such request;
- 11.2 if reasonably requested to do so by the Landlord, provide to the Landlord an account of Development Finance expended in respect of the Subsequent Development and a reconciliation of the amount of Development Finance spent, the amount of Development Finance requested and the amount of Development Finance held on account but not yet expended;
- 11.3 prepare, maintain and keep up-to-date and in accordance with good practice, and applicable law all Accounting Records and make the Accounting Records available for inspection by the Landlord at reasonable times and on reasonable notice; and
- 11.4 provide such other information in relation to the relevant Subsequent Development as the Landlord may reasonably require.

12. RECALCULATION OF RELEVANT PERCENTAGE

- 12.1 The Tenant shall procure that a Valuer's Report is prepared and that a copy of the Valuer's Report, together with a duty of care in favour of the Landlord from the Valuer in a form consistent with standard market terms at the relevant time or otherwise as approved by the Landlord (such approval not to be unreasonably withheld), shall be provided to the Landlord as soon as reasonably practicable after commencement of the Subsequent Development.
- 12.2 On the Re-Calculation Date, (in respect of a Plot Subsequent Development or a Retained Premises Subsequent Development) the Relevant Percentage applicable in respect of the Redevelopment Premises or (in respect of a Combined Subsequent Development) the Agreed Combined Relevant Percentage applicable in respect of the Redevelopment Premises shall be recalculated to take account of the contribution to the Subsequent Development Costs that has actually been made by the Landlord and the recalculation shall be undertaken as follows:

12.2.1 on the Re-Calculation Date:

- (A) the total Subsequent Development Costs shall be calculated and, where any Subsequent Development Costs remain unknown as at the Re-Calculation Date, a reasonably prudent estimate of the same shall be made by the Tenant on the Re-Calculation Date ("**Total Subsequent Development Costs**" or "**TSDC**");
- (B) the Landlord's actual contribution to Total Subsequent Development Costs ("**LTSDC**") shall be calculated; and

12.2.2 the following calculation shall be performed:

(LV + LTSDC)

(V + TSDC)

the result of which shall be expressed as a percentage and from and including the Re-Calculation Date shall be the Relevant Percentage applicable in respect of the Redevelopment Premises.

12.3 In relation to a Retained Premises Subsequent Development, on and from the date on which the calculation has been undertaken pursuant to paragraph 12.2 (and until any further application of this Schedule):

12.3.1 the Redevelopment Premises shall be deemed to be a "New Development Plot" for the purposes of this lease;

12.3.2 such New Development Plot shall be deemed to no longer comprise part of the Retained Premises for the purposes of this lease; and

12.3.3 the Relevant Percentage applicable in respect of the Redevelopment Premises recalculated pursuant to paragraph 12.2 shall be deemed to be the "Relevant Plot Percentage" applicable to such deemed New Development Plot for the purposes of this lease.

12.4 In relation to a Combined Subsequent Development, on and from the date on which the calculation has been undertaken pursuant to paragraph 12.2 (and until any further application of this Schedule):

12.4.1 the Redevelopment Premises shall:

- (A) be deemed to be a "New Development Plot" for the purposes of this lease; and
- (B) the following provisions shall apply:
 - (1) to the extent that the whole of a Development Plot (which existed as at the date of the Proposal in respect of the relevant Combined Subsequent Development) is comprised within the extent of the New Development Plot, such New Development Plot (or relevant part thereof) shall be deemed to replace such Development Plot (a "**Replaced Development Plot**") and such Replaced Development Plot shall be deemed to no longer be a Development Plot for the purposes of this lease;
 - (2) to the extent that part (as opposed to the whole) of a Development Plot (which existed as at the date of the Proposal in respect of the relevant Combined Subsequent Development) is comprised within the extent of the New Development Plot, such part of the New Development Plot shall be deemed to no longer

form part of the Development Plot (which existed as at the date of the Proposal in respect of the relevant Combined Subsequent Development) and the extent of the Development Plot (which existed as at the date of the Proposal in respect of the relevant Combined Subsequent Development) shall be deemed to be amended accordingly (an "**Amended Development Plot**"); and

- (3) to the extent that the New Development Plot is located on the part of the Premises which (as at the date of the Proposal in respect of the relevant Combined Subsequent Development), formed part of the Retained Premises, such part of the New Development Plot shall be deemed to no longer comprise part of the Retained Premises for the purposes of this lease;

12.4.2 the Relevant Percentage applicable in respect of the Redevelopment Premises recalculated pursuant to paragraph 12.2 shall be deemed to be the "Relevant Plot Percentage" applicable to such deemed New Development Plot for the purposes of this lease.

12.5 In relation to a Plot Subsequent Development which relates to part only of a Development Plot, on and from the date on which the calculation has been undertaken pursuant to paragraph 12.2 (and until any further application of this Schedule):

12.5.1 the Redevelopment Premises shall be deemed to be a "New Development Plot" for the purposes of this lease;

12.5.2 such New Development Plot shall no longer form part of the Development Plot of which it formed part as at the date of the Proposal in respect of the relevant Plot Subsequent Development; and

12.5.3 the Relevant Percentage applicable in respect of the Redevelopment Premises recalculated pursuant to paragraph 12.2 shall be deemed to be the "Relevant Plot Percentage" applicable to such deemed New Development Plot for the purposes of this lease.

12.6 As soon as possible after the calculation has been undertaken pursuant to paragraph 12.2, the Landlord and the Tenant shall enter into a memorandum (in such form as the Tenant may reasonably require) recording:

12.6.1 the recalculated Relevant Percentage applicable in respect of the Redevelopment Premises payable thereafter (until any further recalculation of the Relevant Percentage pursuant to this Schedule);

12.6.2 where paragraph 12.3, paragraph 12.4 or paragraph 12.5 applies, a plan of the new deemed "Development Plot" to which such recalculated Relevant Percentage applies (and in any case such plan shall replace any plan contained in a memorandum prepared as contemplated by paragraph 4.4.2 or paragraph 4.5 (as applicable)); and

12.6.3 a plan of any Replaced Development Plot and a plan of any Amended Development Plot (as applicable).

13. **SUSPENSION OF PRINCIPAL RENT AND DEFERRED PREMIUM**

The Tenant's obligation to pay the Principal Rent and Deferred Premium under this lease shall be suspended in respect of any Redevelopment Premises from and including the date on which construction of the relevant Subsequent Development commences to but excluding the Re-Calculation Date.

14. **CARRYING OUT A SUBSEQUENT DEVELOPMENT**

To the extent permitted by law, the Tenant:

- 14.1 shall have no obligations or liability to the Landlord and the Landlord shall have no remedies in respect of the Subsequent Development other than those expressly set out in this Schedule or as otherwise expressly agreed in writing by the Tenant; and
- 14.2 shall not be liable for, and the Landlord hereby waives, all rights (if any) in respect of any claims for loss of profits, loss of business or indirect losses or consequential damages of any kind arising from any breach by the Tenant of its obligations contained in this Schedule.

15. **BALANCING PAYMENTS**

- 15.1 This paragraph 15 shall apply in respect of a Combined Subsequent Development which straddles or will straddle the whole or part of one or more Development Plots and part of the Retained Premises.
- 15.2 in respect of each Development Plot comprised in the Redevelopment Premises (the subject of the relevant Combined Subsequent Development) where the Relevant Percentage in respect such Development Plot comprised in the Redevelopment Premises (the subject of the relevant Combined Subsequent Development) prior to the date of the Proposal in respect of the relevant Combined Subsequent Development was less than 20% (each a "**Relevant Development Plot**"), the Landlord shall promptly after the Re-Calculation Date pay to the Tenant an amount calculated as follows:

(ACRP – RP) x MV

where:

ACRP = the Agreed Combined Relevant Percentage in respect of the relevant Combined Subsequent Development;

RP = the Relevant Percentage in respect of the Relevant Development Plot prior to the date of the Proposal in respect of the relevant Combined Subsequent Development; and

MV = the Market Value of the land and/or the Buildings situate on the Relevant Development Plot as at the Re-Calculation Date (and for these purposes the Relevant Development Plot shall be deemed to be the Relevant Development Plot as existed as at the time of the Proposal in respect of the relevant Combined Subsequent Development and the provisions of paragraph 12.4 shall not apply for this purpose).

APPENDIX 2
(DRAFT PLOT SUBLEASE)

APPENDIX 3
(DRAFT DIRECT DEED)



THE COMMON SEAL of)
THE MAYOR AND)
BURGESSES OF)
THE LONDON BOROUGH)
OF SOUTHWARK)
was hereunto affixed)
in the presence of:)

.....
Authorised Signatory

EXECUTED AS A DEED by)
BL CW HOLDINGS LIMITED)
acting by [name of a director])
in the presence of:)

.....
Director

Signature of witness

.....

Name of witness (in BLOCK CAPITALS)

.....

Address of witness

.....
.....
.....



HERBERT
SMITH
FREEHILLS

..... 20**

BL CW HOLDINGS PLOT A2 COMPANY LIMITED
and
THE MAYOR AND BURGESSES OF THE LONDON BOROUGH OF SOUTHWARK

LEASE
relating to the
**Leisure Centre at [Ground and Basement
Floors, Plot A2,] Canada Water**



Herbert Smith Freehills LLP

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LAND REGISTRY PRESCRIBED CLAUSES AND PARTICULARS

LR1. Date of lease	
LR2. Title number(s)	LR2.1 Landlord's title number(s) [•] LR2.2 Other title numbers [•]
LR3. Parties to this lease	Landlord: BL CW Holdings Plot A2 Company Limited (registered in England and Wales with company number 10781503) whose registered office is at York House, 45 Seymour Street, London W1H 7LX. Tenant: The Mayor and Burgesses of the London Borough of Southwark whose registered office is at 160 Tooley Street, London SE1 2QH. Guarantor: None.
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. The property known as the Leisure Centre, Canada Water as described in Schedule 1 Part A.
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	From and including [•] 20[•] To and including [•] 20[•]
LR7. Premium	None
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 of another lease of the Property, or to acquire an interest in other land The right specified in clause 8 of this Lease

■ [REDACTED]

	LR9.2 Tenant's covenant to (or offer to) surrender this lease
	See clauses 3.1.22 and 3.1.24 and Schedule 5 of this lease
	LR9.3 Landlord's contractual rights to acquire this lease
	See clauses 3.1.22 and 3.1.24 and Schedule 5 of this lease
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
	Schedule 1 Part B.
	LR11.2 Easements granted or reserved by this lease over the Property for the benefit of other property
	Schedule 1 Part C.
LR12. Estate rentcharge burdening the Property	None
LR13. Application for standard form of restriction	None.
LR14. Declaration of trust where there is more than one person comprising the Tenant	None.
Principal Rent	A peppercorn per annum (if demanded).
Rent Commencement Date	[•] 20[•]
Rent Review Dates	None.
Break Date	None.
Permitted Use	Subject as provided in clause 3.1.22: (1) <u>At any time during the Initial Period</u> : The use for the purposes of a public leisure centre and any ancillary uses thereto or any ancillary community uses; or (2) <u>After the Initial Period and subject always to the provisions of clause 3.1.22 and Schedule 5</u> : for any New Use for which the Landlord's consent has been obtained pursuant to clause 3.1.22.



THIS LEASE is made on the date and between the parties specified in clauses LR1 and LR3 respectively.

1. DEFINITIONS AND INTERPRETATION

1.1 Definitions

In this deed where the context so admits:

"Adjoining Property" means any land adjoining or neighbouring the Premises owned by the Landlord from time to time forming part of the Estate and any building from time to time erected on it;

"Advisory Report" has the meaning given in the EPB Regulations;

"Asset Rating" has the meaning given in the EPB Regulations;

"Base Rate" means the base lending rate from time to time of Barclays Bank Plc, or (if not available) such comparable rate of interest as the Landlord reasonably specifies;

"Building" means the building of which the Premises forms part as shown for identification purposes edged [•] on Plan [•];

"Building Systems" means all building systems and building management systems (if any) including lifts, escalators, water and space heating, ventilation, air conditioning, lighting, fire detection and control, security, pollution monitoring and control, energy efficiency and similar systems and related plant, equipment and Service Media;

"Common Parts" means all parts of the Building which from time to time are not let or intended to be let to any occupational tenant, including (but without limitation):

- (a) any office or other accommodation which is reserved, from time to time, for use by the Building management staff;
- (b) any areas or structures reserved from time to time for housing the Landlord's plant, machinery or equipment, or required for the provision of services to the tenants of the Building;
- (c) all Service Media from time to time at or exclusively serving the Building, except any that belong to a utility provider or are let or intended to be let to occupational tenants;
- (d) boundary walls, railings and fences of the Building; and
- (e) the customer and any staff car park, the shared service yard, refuse areas, the roads and accessways to them, toilet facilities, customer service cores and the trees and landscaped areas at the Building.

"Contractual Term" means the term specified in clause LR6, but subject to earlier termination as provided in this Lease;

"Display Energy Certificate" has the meaning given in the EPB Regulations;

"Environment" means the natural and man-made environment, including all or any of the following media, namely air (including air within buildings and air within other natural man-made structures above or below ground), water (including water under or within land or drains or sewers) and land and any living organisms (including man) or systems supported by those media;

"Environmental Management Plan" means any environmental management plan put in place by the Landlord that assesses (and/or makes recommendations for improvements in) the Environmental Performance;

■ [REDACTED]

"Environmental Performance" means in relation to either or both of the Plot and the Premises:

- (a) the consumption of energy and associated generation of green-house gas emissions;
- (b) the consumption of water;
- (c) waste generation and management; and
- (d) any other adverse environmental impact arising from the use or operation of the Premises or the Plot.

"EPB Regulations" means the Energy Performance of Buildings (England and Wales) Regulations 2012;

"EPC" means an Energy Performance Certificate and Recommendation Report (as defined in the EPB Regulations);

"Estate" means the land and buildings known as the Canada Water estate shown edged [•] on Plan [•] of which the Plot forms part together with such other land as the Landlord may from time to time reasonably specify, extend or vary by (and with effect from the date of) notice to the Tenant;

"Estate Common Areas" means areas which are, from time to time, provided for common use within the Estate (being those areas which exist at the date of this Lease and as are replaced, extended or varied from time to time), including but not limited to any pedestrian and vehicular routes, circulation areas, [entrance halls, foyers, lobbies, escalators, lifts, lift shafts, landings, staircases, passages], forecourts, parking areas, landscaped areas, refuse areas, service yards, public squares, [roof areas, parks, basements], pavilions, games areas, dock, water bodies and water features; ■

"Existing Contamination" means any Hazardous Substance present on or before the commencement of this Lease (or if earlier the date that the Tenant entered into occupation of the Premises) within the soil and/or groundwater of the Plot;

"Group Company" means a member of the same group of companies within the meaning of section 42 of the Landlord and Tenant Act 1954;

"Guarantor" means any person who, for the time being, guarantees performance of the Tenant's obligations;

"Harm" means significant harm to the Environment;

"Hazardous Substance" means any material, substance or organism which, alone or in combination with others, is capable of causing Harm;

"Initial Period" means the period of twenty-five (25) years commencing on the date of this Lease and expiring on the twenty-fifth anniversary of the date of this Lease;

"Insurance Rent" means the following amounts paid or payable by the Landlord in respect of the insurance policies which the Landlord effects under this Lease pursuant to 5.2:

- (a) the whole of the premium for insuring the Principal Rent (including any potential increases and VAT) and the Service Charge and for such insurance policies as relate exclusively to the Premises and the whole of the cost of any insurance valuations, carried out not more frequently than once in every 3 years, which relate exclusively to the Premises;
- (b) a fair and reasonable proportion (as determined from time to time by the Landlord's Surveyor acting reasonably and having regard, amongst other things and to the extent relevant in the Landlord's Surveyor's proper opinion, to the floor area of the Premises in relation to the total floor area of the Premises and the other lettable units in the Building) of the premium for such insurance policies,

■
■

and of the cost of such insurance valuations, as relate to the Building (whether or not they also relate to the Premises) or as relate to both the Premises and any other premises as the Landlord shall reasonably require; and

- (c) the whole of any increased or additional premium for any insurance policy (whether or not relating to the Premises, the Building or the Plot) resulting from any statement, act, omission or default of the Tenant, its undertenants or its or their employees, agents or licensees, or from any activity carried on at the Premises (including without limitation its use as a public leisure centre) or anything done or kept there being deemed by the insurers to be hazardous or a special risk; and
- (d) any applicable tax on the premiums referred to above from time to time, including without limitation insurance premium tax;

"Insured Risks" means fire, lightning, explosion, riot, civil commotion, strikes, labour and political disturbances, malicious damage, aircraft and aerial devices (other than hostile aircraft and devices) and articles accidentally dropped from them, storm, tempest, flood, bursting or overflowing of water tanks and pipes, impact, earthquake, accidental damage to underground water, oil and gas pipes or electricity wires and cables, subsidence, landslip and heave and acts of terrorism, and such other property risks as the Landlord may reasonably from time to time insure, subject to any condition, exclusion or limitation which may be imposed by the Landlord's insurers but does not include any excess;

"Internet" means that system of interconnected public and private computer networks commonly known as the internet and any analogous or successor systems;

"Landlord" means the party named as Landlord in clause LR3 and, except in clause LR3, includes the person from time to time entitled to the reversion immediately expectant on the Term;

"Landlord's Surveyor" means the surveyor or managing agent from time to time appointed by the Landlord for the purposes of this Lease (who may be an employee or officer of, or otherwise connected with, the Landlord);

"Lease" means this deed, including the Particulars, and including all licences, consents, variations, agreements, memoranda and other deeds and documents from time to time made between the Landlord and the Tenant in connection with, or supplemental to, this deed;

"Managed Spectrum" means any licensed or unlicensed radio spectrum which can be utilised for the purposes of providing Wireless Data Services or analogous services;

"MEES" means the minimum energy efficiency standards for the Premises as imposed by (or reasonably anticipated to be imposed by) regulations made under the Energy Act 2011;

"New Use" means a use which is in keeping with a high class mixed use campus but does not fall within paragraph (1) of the definition of "Permitted Use";

"Operational Rating" has the meaning given to it in the EPB Regulations;

"Outgoings" means:

- (a) all existing and future rates, taxes, duties, charges, and financial impositions charged on the Premises;
- (b) all charges for Supplies to the Premises (including equipment rents); and
- (c) a fair and reasonable proportion of the Outgoings referred to in paragraphs (a) and (b) charged in respect of the Premises and any other parts of the Plot to the extent that those amounts do not form part of the Expenditure (as defined in Schedule 3).

"Original Tenant" means the party named as Tenant in clause LR3;

"Particulars" means the Land Registry Prescribed Clauses set out at the front of this Lease and the descriptions and terms which immediately follow clause LR14 of the Land Registry Prescribed Clauses;

"Plan 1", "Plan 2" etc. means the plans annexed to this Lease and numbered accordingly;

"Planning Acts" means the Town and Country Planning Act 1990, the Planning (Listed Buildings and Conservation Areas) Act 1990, the Planning (Hazardous Substances) Act 1990, the Planning (Consequential Provisions) Act 1990, the Planning and Compensation Act 1991, the Planning and Compulsory Purchase Act 2004 and the Planning Act 2008;

"Plot" means the land and buildings of which the Building forms part known as at Plot [A2], Canada Water the boundaries of which are shown edged [•] on Plan [•], subject to the addition or removal of such land as the Landlord may from time to time determine;

"Premises" means the property stated in clause LR4;

"Principal Rent" means the Principal Rent stated in the Particulars;

"Quarter Days" means 25 March, 24 June, 29 September and 25 December in every year (or such other dates as may be notified to the Tenant in writing by the Landlord acting reasonably) and **"Quarter Day"** means any of them;

"Recommendation Report" has the meaning given to it in the EPB Regulations;

"Rent Commencement Date" means the date specified as such in the Particulars;

"Service" means a service, item, function or matter listed in Part 1 of Schedule 3;

"Service Charge" means the service charge payable by the Tenant in accordance with Schedule 3;

"Service Media" means any pipe, drain, culvert, sewer, flue, duct, gutter, wire, cable, optic fibre, conduit, channel and other conducting and service media and systems of any description, function or purpose for the passage or transmission of any services or supplies serving the Premises or any Building at any time before the expiry of this Lease, including all related structures, plant, machinery and apparatus;

"Signage Zone" means the area or areas shown edged red on Plan [2];

"Spectrum Management Policy" means the policy issued by the Landlord (acting properly but in its absolute discretion) from time to time for effectively managing the utilisation of the Managed Spectrum in relation to both the Premises and the Plot;

"Statutory Successor" means any successor authority which takes on the competence and responsibilities of The Mayor and Burgesses of the London Borough of Southwark and in which the assets (or a substantial part of the assets) of The Mayor and Burgesses of the London Borough of Southwark shall from time to time become vested;

"Supplies" means water, gas, air, soil, electricity, telephone, heating, cooling, telecommunications, data communications and similar supplies;

"Tenant" means, except in clause LR3, the Original Tenant and its successors and assigns and all persons claiming through or under it;

"Term" means, except in clause LR6, the Contractual Term;

"Uninsured Risk" means either:

(a) any Insured Risk which is not insurable at reasonable cost with reputable insurers in the London insurance market or is subject to some special limitation, excess or exclusion such that the full cost of reinstatement and rebuilding (save for any normal excess) is not recoverable by the Landlord under the insurance policy or policies effected by the Landlord in respect of the Premises and/or Plot excluding where such Insured Risk is not fully insured or is subject to the limitation, excess or exclusion due to any breach, non-

[REDACTED]
[REDACTED]

observance or non-performance of any of the Tenant's covenants contained in this Lease;
or

(b) any risk that is not an Insured Risk.

"Use Class" means a use class in the Schedule to the Town and Country Planning (Use Classes) Order 1987;

"VAT" means value added tax, any replacement tax in substitution for it or any tax levied in addition to it; and

"Wireless Data Services" means the provision of data, voice or video connectivity or services either:

- (a) permitting or offering access to the Internet, any wireless network, mobile network or telecoms systems; or
- (b) which involves the use of a wireless or mobile device.

1.2 Interpretation

In this deed, unless the context otherwise requires:

- 1.2.1 A reference to a statute or statutory instrument includes any modification or re-enactment of it from time to time and every instrument, order, direction, regulation, bye-law, permission, licence, consent, condition, scheme or rule made under it.
- 1.2.2 If the Tenant or any guarantor for the Tenant is at any time more than one person any reference to the Tenant or such guarantor includes a reference to each such person and any obligation of the Tenant or such guarantor is a joint and several obligation.
- 1.2.3 A covenant by any party not to do an act or thing includes a covenant not to allow or suffer such act or thing to be done, and a covenant to do an act or thing includes a covenant to procure that it is done.
- 1.2.4 The headings in this deed and table of contents are for convenience only and do not form part of it and shall not affect the construction of this deed.
- 1.2.5 References to a clause, Schedule or Appendix (if any) are respectively to a clause of or a Schedule or Appendix to this deed.
- 1.2.6 A reference to **"includes"** or **"including"** will be construed as **"includes without limitation"** or **"including without limitation"** (as the case may be).
- 1.2.7 General words shall not be given a restrictive meaning by reason of their being preceded or followed by words indicating a particular class or examples of acts, matters or things.
- 1.2.8 An assignment made by deed shall be deemed to occur on the date of the deed of assignment, and an underlease shall be deemed to have been granted not later than the date of the deed of underlease, whether or not such deeds have been registered.
- 1.2.9 References to the expiry or end of the Term of this Lease are to its end however it may end.
- 1.2.10 Expressions in column 1 of the Particulars have the meanings opposite them in column 2.
- 1.2.11 A reference to **"notify"**, **"notifies"** or **"notifying"** means notify, notifies or notifying in writing in accordance with the notice clause.
- 1.2.12 Any consent, approval or licence required from the Landlord shall only be effective if given in writing and signed by or on behalf of the Landlord. Consents for alterations and alienation shall only be effective when given by deed.

- 1.2.13 Any rights reserved by the Landlord may also be exercised by any superior landlord and those authorised by the Landlord for purposes permitted by this Lease.
- 1.2.14 Any reference to the Landlord's consent not being unreasonably withheld shall also mean that such consent is not unreasonably delayed.
- 1.2.15 References to the Premises (except in the definition of Premises and of Permitted Part and in clause 3.1.24) or the Estate extend, where the context permits, to any part of them.

2. LEASE AND RENT

The Landlord leases to the Tenant the Premises, with full title guarantee together with the rights set out in Part B of Schedule 1 but except and reserving to the Landlord as mentioned in Part C of Schedule 1 and subject (so far as they affect the Premises and the rights granted by this Lease) to and (where applicable) with the benefit of the restrictions, obligations and encumbrances mentioned in the documents (if any) listed in Part D of Schedule 1, for the Contractual Term, the Tenant paying to the Landlord by way of rent throughout the Term the following:

- 2.1.1 From and including the Rent Commencement Date the annual rent of one peppercorn (if demanded); and
- 2.1.2 From and including the date of commencement of the Term the Insurance Rent payable from time to time immediately within 14 days of written demand; and
- 2.1.3 From and including the date of commencement of the Term the Service Charge payable in accordance with Schedule 3.

3. TENANT'S COVENANTS

The Tenant covenants with the Landlord:

3.1.1 Registration

- (A) To give written consent to the registration in the registers of the title to this deed of any proper entries to protect the interests of the Landlord which arise under this deed.
- (B) Within 21 days after completion by the Land Registry of any application made by the Tenant for registration of this deed, or for registration in any register of any title of any entry in respect of this deed or of any right or interest granted or reserved by it, or for any withdrawal, modification, cancellation or removal of any such entry, to supply to the Landlord official copies (issued after completion of such application) of the registers and title plans of the titles affected by such application.

3.1.2 To pay rents and other payments

- (A) To pay the rents reserved and other sums payable by the Tenant under this Lease without any deduction, set off or counterclaim unless required to do so by law, and if the Landlord from time to time so requires to pay the Principal Rent by banker's order or credit transfer to a bank account in the United Kingdom reasonably nominated by the Landlord.
- (B) If no date is specified in this Lease for payment of any rent or other sum to pay it within 21 days of written demand.

3.1.3 Interest

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

- (A) If the Landlord does not receive any:
 - (1) Principal Rent due to it under this Lease on the due date; or

- (2) any other rent or other sum due to it under this Lease within 7 days of the due date;

(whether or not such sums are formally demanded) to pay to the Landlord interest on the unpaid amount at 3% over Base Rate from and including the date when payment was due until the date of payment (both before and after any judgment).

- (B) If the Tenant is in breach of any obligation in this Lease and the Landlord refrains from demanding, or refuses to accept payment of, any rents or other sums so as not to waive that breach, the Tenant shall pay interest on such amount at 3% over Base Rate from and including the date when payment was due (or would have been due if demanded on the earliest date on which it could have been demanded) to the date when payment is accepted by the Landlord.

3.1.4 **To pay rates and outgoings**

- (A) The Tenant must pay all Outgoings except:
 - (1) tax (other than VAT) on the rents payable under this Lease; and
 - (2) any tax arising from the Landlord's dealings with its own interests.
- (B) To notify the Landlord promptly upon becoming aware of any rating valuation or any assessment for any rates, tax, charge, levy, duty, outgoing or imposition relating to the Premises. Not to agree any such valuation or assessment without the Landlord's prior consent (which shall not be unreasonably withheld) and (at the cost of the Landlord) to take any steps reasonably required by the Landlord to contest any such valuation or assessment unless it is contrary to the Tenant's legitimate interests.

3.1.5 **Common Expenses**

To pay a fair and reasonable proportion (as determined by the Landlord's Surveyor acting reasonably and having regard, amongst other things and to the extent relevant in the Landlord's Surveyor's proper opinion, to the floor area of the Premises in relation to the total floor area of the Premises and the other lettable units in the Building, Plot or Estate (as appropriate)) of the costs of inspecting, repairing, renewing, maintaining, cleaning, clearing, operating and lighting any load-bearing structures, roads, paths, car parks, yards, fences, Service Media, or other structures, infrastructure, facilities, apparatus or landscaping which provide support or protection to, are used by, or are provided for the benefit of, the Premises in common with other premises including without limitation the Building, the Plot or the Estate (but no item of expenditure may be charged to the Tenant under this clause if it is to be recovered through the Service Charge).

3.1.6 **Value Added Tax**

- (A) All rents and other payments to the Landlord under this Lease are exclusive of VAT.
- (B) The Tenant shall pay, as a further rent, in addition to and at the same time as the amounts stated in this Lease any VAT properly chargeable on such amounts in respect of supplies made under this Lease provided the Landlord shall provide a valid VAT invoice addressed to the Tenant.
- (C) An obligation to reimburse, contribute (by way of Service Charge or otherwise) to, pay or indemnify the Landlord against any expenditure includes an obligation to reimburse, contribute to, pay or indemnify the Landlord against any irrecoverable VAT on that expenditure.

- (D) The Tenant shall not do anything that would result in the disapplication of the Landlord's option to tax in respect of the Landlord's interest in the Premises.

3.1.7 **Repair, Maintenance and Decoration**

(A) **To Repair**

To put and keep the Premises and any Service Media at the Estate which exclusively serve the Premises in good and substantial repair (damage by Insured Risks and Uninsured Risks excepted save to the extent that such insurance is vitiated or the policy monies are irrecoverable as a result of any act or default of the Tenant).

(B) **Fixtures and Fittings**

To replace by new articles of similar kind and quality all landlord's fixtures and fittings belonging to the Premises which become worn out or damaged beyond economic repair.

(C) **Building Systems**

(1) To keep all Building Systems at the Premises properly maintained and in good working order in accordance with relevant operating and maintenance manuals and manufacturers' recommendations.

(2) To maintain complete, accurate and up-to-date health and safety files, operation and maintenance manuals, and certificates or records of tests, inspections and servicing in respect of such Building Systems and keep such documents available for inspection at the Premises.

(D) **Decoration**

Whenever necessary and in any event not less often than in every fifth year of the Term and also in the last 6 months of the Term (but not so as to require such works to be carried out more than once in any 12 month period) in a good and workmanlike manner with good quality materials in accordance with any relevant manufacturer's instructions to prepare and to paint, clean or otherwise treat as may be appropriate the parts of the Premises usually or requiring to be painted, cleaned or otherwise treated PROVIDED THAT this covenant shall only apply to such parts of the Premises (as aforesaid) as can be seen from any other part of the Building, Plot or Estate or otherwise form part of or affect the external appearance of the Premises. In the last 6 months of the Term such painting or treatment shall be in such colour as the Landlord may reasonably require.

3.1.8 **Not to overload**

Not to overload the floors, ceilings, roof, structure, Building Systems or any installations or Service Media at or serving the Premises and that nothing shall be placed on or suspended from the roof or its supports without the Landlord's prior consent (such consent not to be unreasonably withheld).

3.1.9 **To repair on notice**

- (A) To make good any defect in repair, maintenance, decoration, or condition of the Premises for which the Tenant is liable under this Lease within a reasonable period after service on the Tenant of a notice specifying such defect (as specified in such notice).

- (B) If the Tenant fails to make good such defect within such period to allow the Landlord to enter the Premises and make good such defect and the costs to the Landlord of and incidental to making good such defect shall be repaid by the Tenant to the Landlord as a debt.

3.1.10 **To yield up**

- (A) Before the end of the Term:
 - (1) (except to the extent released in writing by the Landlord no later than 1 month prior to expiry of the Term) to remove all internal non structural partitioning and all tenant's fixtures, fittings, stock, machinery and signs at the Premises and to reinstate any parts of the Premises or other works which accommodated them (but excluding any central plant serving the Premises); and
 - (2) (except to the extent released in writing by the Landlord no later than 2 months prior to expiry of the Term or as otherwise consented to in any licence to alter entered into between the Landlord and the Tenant) to remove such other alterations made during the Term or any preceding period of occupation by the Tenant (including any items installed or works carried out outside of the Premises pursuant to rights granted in Schedule 1 Part B but excluding any central plant serving the Premises) and reinstate the Premises to its layout, design and condition prior to the carrying out of such alterations as the Landlord shall reasonably direct; and
 - (3) to make good all damage caused by such works and all such works shall be carried out in a good and workmanlike manner using good quality materials and to the Landlord's reasonable satisfaction.
- (B) At the end of the Term:
 - (1) quietly to yield up the Premises with vacant possession, clean and tidy and in such state, condition, repair and decoration as is required by this Lease; and
 - (2) to procure the closure of any registered title relating to this Lease or to any estate or interest derived out of this Lease; and
 - (3) to withdraw, remove, cancel, or procure the withdrawal, removal or cancellation of, every entry in any register which protects this Lease or any right or interest granted by it or derived out of it.

3.1.11 **Service Media, Common Parts and Utility Services**

- (A) Not to cause any obstruction or damage to any Service Media in or serving the Premises, nor to any part of the Plot or other land over which the Tenant enjoys any rights or amenities, nor to any part of the Premises over which rights are enjoyed by others, and (in each case) promptly to remove any such obstruction and repair any such damage to the Landlord's reasonable satisfaction and in accordance with the requirements or recommendations of any relevant utility company or authority.
- (B) Not to discharge into the Service Media serving the Premises or the Estate any polluting or corrosive substance.
- (C) Not to park vehicles on the Plot except in accordance with the rights expressly granted by this Lease.

- (D) To use the service yard at the Plot only for effecting deliveries to and from the Premises, to procure that service vehicles effecting such deliveries do so only via the service yard and to procure that such vehicles remain in the service yard only for the minimum period reasonably practical.
- (E) To keep the service yards and ancillary areas (such as loading bays) clean and tidy and not to store anything in the service yards or such ancillary areas.
- (F) Not to increase the consumption or capacity of any utility services at or provided for the Premises beyond the amounts allocated to the Premises by the Landlord if to do so would in the Landlord's reasonable opinion reduce the capacity of the utility services provided or intended for the remainder of the Plot below the amounts allocated to the remainder by the Landlord.

3.1.12 **Legal obligations**

- (A) To comply promptly with all present and future legal requirements (including common law, statutes, statutory instruments, any applicable European Union law (to the extent it does not conflict with domestic law), regulations and directives, and all orders, directions, schemes, rules, permissions and notices under them) so far as they affect the Premises or its use or occupation.
- (B) To carry out any works and things required by legal requirements to be carried out (whether by the Landlord or the Tenant or any occupier) at or with regard to the Premises.

3.1.13 **Notices**

- (A) To deliver to the Landlord a copy of every notice, order, direction, consent, permission, refusal or similar communication affecting the Premises, the Plot or the exercise of rights granted by this Lease as soon as reasonably practicable following receipt by the Tenant.
- (B) To make or join the Landlord (at the Landlord's cost) in making such objections, representations or appeals against or in respect of any such notice or other communication as the Landlord may reasonably require.

3.1.14 **Planning Acts**

- (A) Not without the previous consent of the Landlord (which shall not be unreasonably withheld) to:
 - (1) make any application or appeal pursuant to the Planning Acts; or
 - (2) implement any planning permission or listed building consent affecting the Premises, the Plot or the Estate and not to object to any such application or appeal made by or on behalf of the Landlord.
- (B) Before the end of the Term to carry out and complete all the works permitted by, and comply with all the conditions imposed by, any planning permission for development at the Premises begun and implemented before the end of the Term (including works and conditions which the planning permission allows to be carried out and fulfilled after the end of the Term).
- (C) That notwithstanding that any use or operation may now or at any time not be permitted under the Planning Acts the Tenant shall remain fully bound and liable to the Landlord under this Lease without compensation or relief.

3.1.15 Fire authority requirements

- (A) To provide and maintain a fire risk assessment for the Premises and to comply with all requirements and recommendations of the appropriate authority in relation to fire precautions and emergency exits.
- (B) To keep installed fire fighting and extinguishing apparatus and fire alarms in compliance with legal requirements and the proper requirements of the insurers of the Premises.
- (C) Not to obstruct the access to or means of working such apparatus or the emergency exit routes.

3.1.16 Easements

- (A) Not to permit or suffer any encroachment or public or private right or easement to be acquired over the Premises.
- (B) Not to obstruct, stop up or darken any window or opening at the Premises (save as may be permitted pursuant to clause 3.1.19) nor acknowledge that any right is enjoyed by consent provided that the Tenant may with the Landlord's prior consent (such consent not to be unreasonably withheld or delayed) obstruct or darken any windows at the Premises for legitimate reasons relating to the Permitted Use and also on a temporary basis provided that it is in keeping with the style, design and quality of the Building and a high class estate.
- (C) To promptly notify the Landlord if any easement enjoyed by the Premises is obstructed or any new easement affecting the Premises is made or attempted and (at the Landlord's cost) adopt such course as the Landlord may reasonably require for preventing the acquisition of any such easement.

3.1.17 Entry by Landlord

To permit the Landlord and all persons authorised by it with or without workmen at all reasonable times to enter the Premises in order to:

- (A) view the Premises and inspect and record its condition;
- (B) affix on any suitable part of the Premises (but not so as to cause unreasonable interference with light or access to or the Tenant's enjoyment of the Premises) notice boards during the last 6 months before the end of the Term for re-letting or at any time during the Term if the Landlord wishes to dispose of its interest in the Premises and the Tenant covenants not to remove or obscure such notice boards;
- (C) remedy any breach of the Tenant's covenants under this Lease (provided that the Tenant has been notified of such breach and has failed to remedy it within a reasonable time frame (save in the event of emergency where no such notice is necessary));
- (D) exercise any rights reserved by this Lease, comply with any of the Landlord's covenants under this Lease or perform any of the services, works and functions mentioned in Schedule 3

PROVIDED THAT the person exercising such rights shall cause as little interference and physical damage as reasonably practicable in the exercise of such rights and shall make good all physical damage to the Premises caused by such entry and PROVIDED FURTHER THAT save in the case of entry to remedy any breach of the Tenant's covenants under this Lease the person exercising such right of entry shall:

- (1) wherever reasonably practicable do so outside of the Tenant's usual trading hours;

- (2) comply with any reasonable operational or security requirements of the Tenant (but where that includes being accompanied by the Tenant's representative the Tenant must make that representative available);
- (3) give the Tenant at least 48 hours notice (except in the case of emergency, when the Landlord must give as much notice as may be reasonably practicable which may be no notice in the circumstances);
- (4) where entering to carry out works to use reasonable endeavours to agree a method statement and programme of works relating to the execution of those works; and
- (5) remain upon the Premises for no longer than is reasonably necessary.

3.1.18 Alterations

(A) Alterations Requiring Consent

The following shall be prohibited without Landlord consent (provided that the Landlord shall be entitled to withhold its consent in its absolute discretion):

- (1) No alteration or addition shall be made which would affect the structure of the Premises or the Building.
- (2) No alteration or addition shall be made which would affect the exterior or external appearance of the Premises or the Building.
- (3) The Premises shall not be merged with any adjoining premises.
- (4) No plant or equipment shall be installed or placed on the exterior faces of the walls of the Premises unless expressly permitted pursuant to Schedule 1 Part B.

(B) Alterations requiring consent

Subject to clauses 3.1.18(D) - 3.1.18(F) (inclusive), no other alterations or additions shall be made to the Premises without the prior consent of the Landlord (such consent not to be unreasonably withheld or delayed).

(C) Covenants concerning alterations

Before any alterations or additions permitted under this Lease are made the Tenant shall enter into such covenants as the Landlord reasonably requires with regard to their execution and the reinstatement of the Premises at the end of the Term or otherwise.

(D) Alterations not requiring consent

Landlord's consent pursuant to clause 3.1.18(B) shall not be required for internal non-structural alterations PROVIDED THAT:

- (1) such items and works do not:
 - (a) affect the operation of or access to the Building Systems, sanitary and gas installations at the Premises; and
 - (b) affect emergency escape routes (save where a suitable alternative is made available).
- (2) the Tenant gives to the Landlord not less than 7 days prior notice of the proposed works such notice to be accompanied by drawings and specifications describing them in reasonable detail;

- (3) the erection, retention and removal of such items and works is in all other respects in compliance with this Lease, with all legal requirements, and with any recommendations of the insurers of the Premises and of the fire officer; and
- (4) within 14 days after completion of such works if applicable the Tenant delivers to the Landlord 2 copies of any health and safety file required by the Construction (Design and Management) Regulations 2015 in respect of such works and 2 copies of any additions or changes to the existing health and safety files for the Premises occasioned by such works.

(E) Alterations to Building Systems and other installations

Any alterations or additions which affect the Building Systems, gas, oil, electrical or other utilities installations at or serving the Premises shall be carried out in accordance with all relevant codes of practice and the terms, conditions and reasonable recommendations of the relevant suppliers, manufacturers and statutory and professional bodies.

(F) Environmental Impact of Alterations

The Tenant shall not make any alteration or addition to the Premises which in the Landlord's reasonable opinion would be likely to materially adversely affect the energy efficiency or Asset Rating or (where applicable) the Operational Rating of the Premises or the Plot (were such Asset Rating or Operational Rating to be re-assessed) such that the Premises or the Plot could not then be lawfully be let by reason of any MEES.

3.1.19 Signs and Advertisements

No sign, advertisement, placard, bill, writing, dish, aerial, pole, flag, fascia, display of lights, notice or other notification whatsoever shall be placed or affixed on or to the exterior of the Premises or in such position as to be visible from outside the Premises, save as permitted in accordance with Schedule 1, Part B.

3.1.20 Environmental Matters

- (A) Not to cause, suffer or permit the introduction to or accumulation at the Premises of any poisonous, noxious or polluting substance in such quantity or in such manner as to be a hazard to human health or to the environment and (without prejudice to the foregoing) promptly to remove or eliminate any such substance which is introduced or accumulates at the Premises from time to time (save as properly required in connection with the proper use of the Premises as a public leisure centre (if applicable) and all applicable law, regulations, permits and licences).
- (B) Not to cause, suffer or permit any release, escape or seepage of any poisonous, noxious or polluting substance at or from the Premises (including without limitation water from the swimming pool or chemicals used in connection with the swimming pool) and to notify the Landlord promptly upon becoming aware of any such occurrence and to remove or eliminate such substance and restore the Premises, the Plot and any contiguous land (including water and air) and any other part of the environment to the same state and condition as prior to such release, escape or seepage.
- (C) Not to cause, suffer or permit the introduction, release, escape or seepage of any poisonous, noxious or polluting substance to, at or from any other part of the Plot and to notify the Landlord promptly upon becoming aware of any such occurrence.

PROVIDED THAT nothing in this Lease shall require the Tenant to pay for or contribute to the cost of or otherwise be liable for any Existing Contamination, save where the Tenant through its act or default causes such Existing Contamination to be released into the Environment.

3.1.21 Nuisances etc.

- (A) Not to do, bring or keep on, or emit from, the Premises or any land over which the Tenant enjoys rights or amenities anything (including without limitation any smells or noise) which is or may cause nuisance, damage, disturbance or annoyance to any person or which may be injurious to the value, tone, amenity or character of the Premises, the Plot, the Estate or any adjoining or neighbouring premises (save as is in accordance with the proper and authorised use of the Premises from time to time).
- (B) Not to place or leave any goods, materials, machinery, refuse, containers or fuel on any outdoor part of the Premises or Common Parts (except for fuel in the fuel tanks of motor vehicles parked there) nor to place or leave any such items on any adjoining or neighbouring land.
- (C) Not to keep any bird or animal on the Premises and that no drugs or other illegal substances shall at any time unlawfully be on the Premises.
- (D) To place all refuse in appropriate receptacles in a suitable area allocated for that purpose and to procure the removal of all refuse at reasonable intervals and not to store any refuse outside of the Premises save as expressly permitted pursuant to Part B of Schedule 1.
- (E) Not to play any music or amplify any sound at the Premises so as to be audible outside the Premises and not to operate any machinery or equipment (properly maintained fire and security alarms and machinery necessary for carrying out permitted alterations to the Premises excepted) which is audible or causes vibration outside the Premises including for the avoidance of doubt in any other part of the Building, Plot or Estate (save as is in accordance with the proper and authorised use of the Premises from time to time).

3.1.22 Restrictions on use

- (A) That the Premises shall not be used for:
 - (1) any use which is illegal, immoral, dangerous, noisy or offensive or which causes a legal nuisance; or
 - (2) for residential purposes; or
 - (3) where its primary purpose is for auction, public meetings, public entertainment or public exhibition and provided always that such use does not adversely impact on the Landlord's interest in the Premises or the Landlord's or (where applicable) any intermediate or reversionary leasehold interest in the Building, the Plot and/or the Estate (including without limitation where the Landlord believes (acting reasonably) the use would result in a reduction in the desirability, market value or rental income of the Premises, the Building, the Plot and/or the Estate).
- (B) During the Initial Period, that the Premises shall not be used otherwise than for the Permitted Use specified in the Particulars and the Premises shall not in any event be used for a New Use unless the Tenant has first obtained the Landlord's written consent to the relevant New Use provided that the Landlord shall be entitled to withhold its consent in its absolute discretion.

- (C) After the expiry of the Initial Period, that the Premises shall not be used otherwise than for the Permitted Use specified in the Particulars and the Premises shall not in any event be used for a New Use unless the Tenant has first:
- (1) complied with the provisions of sub-clause 3.1.22(D); and
 - (2) provided written notice to the Landlord of the proposed New Use, such notice specifying the Use Class and any further specific restrictions on use within such Use Class;
 - (3) obtained the Landlord's written consent to the relevant New Use, such consent not to be unreasonably withheld or delayed provided that the Landlord shall be entitled to withhold its consent in its absolute discretion if:
 - (a) it would breach clause 3.1.22 (A); or
 - (b) if the provisions of clause 3.1.22(D) (and the associated provisions of Schedule 5) have not been complied with in full; or
 - (c) the implementation of the New Use would (in the Landlord's opinion) overburden the Common Parts Building Services or Building Systems (save for those exclusively serving the Premises) beyond the stresses usages loads or requirements for which they are designed.
- (D) Not to apply for the Landlord's consent to any proposed New Use (an "**Application**") unless:
- (1) the Tenant has first offered to surrender this Lease to the Landlord in accordance with Schedule 5 (by reference to the relevant proposed New Use); and
 - (2) the Landlord has either declined the offer to surrender within the three months immediately preceding the Application or the period for acceptance of the offer has expired within three months immediately preceding the Application without the Landlord serving notice accepting the offer.
- (E) That any areas at the Premises which are designed for vehicle parking, turning, loading and unloading shall be used only for those purposes respectively and that any landscaped areas and other visual amenities shall be used only for visual amenity.

3.1.23 Alienation generally

(A) Sharing

Not to share the possession or occupation of the whole or any part of the Premises except:

- (i) that the Tenant may grant concessions permitting third parties to occupy parts of the Premises for purposes and in a manner compliant with this Lease;
- (ii) that the Tenant may share the Premises with a Group Company

provided that prior written notice of the identity of the concessionaire or

Group Company (as applicable) is provided to the Landlord and no relationship of landlord and tenant is thereby created.

(B) **Other alienation**

Not to assign, underlet, part with or share the possession or occupation of, create any trust in respect of or permit any person to occupy the whole or any part of the Premises except by sharing occupation in accordance with clause 3.1.23(A), by an assignment in accordance with clause 3.1.24 or by an underletting in accordance with clause 3.1.25.

3.1.24 **Assignment**

(A) **No assignment of part**

Not to assign part of the Premises.

(B) **Assignment of whole**

Not to assign the whole of the Premises without:

- (1) having complied with clause 3.1.24(C);
- (2) the prior consent of the Landlord which shall not be unreasonably withheld or delayed, subject to clauses 3.1.24(D) and 3.1.24(E); and
- (3) the proposed assignee and any guarantor of the proposed assignee having each covenanted directly with the Landlord (in such form as the Landlord may reasonably require) to perform and observe the covenants on the part of the Tenant contained in this Lease at all times that the estate created by this Lease is vested in the intended assignee (without prejudice to the future application of clause 3.1.24(E)).

(C) **Offer back provisions on assignment**

Not to apply for the Landlord's consent to assign the whole of this Lease unless:

- (1) the Tenant has first offered to surrender this Lease to the Landlord in accordance with Schedule 5; and
- (2) the Landlord has either declined the offer to surrender or the period for acceptance of the offer has expired without the Landlord serving notice accepting the offer.

(D) **Circumstances in which consent may be withheld**

- (1) The Landlord may withhold consent if any rents due and demanded and payable to the Landlord under this Lease are unpaid after the due date for payment; or
- (2) the proposed assignee is the current Guarantor under this Lease; or
- (3) in the reasonable opinion of the Landlord the Tenant is not of sufficient covenant strength to comply with the various covenants set out in this Lease.

(E) **Conditions of consent**

Any consent given by the Landlord to any proposed assignment shall, for

the purposes of Section 19(1A) of the Landlord and Tenant Act 1927, be subject to conditions that;

- (1) all rents demanded under this Lease are paid up to the date of assignment; and
- (2) if the Landlord so reasonably requires a guarantor (that is not the current guarantor) reasonably acceptable to the Landlord covenants with the Landlord in the terms of the Deed of Guarantee set out in Schedule 2 (with such amendments as the Landlord may reasonably require).

3.1.25 Underletting

(A) Definitions

In this clause 3.1.25:

- (1) the expression "underlease" includes any sub-underlease or other interest derived out of the Term and any agreement for any underlease, sub-underlease or other such interest (and "undertenant" and "underlet" have corresponding meanings); and
- (2) **"Permitted Part"** means a part of the Property capable of being occupied and used as a separate and self-contained unit (and which leaves the remainder of the Premises capable of being occupied and used as a separate and self-contained unit).

(B) Offer back provisions on underletting

Not to apply for the Landlord's consent to underlet the whole or substantially the whole of this Lease for a term in excess of 25 years unless:

- (1) the Tenant has first offered to surrender this Lease to the Landlord in accordance with Schedule 5; and
- (2) the Landlord has either declined the offer to surrender or the period for acceptance of the offer has expired without the Landlord serving notice accepting the offer;

PROVIDED THAT the requirements of paragraphs (1) and (2) above shall not apply to any proposed underlease to a third party operator of a public leisure centre facility for and on behalf of the initial Tenant (being the Mayor and Burgesses of the London Borough of Southwark) where the permitted use pursuant to the underlease is restricted to such user and the Landlord has approved the form of underlease prior to grant (such approval not to be unreasonably withheld or delayed where the requirements of the remainder of this clause 3.1.25 are met).

(C) Conditions for Underletting

No underlease shall be created unless:

- (1) the Landlord has first given its consent to the underletting (which shall not be unreasonably withheld or delayed); and
- (2) the undertenant covenants in the underlease and separately with the Landlord:
 - (a) to observe and perform the Tenant's covenants in this Lease (except for payment of rent), not to cause or permit

any breach of this Lease and to observe and perform the undertenant's covenants in the underlease; and

- (b) not to assign, mortgage, charge, create any trust in respect of, sub-underlet, share or part with possession or occupation of the whole or any part of the underlet premises except for:
 - (i) an assignment, mortgage, sub-lease or charge of the whole of the underlet premises, but subject to the same consents of the Landlord and only in equivalent circumstances and subject to equivalent conditions (referring to the underlease and undertenant) as apply under this Lease to an assignment, mortgage, sub-lease or charge by the Tenant; or
 - (ii) sharing occupation with a member of the same group of companies as the undertenant within the meaning of Section 42 of the Landlord and Tenant Act 1954 provided that no relationship of landlord and tenant is thereby created and that such arrangement ends upon such company ceasing to be within the same group of companies; or
 - (iii) concessions in accordance with clause 3.1.23(A).

(D) Underlettings of Part

Every underlease of a Permitted Part shall, in addition:

- (1) grant such rights as are appropriate for the separate occupation and use of the underlet premises and reserve such rights as are appropriate for the separate occupation and use of the remainder of the Premises and to enable the Tenant to comply with its obligations under this Lease; and
- (2) reserve as rent a fair proportion of the costs of maintenance, repair, decoration and cleaning of the Premises and of the provision of common facilities.

(E) Surrender or variation

The Tenant shall give notice to the Landlord within 21 days after any underlease of the whole or any part of the Premises is surrendered or its terms have been waived or varied.

(F) Enforcement of underlease

To take all necessary steps and proceedings to procure the remedying of any breach of the covenants of the undertenant under any underlease of the whole or any part of the Premises and to operate any provisions for review of the rent payable under any such underlease.

(G) Number of occupations

That the Premises shall at no time be in more than 6 separate occupations (including the occupation of the Tenant) but disregarding any occupation of the whole of the Premises by a third party operator of a public leisure centre facility and any sharing of occupation permitted under clause 3.1.23(A).

3.1.26 **To register assignments etc**

- (A) Within 21 days after any assignment, transfer, mortgage, charge, underlease, surrender or other disposition or devolution of any interest in the Premises:
 - (1) to give notice of such event and a certified copy of the relevant document (including copies of any attendant documents relating to the exclusion of Sections 24-28 (inclusive) of the Landlord and Tenant Act 1954) to the Landlord's solicitor (or as the Landlord directs) and to pay to him a reasonable registration fee; and
 - (2) in the case of an assignment, transfer or devolution of this Lease which is registrable at the Land Registry, to make a valid application for registration (including submitting all necessary documents and fees), and within 14 days after completion by the Land Registry of such registration to supply to the Landlord official copies (issued after completion of such registration) of the registers and title plans of the title to the Lease.
- (B) Within 21 days of request by the Landlord to supply to the Landlord full particulars of all derivative interests in the Premises (however inferior) and of all occupiers of the Premises (including copies of the relevant leases or other documents).

3.1.27 **Landlord's costs**

To pay to the Landlord all proper costs, fees and expenses which the Landlord may reasonably and properly incur in connection with or in contemplation of:

- (A) any notice or proceedings under Sections 146 or 147 of the Law of Property Act 1925 (notwithstanding that forfeiture is avoided otherwise than by relief granted by the Court);
- (B) recovering (from the Tenant or any guarantor) any arrears of rents or other monies due to the Landlord under this Lease or the enforcement or remedying of any breach by the Tenant of any of its obligations under this Lease (whether or not the Landlord pursues such matters by proceedings in the court);
- (C) the preparation and service of any notice, schedule or report whether during or after the end of the Term relating to the repair or condition of, or any poisonous, noxious or polluting substance at or emanating from, the Premises (including remediation works);
- (D) any application by the Tenant for consent (including where consent is lawfully refused or the application is withdrawn but not where it is unlawfully or unreasonably withheld) and any covenant, guarantee or other document in connection with any such consent.

3.1.28 **Restrictions and Regulations**

- (A) To comply with any reasonable regulations relating to the Plot or the Estate made by the Landlord and notified to the Tenant in writing from time to time and made in the interests of good estate management.
- (B) To comply with the restrictions, obligations and encumbrances contained or referred to in the documents listed in Part D of Schedule 1 so far as they affect the Premises, the Tenant's use of the Common Parts and the exercise by the Tenant of other rights granted by this Lease.

3.1.29 **Third party indemnity**

- (A) To indemnify the Landlord against all actions, claims, demands made by a third party, all costs, damages, expenses, charges and taxes payable to

a third party and the Landlord's own liabilities, costs and expenses incurred in defending or settling any action, claim or demand in respect of any personal injury or death, damage to any property and any infringement of any right arising from:

- (1) the exercise of the Tenant's rights;
 - (2) the carrying out of any works to the Premises or the installation of any apparatus at the Premises;
 - (3) otherwise arising in respect of the Premises or their use.
- (B) In respect of any claim covered by the indemnity in clause 3.1.29(A) the Landlord shall:
- (1) give notice to the Tenant of the claim as soon as reasonably practicable after receiving notice of it;
 - (2) provide to the Tenant any information that is not confidential (to the Landlord's business or otherwise) in relation to the claim that the Tenant may reasonably require, subject to the Tenant paying to the Landlord all costs incurred by the Landlord in the provision of that information;
 - (3) not make any admission of liability, agreement or compromise with any person, body or authority in relation to any relevant claim without prior consultation with the Tenant; and
 - (4) use reasonable endeavours to mitigate its loss (at the cost of the Tenant) where it is reasonably practicable for the Landlord to do so.

3.1.30 **Connectivity and Spectrum Management**

- (A) Subject to obtaining the Landlord's prior written consent (such consent not to be unreasonably withheld or delayed) and in compliance with the Spectrum Management Policy, the Tenant may install, maintain or permit to be installed or maintained within the Premises any equipment or systems which permit any visitor to, or customer of the Tenant access to Wireless Data Services within the Plot.
- (B) Subject to obtaining the Landlord's prior written consent (such consent not to be unreasonably withheld or delayed) and in compliance with the Spectrum Management Policy, the Tenant may install, maintain or permit to be installed or maintained within the Premises any mobile or wireless telephony system, network base station, wireless access point, gateway or any analogous wireless or mobile transmitter providing Wireless Data Services in the Managed Spectrum.
- (C) The Landlord and Tenant hereby acknowledge that, taking account of their respective, rights, duties and obligations in this Lease and the Landlord's overriding obligation to ensure that the tenants of individual demises within the Estate have the quiet enjoyment of their respective demises, the provisions of clauses 3.1.30(A) and 3.1.30(B) together with the application of the Spectrum Management Policy represent a fair and reasonable arrangement, in relation to the Premises and are:
- (1) reasonably necessary in order to ensure the efficient and effective use of the radio spectrum in accordance with regulatory objectives and best practice relating to the management of such radio spectrum in the United Kingdom;
 - (2) reasonably necessary in order to ensure compliance with applicable statutory and non-statutory health and safety rules, regulations and best practice in relation to exposure to

electromagnetic radio waves promulgated by the International Committee on Non-Ionizing Radiation Protection and the National Radiological Protection Board, the European Council and The Health & Safety Executive.

- (D) The Landlord and Tenant hereby acknowledge that during the Term there are likely to be technological innovations and legislative changes which will require the parties to co-operate and agree variations to the provisions of clauses 3.1.30(A), 3.1.30(B) and 3.1.30(C) in order to achieve the intent and effect of such provisions and the Landlord and Tenant hereby agree to co-operate fully in order to agree promptly and implement promptly any such variations.

3.1.31 Keep open

If for a period of three consecutive months, except to the extent that it is unlawful to do so, the Premises is not kept fully open operational and where applicable trading during normal opening hours for the Permitted Use:

- (A) the Tenant shall propose a design for screening or hoarding of the windows in the Premises of a quality and finish in keeping with the Building and Estate to be approved by the Landlord (such approval not to be unreasonably withheld or delayed) and to be installed at the Tenant's cost; and
- (B) if the Tenant's proposal provided in clause 3.1.31(A) above is not approved by the Landlord, the Landlord shall, at its own cost, design and install its own screening or hoarding for the windows in or outside of the Premises and the Tenant shall permit the Landlord access on reasonable notice for these purposes;

Provided that the Tenant shall be entitled to remove such screening or hoarding once the Premises is again open and operating and where applicable trading during normal opening hours for the Permitted Use.

4. LANDLORD'S COVENANTS

The Landlord covenants with the Tenant:

4.1.1 Quiet Enjoyment

That the Tenant may peaceably enjoy the Premises during the Term without any interruption by the Landlord or any person lawfully claiming under or in trust for the Landlord.

4.1.2 Provision of Services

- (A) Subject as mentioned below to provide the Services.
- (B) Except for the Services, the inclusion of any item, service or expense in Part 5 of Schedule 3 does not imply any obligation of the Landlord to provide, or continue, such item or service or incur such expense.

4.1.3 Appointment of agents

The Landlord may employ such agents, contractors or other persons as it thinks fit (acting properly) to perform its obligations under this clause 4.1.3 and to provide any service or item or perform any function referred to in Schedule 3, and may delegate its duties and powers and the exercise of any discretion to them.

4.1.4 Variation of Services

The Landlord may provide or perform the Services and any service, item or function referred to in Part 5 of Schedule 3 in any manner it reasonably considers appropriate and may extend, reduce or vary them from time to time if the

Landlord reasonably considers it desirable to do so for the more effective or efficient management, operation or security of the Plot or the Estate or for the comfort or convenience of the tenants of the Plot or the Estate.

4.1.5 **Failure by Landlord to provide Services**

The Landlord shall not be liable for any failure to provide the Services to the extent that:

- (A) it is prevented from doing so by circumstances beyond its control, mechanical breakdown, interruption of public utility services, damage, necessary inspection or repair, shortage of fuel, equipment, labour or materials or inclement weather; or
- (B) a Service cannot reasonably be provided as a result of any Service Media, plant or installations being taken out of service for maintenance, inspection, servicing, repair, replacement or modification or as a result of any other alteration, inspection, repair or works being carried out at the Plot, but the Landlord shall endeavour to give reasonable prior notice of such event to the Tenant;

but the Landlord shall use reasonable endeavours to restore the Service as soon as reasonably practicable.

5. **INSURANCE**

The Landlord and the Tenant mutually covenant each with the other as follows:

5.1.1 **Tenant's Insurance Default**

In this clause 5 the expression "**Tenant's Insurance Default**" means any statement, act, omission or default of the Tenant, its undertenants or its or their employees, agents or licensees which is wholly or partly the reason whereby any insurance policy relating to the Premises or to any other part of the Plot or neighbouring premises is vitiated or payment of insurance monies is refused.

5.1.2 **Landlord to insure**

The Landlord will insure and keep insured with an insurance company or underwriters of repute and through such agency and in such names as the Landlord may from time to time decide (acting properly):

- (A) the Plot against loss or damage by the Insured Risks in its full reinstatement cost as determined by the Landlord (acting properly) from time to time (including the costs of shoring up, demolition, site clearance, obtaining necessary consents, professional fees, incidental expenses and VAT); and
- (B) loss of the Service Charge (including any potential increase and any applicable VAT) for 3 years or such longer period as the Landlord may reasonably require; and
- (C) such property owner's liability, occupier's liability, employer's liability and other legal liability insurances as the Landlord may from time to time require in respect of all matters involving or relating to the Premises, the Plot and the provision of services to them; and
- (D) such other insurances as the Landlord may from time to time reasonably require.

5.1.3 **Landlord's further insurance obligations**

The Landlord shall:

- (A) produce to the Tenant upon request reasonable evidence from the insurers that the insurance policy or policies are subsisting and in effect;

- (B) use reasonable endeavours to procure that the interest of the Tenant is noted (either specifically or generally) on the policies of insurance taken out by the Landlord pursuant to the terms of this Lease;
- (C) use reasonable endeavours to procure that the insurance policy or policies contain non- invalidation clauses reasonably commensurate with non- invalidation clauses agreed in the market for similar policies at the time that such insurance policies are placed; and
- (D) use reasonable endeavours to procure that its insurers waive entitlement to rights of subrogation against the Tenant.

5.1.4 Tenant to pay excesses, etc.

The Tenant shall pay to the Landlord as soon as reasonably practicable following written demand following any damage, destruction or event to which they apply:

- (A) the portion fairly attributable to the Premises (as determined by the Landlord's Surveyor acting properly) of any excess or deductible to which the insurance policy is subject and of any amount uninsured as a result of any limitation, exclusion or condition of the insurance policy; and
- (B) the whole (or where applicable the relevant proportion) of any amount in respect of the Premises or any other part of the Plot which is uninsured or irrecoverable due to any Tenant's Insurance Default.

5.1.5 Reinstatement in the event of damage

- (A) If the Premises or any Common Parts are destroyed or damaged by any of the Insured Risks then subject to the provisions of clause 5.1.7 and further subject to:

- (1) the Landlord being able to obtain any necessary planning permission and other licences, approvals and consents (which the Landlord will use its reasonable endeavours to obtain but not so as to be obliged to institute any appeals); and
- (2) the necessary labour and materials being and remaining available (which the Landlord will use its reasonable endeavours to obtain); and
- (3) the Tenant making any payment due under clause 5.1.4

the Landlord will with reasonable speed use the insurance proceeds (except those in respect of loss of rent or service charge or liability to third parties) and any shortfall due and paid by the Tenant under clause 5.1.4 in reinstating the premises so destroyed or damaged substantially as they were prior to such destruction or damage or, to the extent that that is not practical, so as to provide reasonably equivalent accommodation in modern form (and thereafter all the covenants, rights and conditions of this Lease shall apply (with any necessary changes) to the rebuilt premises).

- (B) The Landlord will make up from the Landlord's own funds any shortfall in the proceeds of the insurance policies which the Landlord is obliged under this Lease to effect, except for any shortfall payable by the Tenant under clause 5.1.4.

5.1.6 Suspension of Service Charge following destruction or damage by an Insured Risk

If the Premises or any Common Parts are so destroyed or damaged by any of the Insured Risks as to render the Premises unfit for occupation or use or inaccessible, the Service Charge or a due proportion of it according to the nature and extent of the damage sustained shall cease to be payable either until the

Premises is again rendered fit for occupation and use and accessible or, if earlier, until the expiry of the period in respect of which the Landlord insures against loss of rent, provided that such service charge shall not cease to be payable if there has been a Tenant's Insurance Default.

5.1.7 Determination in the event of total destruction by an Insured Risk

- (A) If the Premises or any Common Parts are so destroyed or damaged by an Insured Risk as to render the Premises wholly unfit for occupation or use or inaccessible then where the Landlord acting reasonably considers that the Premises is not capable of being fully reinstated within the period in respect of which the Landlord insures loss of rent then the parties shall use their reasonable endeavours to negotiate in good faith to reach an agreement as to whether the Premises and/or the Common Parts should be rebuilt or reinstated.
- (B) If no agreement is reached between the parties in accordance with clause 5.1.7(A), the Landlord may at any time prior to the expiry of the loss of rent period serve written notice on the Tenant that it wishes the Tenant to surrender this Lease and the Landlord and the Tenant shall promptly negotiate and enter into such surrender within 15 working days of such written notice in consideration of a payment from the Landlord to the Tenant of an amount equivalent to the market value of the Lease on the day immediately before the occurrence of the damage or destruction (and where the parties fail to reach agreement on matters the subject of this clause either party may refer the matter to be determined by an Expert whose decision shall be final and binding save in case of manifest error).
- (C) Upon service of a notice under this clause 5.1.7 the Landlord shall be released from its obligations in respect of reinstatement and application of insurance proceeds. Upon termination of the Term all insurance proceeds shall belong to the Landlord for its own benefit absolutely.

5.1.8 Distribution of insurance monies following total destruction by an Insured Risk

In the event of reinstatement or rebuilding being frustrated or proving impossible as aforesaid and save for where the provisions of clause 5.1.7(C) apply, the insurance monies recovered by the Landlord and the Tenant which relate to the Premises (other than in respect of loss of the rent due to the Landlord hereunder which shall be paid without deduction to the Landlord and other than the proper and reasonable costs of debris removal from the Premises or Common Parts or the relevant part thereof and making the same reasonably safe which costs shall be paid to the Landlord without deduction out of the insurance monies unless the Tenant undertakes to carry out such works at its expense) shall be divided between the Landlord and the Tenant in the proportions of the value of each party's interests in the Premises or the Common Parts or the relevant part thereof at the time immediately before the occurrence of the damage or destruction (such proportion to be determined by an expert if the parties do not agree).

5.1.9 Double Insurance

The Tenant shall pay immediately to the Landlord or, if the Landlord so requires, will apply in making good the loss or damage in respect of which they are received all monies becoming payable to the Tenant under any insurance of the Premises, the Plot or any part of them.

5.1.10 Tenant to comply with insurer's requirements

The Tenant shall comply with all notified requirements and reasonable recommendations of the insurers in so far as they are notified to the Tenant in writing.

5.1.11 Tenant not to invalidate insurance

The Tenant shall not make any statement nor do or omit to do anything which might prejudice or invalidate any insurance of the Premises, the Plot or any part of them or any neighbouring premises owned by the Landlord nor anything which might increase the insurance premiums (unless the Tenant has previously agreed to pay the increased premiums and the Landlord has approved).

5.1.12 Insurance of Tenant works

(A) Where the Tenant carries out any alterations to the Premises (which alterations are lawful in accordance with the terms of this Lease) any obligation of the Landlord under this Lease in respect of insurance or reinstatement insofar as it relates to those alterations shall not apply until such alterations have been practically completed, all valuation and other information concerning such alterations reasonably required by the insurers of the Premises has been provided by the Tenant and the insurers of the Premises have confirmed that the completed alterations are insured by them and the Landlord shall use reasonable endeavours upon request from the Tenant to procure that the insurers shall provide such confirmation promptly (or in the absence of any confirmation, until such completed works are as a question of fact insured).

(B) The Tenant shall pay as additional rent during the term of this Lease any increased or additional insurance premium incurred by the Landlord by reason of the execution or retention of any works carried out by the Tenant at or on the Premises or the Plot.

5.1.13 Notice by Tenant

The Tenant shall give notice to the Landlord immediately upon becoming aware of any event or thing which might lead to an insurance claim or affect any insurance policy relating to the Premises or the Plot.

5.1.14 Damage by Uninsured Risks

(A) If the Premises or any Common Parts are destroyed or damaged by an Uninsured Risk so as to render the Premises unfit for occupation or use or inaccessible then:

(1) the Service Charge or a due proportion of it according to the nature and extent of the damage sustained shall be suspended from the date of the damage or destruction by an Uninsured Risk until such time as the Premises is fit for use and occupation and accessible; and

(2) within 12 months of such damage or destruction the Landlord shall give written notice to the Tenant (the "**Election Notice**") stating whether or not it proposes to rebuild or reinstate the relevant destruction or damage to the Premises and/or the Common Parts.

(B) If the Election Notice states that the Landlord does propose to rebuild or reinstate the Premises and/or the Common Parts then:

(1) subject to obtaining all necessary planning and other consents the Landlord shall at its own cost as soon as reasonably practicable commence and thereafter complete the rebuilding or

reinstatement of the Premises and/or the Common Parts as if the damage had been caused by an Insured Risk and clause 5.1.5 was to apply; and

- (C) If :
- (1) the Election Notice states that the Landlord does not propose to rebuild or reinstate the Premises and/or the Common Parts; or
 - (2) if no Election Notice has been served within 12 months; or
 - (3) if Premises and/or the Common Parts has not been so rebuilt or reinstated so as to render it fit for use and occupation and accessible by the date being 3 years and 1 day after the date of the Election Notice served pursuant to clause 5.1.14(A)(2),

then the parties shall use their reasonable endeavours to negotiate in good faith to reach an agreement as to whether the Premises and/or the Common Parts should be rebuilt or reinstated.

- (D) If no agreement is reached between the parties in accordance with clause 5.1.14(B), the Landlord may at any time after the earlier of:
- (1) 6 months after the date of the Election Notice served pursuant to clause 5.1.14(C)(1); or
 - (2) 6 months after the date 3 years and 1 day after the Election Notice served pursuant to clause 5.1.14(C)(2),

serve written notice on the Tenant that it wishes the Tenant to surrender this Lease and the Landlord and the Tenant shall promptly negotiate and enter into such surrender within 15 working days of such written notice in consideration of a payment from the Landlord to the Tenant of an amount equivalent to the market value of the Lease on the day immediately before the occurrence of the damage or destruction (and where the parties fail to reach agreement on matters the subject of this clause either party may refer the matter to be determined by an expert whose decision shall be final and binding save in case of manifest error).

6. AGREEMENTS

The Landlord and the Tenant agree as follows:

6.1.1 Landlord's right to forfeit

The Tenant covenants with the Landlord that if:

- (A) the Insurance Rent or Service Charge or the Common Expenses (under clause 3.15) or any part of them are unpaid for 28 days after becoming due (and, save for the Interim Sum, where they have been formally demanded); or
- (B) there is any other material breach of the Tenant's covenants in clauses 3.1.22 (*Restrictions on Use*), 3.1.23 (*Alienation Generally*), 3.1.24 (*Alienation*) or 3.1.25 (*Underletting*) of this Lease which shall not have been remedied within a reasonable period following receipt of written notice of such breach from the Landlord (and such notice should be served on the person entitled to the benefit of any mortgage or charge over the Premises of which the Tenant has notified the Landlord in writing);

then and in any such case the Landlord may enter the Premises or any part of it in the name of the whole and thereupon the Term shall immediately end but without prejudice to any right of action or remedy of the Landlord in respect of any

antecedent breach of any of the Tenant's covenants in this Lease PROVIDED THAT:

- (C) if the Landlord shall have received notice in writing of any mortgage or charge of the Premises entered into in accordance with this Lease then so long as such mortgage or charge is subsisting, the Landlord shall serve written notice on any mortgagees of any part of the Premises of which the Landlord has notice setting out in detail the breach or breaches complained of and advising that the Landlord proposes to exercise its rights under this clause 6.1.1 to terminate this Lease;
- (D) any such mortgagee shall have the right within 3 months of service of the Landlord's notice referred to in clause 6.1.1(C) above to elect to remedy such breach or breaches;
- (E) in the absence of such election or if the breach or breaches have not been remedied within a reasonable time then the Landlord may exercise its right under this clause and terminate this Lease; and

6.1.2 Clause 6.1.1(A) above shall not apply whilst this Lease is vested in The Mayor and Burgesses of the London Borough of Southwark.

6.1.3 **Schedules**

The Landlord and the Tenant shall observe and perform their respective obligations in the Schedules to this Lease.

6.1.4 **Neighbouring Premises**

- (A) This Lease does not confer on the Tenant any easement, right, privilege, licence or advantage other than those expressly granted by this Lease.
- (B) Subject to the rights granted in Part B of Schedule 1, the Landlord and any person through whom the Landlord derives title shall be entitled to alter, build on or redevelop any part of the Plot (including Common Parts) or any other premises notwithstanding that the light or air or any rights of the Premises are diminished or otherwise prejudicially affected PROVIDED THAT (where the Landlord exercises such rights) during all normal trading and servicing times the Tenant shall have adequate means of access to the Premises. Any access of light or air now or at any time during the Term enjoyed by the Premises, shall be deemed to be by consent or agreement in writing for that purpose within the meaning of section 3 of the Prescription Act 1832.
- (C) The Tenant shall not have the benefit of nor be entitled to enforce or to prevent the release or modification of any rights, covenants or agreements in favour of the Landlord contained in any transfer, lease, licence or other document relating to any part of the Plot or any other property of the Landlord.
- (D) Subject to the rights granted in Part B of Schedule 1, the Landlord may let, dispose of or use any other part of the Plot (including Common Parts) for any purpose whatsoever.

6.1.5 **Exclusion of Compensation**

Every statutory right for the Tenant or its undertenants to be paid any compensation upon quitting the Premises or any part of the Premises is excluded to the extent permitted by law.

6.1.6 Notices and Consents

- (A) Any notice, consent, approval, requirement or other communication required or authorised by this Lease shall be valid only if it is in writing.
- (B) While any party to this Lease is a company registered in the United Kingdom any notice to be served on that party under this Lease shall be valid if it is addressed to that party and delivered (by post or otherwise) to its registered office. The notice shall be deemed served at the time of delivery (subject to clause 6.1.6(D)).
- (C) While the Tenant comprises more than one person service on any one of them shall be deemed service on all of them. Service upon the Tenant shall also be deemed to be service on any guarantor of or surety for the Tenant's covenants under this Lease.
- (D) Subject as aforesaid, Section 196 of the Law of Property Act 1925 shall apply to all notices and demands served under or arising out of or in respect of this Lease and shall be extended so that service on the Tenant or any guarantor or surety for the Tenant may also be effected posting the relevant document by ordinary first class or by special delivery or by recorded delivery or by registered post in a prepaid envelope addressed to its registered office (if any). Service shall be deemed to have been effected in the case of postal delivery 48 hours after the time when the document is posted (unless it is proved to have been delivered any earlier).
- (E) In proving service by post it shall be sufficient (but not essential) to prove that the envelope containing the relevant document was properly addressed, stamped and posted.
- (F) Email and facsimile are not valid methods of service of notices under this Lease.

6.1.7 Execution and Delivery

This Lease is not delivered until it is dated.

6.1.8 No Third Party Rights

No provision in this Lease is enforceable under the Contracts (Rights of Third Parties) Act 1999, but this is without prejudice to any rights of any person which arise other than under the Contracts (Rights of Third Parties) Act 1999.

6.1.9 Severability

If at any time any part of the provisions of this Lease or its application to any person or circumstance is or becomes invalid, illegal or unenforceable in any respect then such part, or its application to such person or circumstance, shall be severed from this Lease and the validity, legality and enforceability of the remaining provisions and the application of such part to other persons or circumstances shall not be in any way affected or impaired.

6.1.10 Not Exempt Land

Each of the original parties to this Lease agrees with and confirms to the other parties and their respective successors and assigns that at the date of this Lease it does not intend or expect that the Premises will become (whether immediately or eventually and whether or not by virtue of this Lease) exempt land (within the meaning in paragraphs 15 and 16 of Schedule 10 to the Value Added Tax Act 1994 (as amended)).

6.1.11 No Warranty as to Permitted Use

The Landlord has not represented and does not warrant that any use of the

Premises permitted by this Lease complies with the Planning Acts and nor shall any consent in future granted by the Landlord for any change of use imply any such representation or warranty.

6.1.12 Party Walls

Any walls and load-bearing structures that divide the Premises from any adjoining lettable unit are party walls within the meaning of Section 38 of the Law of Property Act 1925.

6.1.13 Landlord's Surveyor

Where this Lease provides for a matter to be determined or certified by the Landlord's Surveyor, such determination or certificate shall be conclusive, except in case of manifest error.

6.1.14 Registrable Interests

The Landlord shall have no liability to the Tenant, under any express or implied provisions of this Lease or otherwise, in respect of any right or interest arising under this Lease which is required to be completed by registration, or which is capable of being protected by an entry in any register, and which is not so registered or protected.

7. EXCLUSION OF LANDLORD AND TENANT ACT 1954

- 7.1 The Landlord served on the Tenant a notice dated [] in accordance with section 38A(3)(a) of the 1954 Act; and
- 7.2 A statutory declaration dated [] was made by the Tenant or a person duly authorised by the Tenant in accordance with paragraph 4 of Schedule 2 to the Order.
- 7.3 The agreement for the grant of this Lease is dated [].
- 7.4 The provisions of sections 24 to 28 (inclusive) of the 1954 Act are excluded in relation to the tenancy created by this Lease.

8. TENANT'S OPTION TO RENEW

- 8.1 In this Clause "**Renewal Lease**" means a lease to be granted by the Landlord to the Tenant pursuant to this Clause on the same terms as this Lease but subject to the following qualifications:
 - 8.1.1 the further term will commence on the expiry of the Term and be fifteen years;
 - 8.1.2 the option contained in this Lease for the grant of the Renewal Lease shall be deleted; and
 - 8.1.3 the parties will act in good faith to adapt the Renewal Lease to include any necessary legislative and common law modernisation.
- 8.2 Subject to clauses 8.4 and 8.5 the Tenant may elect to take the Renewal Lease by written notice (the "**Option Notice**") to that effect served on the Landlord not less than 12 months' before the expiry of the Term.
- 8.3 If the Tenant serves the Option Notice in accordance with clause 8.2 the Landlord must grant to the Tenant and the Tenant must accept the Renewal Lease.
- 8.4 No Option Notice shall be valid (and shall be deemed to be invalid if already served) if it is not served by The Mayor and Burgesses of the London Borough of Southwark (or its Statutory Successor) or an assignee of the whole of the Premises as current tenant;

- 8.5 The option contained in this clause 8 is personal to The Mayor and Burgesses of the London Borough of Southwark (or its Statutory Successor) or an assignee of the whole of the Premises and for the avoidance of doubt will expire if this surrendered or otherwise terminated prior to the expiry of the Term.
9. **EXCLUSION OF PART II OF THE LANDLORD AND TENANT ACT 1954 IN RELATION TO THE RENEWAL LEASE**
- 9.1 The Landlord and the Tenant agree and declare that the provisions of sections 24 to 28 (inclusive) of the Landlord and Tenant Act 1954 are to be excluded in relation to the tenancy to be created by the Renewal Lease.
- 9.2 The Landlord served on the Tenant a notice dated [] in accordance with section 38A(3)(a) of the 1954 Act; and
- 9.3 A statutory declaration dated [] was made by the Tenant or a person duly authorised by the Tenant in accordance with paragraph 4 of Schedule 2 to the Order.
- 9.4 Prior to any assignment of this Lease in accordance with the provisions of clause 3.1.24 of this Lease, the Landlord shall serve on the assignee a notice in accordance with section 38(3)(a) of the Act of 1954 in relation to the Renewal Lease.
- 9.5 On receipt of the notice served pursuant to paragraph 9.4 and prior to completion of the assignment, the assignee shall either:
- 9.5.1 within 14 days of receipt of such notice make a statutory declaration in accordance with paragraph 4 of Schedule 2 to the Order and serve it on the Landlord; or
- 9.5.2 not less than 14 days and not more than 21 days of receipt of such notice make a declaration in accordance with paragraph 3 of Schedule 2 to the Order and serve it on the Landlord.
10. **LAW AND JURISDICTION**
- 10.1 This Lease, its validity and all matters arising in connection with it shall be governed by the law of England and Wales.
- 10.2 Each of the parties irrevocably:
- 10.2.1 agrees that the Courts of England and Wales shall have exclusive jurisdiction to determine any suit or proceeding relating to or arising in connection with this Lease and waives any objection which it might now or hereafter have to such Courts determining such suit or proceeding; and
- 10.2.2 waives any objection which it might now or hereafter have to the enforcement in the Courts of any jurisdiction of any judgment in any such suit or proceeding brought in the Courts of England and Wales and agrees that any such judgment is conclusive and binding upon it and may be enforced in any manner permitted by law.

IN WITNESS whereof the parties hereto have executed this Lease as a deed the day and year first before written.

SCHEDULE 1

Part A

THE PREMISES

[All those premises situate on the [ground and basement floor] of the Building and known as the Leisure Centre, which are shown edged [red] on Plan 1 which include:

■ [REDACTED]

1. all internal surfacing materials and finishes on the structural walls, floors and ceilings of the Premises including suspended ceilings and raised floors and on the other structural parts of the Building within or bounding the Premises;
2. the internal surfacing and finishes and one half severed vertically of on any non-structural walls separating the Premises from any Common Parts;
3. [one half severed vertically of any non-structural walls separating the Premises from any adjoining lettable units at the Building;]
4. the entirety of any non-structural walls wholly within the Premises;
5. [the doors and door frames within, and on the boundaries of, the Premises;]
6. [the blinds on the inside of the external windows of the Premises;]
7. subject to the exclusion in paragraph 14 of this schedule, the window glazing and window frames and other fenestration within the Premises;
8. all Service Media, Building Systems and landlord's plant, equipment and fixtures within and exclusively serving the Premises;
9. all landlord's fixtures and fittings (other than Tenant and trade fixtures and fittings) at any time at the Premises; and
10. all additions, alterations and improvements to the Premises (other than Tenant's trade fixtures and fittings),

but exclude:

11. all load bearing and exterior walls and the floors and ceilings of the Premises (other than included above);
12. all structural parts of the building;
13. the Common Parts;
14. the whole of the window glazing and window frames and other fenestration constructed in the external walls and in the other boundaries of the said premises;
15. the Landlord's fire alarm and sprinkler system (if any) up to the point of connection with the tenant's fire alarm and sprinkler installation and all tenant's fixtures and fittings; and
16. the airspace over the Premises.■

Part B

RIGHTS AND EASEMENTS GRANTED■

The right for the Tenant, its customers, employees, agents and visitors, for the use and enjoyment of the Premises and in common with the Landlord and all others from time to time entitled thereto and in compliance with the Tenant's covenants in this Lease and with any reasonable regulations made by the Landlord from time to time for the orderly use of the Common Parts:

1. To pass and repass at all times and for all purposes with or without vehicles over the roads, and on foot only over any paths, within the Plot which serve the Premises (until dedicated as public highways or public footpaths) for the purpose of access to and egress

■ [REDACTED]

■ [REDACTED]

from the Premises and the car parking area, refuse area and service yard serving the Premises provided that the Landlord shall be entitled from time to time whenever necessary to obstruct or temporarily close, divert or amend such roads for maintenance or for the repair, maintenance or replacement of or connection to services under such roads, subject to the provision of suitable alternative access and the period of such obstruction, temporary closure, diversion or amendment being kept to a minimum;

2. The right of free and uninterrupted passage and running of water, surface water, drainage, sewage, soil, gas, air, smoke, electricity, light, information telecommunications and other transmissions, services and supplies to and from the Premises and the Adjoining Property in and through any Service Media and infrastructure now or at any time to be constructed or installed in or under the Adjoining Property to the extent that the same are not or do not become adopted and serve or are capable of serving the Premises.
3. The right to connect into any Service Media and infrastructure now or at any time to be constructed or installed in or under the Adjoining Property and serving the Premises and to lay new Service Media and infrastructure in the Premises and the Adjoining Property serving the Premises and thereafter to inspect, repair, renew, replace, clean and maintain the same [and (in the case of laying any Service Media and infrastructure in the Adjoining Premises) over and along such routes as the Landlord approves (such approval not to be unreasonably withheld) and provided that:
 - 3.1 the persons exercising this right causing as little damage and inconvenience as reasonably practicable and making good any damage so caused to the Landlord's reasonable satisfaction using materials which are equivalent in all material respects to those which have been damaged, the details of which shall be approved by the Landlord (such approval not to be unreasonably withheld or delayed); and
 - 3.2 the Landlord may re-route or alter any such Service Media and infrastructure within the Adjoining Property, the Landlord (a) exercising all reasonable endeavours to minimise any disruption caused and (b) ensuring that the suitability and capacity of the Service Media and the infrastructure is not materially adversely affected].
4. [To use in common with other occupiers of the Building, the Plot and the Estate such disabled car parking bays located on the Plot and allocated for general use by the occupiers of and visitors to the Building, the Plot or the Estate from time to time.]■
5. [The right to install signage on the exterior of the Premises and on the Estate and Building in areas which may be allocated by the Landlord from time to time (and in accordance with any applicable regulations or signage policy in respect of the Building and/or Estate) in a size, style and design to be approved by the Landlord (such consent not to be unreasonably withheld or delayed). For the avoidance of doubt, the Landlord's approval of the design of any signage which is in the corporate style of the Tenant shall not be required.]
6. To use a service yard [at the rear [on the side elevation] of the Building]■ for the delivery of goods to and from the Premises allocated by the Landlord from time to time.
7. At reasonable times and on reasonable notice (except in emergency) and subject to complying with the Landlord's reasonable security and operational requirements to enter upon the Common Parts within the Building or the Adjoining Property as necessary to:
 - 7.1 comply with the Tenant's covenants in the Lease in respect of repair and maintenance; and
 - 7.2 inspecting, repairing, renewing, replacing, cleaning and maintaining any Service Media and infrastructure serving the Premises which form part of the Premises;

■ [REDACTED]
■ [REDACTED]

the persons exercising this right causing as little damage and inconvenience as reasonably practicable and making good any damage so caused to the Landlord's reasonable satisfaction using materials which are equivalent in all material respects to those which have been damaged, the details of which shall be approved by the Landlord (such approval not to be unreasonably withheld or delayed);

8. In emergencies or during fire drills only to use any means of emergency escape from the Premises designated by the Landlord acting reasonably;
9. Of subjacent and lateral support to and protection of the Premises as the same are now enjoyed from the remainder of the Plot;
10. To place receptacles for refuse of such number, size and type as may be approved by the Landlord in an area to be allocated for that purpose by the Landlord from time to time acting reasonably;
11. The right in connection with the Permitted Use to use the Estate Common Areas for the purpose for which they are provided;
12. The right to install (in a location to be approved by the Landlord (such approval not to be unreasonably withheld or delayed) and which shall in any event not be visible from any other part of the Building, the Plot or the Estate) and use a satellite television and/or a radio telecommunication aerial on the roof of the Building and to connect such items to the Premises by appropriate Service Media for the Tenant's use provided that:
 - 12.1 all necessary consents and planning permissions are obtained by the Tenant;
 - 12.2 such apparatus is of a size and design and the apparatus and associated Service Media are installed in a location each previously approved by the Landlord (such approval not to be unreasonably withheld or delayed and it shall be reasonable for the Landlord to insist that such items are not visible from the *[to be confirmed]*); and
 - 12.3 the installation and use of such apparatus does not interfere with the beneficial use and enjoyment of other occupiers at the Estate or the provision of services by the Landlord at the Estate and if in the Landlord's proper opinion any such proposed apparatus would have such an effect it may refuse approval pursuant to paragraph 10.2 above.
13. To use the Service Media to the extent they are installed and designed to serve the Premises, including:
 - 13.1 the right to use a due proportion of the tenant's risers in the Premises which are reasonably allocated by the Landlord and subject to such conditions as it may reasonably impose; and
 - 13.2 the exclusive use of that part of the M&E plant area shown outlined in [•] on Plan [•] for the installation of [condenser units], ancillary equipment and conduits connecting them to the Premises[, all to a design and specification approved by the Landlord,] and the right of access for maintenance, repair and renewal purposes, in every case subject to such conditions as the Landlord may reasonably impose.
14. The right to install and use air conditioning plant and equipment on the roof [or the rear elevation] of the Building and to connect such items to the Premises by appropriate Service Media for the Tenant's use provided that:
 - 14.1 all necessary consents and planning permissions are obtained by the Tenant;
 - 14.2 such apparatus is of a size and design and the apparatus and associated Service Media are installed in a location previously approved by the Landlord (such approval not to be unreasonably withheld or delayed and it shall be reasonable for the Landlord to insist that such items are not visible from *[to be confirmed]*); and

■ [REDACTED]
■ [REDACTED]

fire appliances over the [footpaths and cycleways] shown [•] on Plan [•] and these rights shall be deemed to extend to all members of the public other than any in respect of whom the Landlord has expressly withdrawn its authority provided that they shall not thereby become public rights exercisable by the public at large but shall be deemed to be exercised by and with the consent of the Tenant

4. The right to deal in any manner whatsoever with the Adjoining Property and to erect, maintain, rebuild or alter any buildings or structures whatsoever on the Adjoining Property.
5. The right to use the Common Parts and the Estate Common Areas for the purpose for which they are provided.
6. To erect and maintain scaffolding on or adjacent to the Premises in connection with the exercise of any of the rights in this Part of this Schedule, even though it may temporarily restrict light or access to, or obscure any part of, or any sign erected upon, the Premises PROVIDED THAT the Landlord shall procure that:
 - 6.1 the scaffolding remains in situ for the minimum practical period to enable the relevant works to be carried out;
 - 6.2 all reasonable efforts are made to minimise any obstruction to the entrance of the Premises and Signage Zones and where it is not practical to avoid obstruction of the Signage Zones the Tenant may display on any such scaffolding adjacent to any entrance to the Premises a sign showing its name and stating that it is continuing to operate from the Premises;
 - 6.3 safe and adequate means of access for customers and others entering the Premises are maintained at all times;
 - 6.4 the person erecting such scaffolding shall make good all physical damage caused to the Premises (including the shop front of the Premises and Signage Zones) as soon as reasonably practicable after the removal of the scaffolding and to the reasonable satisfaction of the Tenant;
7. to install and retain on the roof of the Premises plant and equipment for storing or generating renewable energy ("RE") and to install in and run through the Premises all necessary conduits, pipes, wires and cables to connect with other RE equipment installed in or on the Plot, together with the right to enter the Premises on reasonable notice to maintain and replace such conduits, pipes, wires and cables;
8. to affix on any exterior part of the Premises any sign, bill, advertisement, notice, pole, pipe, wire or aerial and associated conduits and apparatus (but not so as to cause unreasonable interference with light or access to, or the Tenant's enjoyment of, the Premises);
9. to install, connect to, inspect, repair, maintain, alter or replace any security or emergency system, apparatus or structure at the Premises as the Landlord may from time to time require;
10. full right and liberty to enter upon the Premises for the purposes mentioned in clause 3.1.17;
11. in emergencies or during fire drills only to escape from any adjoining premises by escape routes through the Premises designated by the Landlord from time to time;
12. of subjacent and lateral support and protection from the Premises for other parts of the Building and Plot; and
13. all rights of light and air.

Part D

DOCUMENTS CONTAINING MATTERS TO WHICH THE PREMISES IS SUBJECT

All documents contained or referred to on the registers of the title numbers listed in clauses LR2 of the Particulars.

■ [REDACTED]

SCHEDULE 2
GUARANTEE
Deed of Guarantee

1. DEFINITIONS AND INTERPRETATION

In this Deed of Guarantee:

1.1.1 the following expressions have the following meanings:

"Lease" means the lease to which this Deed is a Schedule and includes all its collateral agreements and any statutory continuation of it;

"Guarantee Period" means the period commencing on the grant of the Lease and ending when the Tenant is released from the tenant covenants of the Lease by virtue of the Landlord and Tenant (Covenants) Act 1995;

"Insolvency Event" means any of the following events occurs in relation to the Tenant or, if the Tenant is more than one person, in relation to any one of such persons:

- (A) in relation to a company (i) it resolves to present or has presented against it an administration application or a petition for its winding up; or (ii) a notice is given to, or of an intention to, appoint an administrator; or (iii) it passes a winding up resolution (other than for the purposes of an amalgamation or reconstruction resulting in a solvent corporation); or (iv) it is wound up; or (v) an administrative receiver or a receiver or a receiver and manager is appointed in respect of all or any part of its property; or (vi) it becomes unable to pay its debts within the meaning of Section 123 of the Insolvency Act 1986; or (vii) it calls a meeting of its creditors or any of them; or (viii) it proposes or makes an application to the Court for a compromise or scheme of arrangement under Section 425 of the Companies Act 1985 or Part 26 of the Companies Act 2006; or (ix) it submits to its creditors or any of them a proposal pursuant to Part I of the Insolvency Act 1986; or (x) it proposes or enters into any arrangement, scheme, compromise, moratorium or composition with its creditors or any of them; or (xi) it ceases to trade; or (xii) it is dissolved or ceases to exist; or (xiii) any analogous process or event occurs in any other jurisdiction; or
- (B) in relation to an individual he (i) notifies the Official Receiver; or (ii) makes an application to the Court pursuant to Section 253 of the Insolvency Act 1986; or (iii) convenes a meeting of his creditors or any of them; or (iv) enters into any arrangement, scheme, compromise, moratorium or composition with his creditors or any of them (whether pursuant to Part VIII of the Insolvency Act 1986 or otherwise); or (v) makes an application for bankruptcy; or (vi) has a bankruptcy petition presented against him; or (vii) becomes bankrupt.

1.1.2 words and expressions defined in the Lease, unless specifically defined in this Deed, have the same meanings as in the Lease and all provisions of the Lease concerning matters of construction and interpretation, service of notices and severance of illegal, invalid or unenforceable provisions shall apply to this Deed as if they referred to this Deed (as well as to the Lease) and were set out in full in this Deed;

1.1.3 the expressions **"collateral agreement"** and **"tenant covenant"** (including the plural forms thereof) have the meanings ascribed to them in the Landlord and Tenant (Covenants) Act 1995;

1.1.4 references to a paragraph are to a paragraph of this Deed.

2. GUARANTOR'S COVENANTS

The Guarantor covenants with the Landlord that:

- 2.1.1 Throughout the Guarantee Period the Tenant or the Guarantor will at all times punctually pay the rents and other sums payable under the Lease and perform and observe the tenant covenants under the Lease.
- 2.1.2 The Guarantor will indemnify the Landlord against, and pay and make good to the Landlord, all losses, claims, demands, damages, liabilities, costs and expenses occasioned to the Landlord by, or arising in connection with, any non-payment, non-observance or non-performance during the Guarantee Period of any rent, other sums or tenant covenants referred to in paragraph 2.1.1, provided that the liability of the Guarantor under this paragraph 2.1.1 shall be no more onerous than the liability to which it would be subject as sole or principal debtor in respect of such rent, sums and tenant covenants.
- 2.1.3 If at any time during the Guarantee Period the Lease is disclaimed or the Tenant otherwise suffers an Insolvency Event then:
- (A) The Guarantor shall, if the Landlord within six months after becoming aware of such disclaimer or Insolvency Event by notice in writing to the Guarantor so requires, accept a new lease of the Premises (subject to all matters then affecting the Premises) for a term commencing on the date of disclaimer or Insolvency Event and continuing for the residue then unexpired of the term of the Lease, such new lease to be at the same rents and to contain the same covenants, agreements and provisions as the Lease. The Guarantor shall execute and deliver to the Landlord a counterpart of the new lease and pay the Landlord's costs of and incidental to the new lease and the disclaimer or Insolvency Event, as the case may be. If the Lease contains an agreement excluding the provisions of Sections 24-28 of the Landlord and Tenant Act 1954 then, if the Landlord so requires, the new lease shall contain the like agreement and the Guarantor and the Landlord shall do everything necessary to make that agreement valid and enforceable. The Landlord may, at any time before the new lease is completed, withdraw its requirement of a new lease or withdraw its requirement of that agreement.
- (B) If the Landlord does not require the Guarantor to take a new lease and (notwithstanding the other provisions of this Deed) the liability of the Guarantor in respect of future rent and future performance of tenant covenants under the Lease is determined by such disclaimer or the Tenant otherwise fails to pay or perform such covenants as a result of the Insolvency Event, then the Guarantor shall nevertheless pay to the Landlord on demand (i) a sum equal to the rent and other sums which would have been payable under the Lease but for such disclaimer or Insolvency Event in respect of the period of six months from and including the date of such event (but not after the Landlord has relet the Premises under a new lease under which rent has become payable) and (ii) the Landlord's reasonable costs of and incidental to the disclaimer and reletting.
- (C) If at any time during the Guarantee Period the Lease is forfeited then the provisions of paragraphs 2.1.3(A) and 2.1.3(B) shall apply as if the words "**forfeiture**" and "**forfeited**" were substituted for the words "**disclaimer**" and "**disclaimed**".
- 2.1.4 If the Landlord so requires, the Guarantor shall from time to time join in, execute and deliver any future licence, covenant, rent review memorandum, variation or other document pursuant, supplemental or collateral to the Lease to confirm that the Guarantor's covenants in this Deed apply and extend to the Tenant's covenants under and as varied by such document.

3. **SUPPLEMENTARY PROVISIONS**

- 3.1 The Guarantor's obligations under this Deed are primary obligations and constitute a continuing security and, if the Guarantor is more than one person, are joint and several.
- 3.2 The Guarantor will not be released or discharged and its liability will not be affected by reason of:
- 3.2.1 any neglect, delay, forbearance or the granting of time or any other indulgence by the Landlord to the Tenant or any other person;
 - 3.2.2 any arrangement, alteration or variation of terms being made with the Tenant or any other person;
 - 3.2.3 any release or dealing by the Landlord;
 - 3.2.4 any disability, immunity, incapacity or dissolution of the Tenant or any other person or modification of its legal form or the Tenant or any person ceasing to exist;
 - 3.2.5 disclaimer of the Lease or any invalidity or unenforceability of the provisions of the Lease;
 - 3.2.6 any refusal by the Landlord to accept rent tendered at a time when the Landlord was entitled (or would after the service of a notice under Section 146 of the Law of Property Act 1925 have been entitled) to re-enter the Premises;
 - 3.2.7 the Lease becoming vested in a third party pursuant to Section 181 of the Insolvency Act 1986 or otherwise (unless the Tenant is released by virtue of the Landlord and Tenant (Covenants) Act 1995);
 - 3.2.8 the taking, variation, compromise or release of, or failure to perfect or enforce, any other rights, remedies or security against the Tenant or any other person;
 - 3.2.9 any other act, omission or thing whatsoever as a result of which (but for this provision) the Guarantor would be released;
- in each case whether before or after the date of this Deed and whether or not known to the Landlord and/or the Guarantor and with or without the consent of the Guarantor.
- 3.3 The Landlord shall not be obliged before proceeding against the Guarantor to take any proceedings, enforce any security or pursue any other right or remedy whatsoever which may be available to it against the Tenant or any other person.
- 3.4 Until the Guarantor's obligations hereunder have been performed and discharged in full, the Guarantor shall:
- 3.4.1 not claim in any liquidation, bankruptcy, composition or arrangement of the Tenant in competition with the Landlord and shall promptly pay to the Landlord all distributions and proceeds it may receive from any such process;
 - 3.4.2 not be entitled to participate in or be subrogated to any security held by the Landlord in respect of the payment of rent and performance of tenant covenants under the Lease;
 - 3.4.3 hold for the benefit of the Landlord all security and rights the Guarantor may have over assets of the Tenant; and
 - 3.4.4 not exercise any right of indemnity, contribution, counterclaim or set-off or other right or remedy against the Tenant in respect of any amount paid or liability incurred by the Guarantor in performing or discharging its obligations hereunder and the Guarantor shall promptly pay to the Landlord an amount equal to any such set-off and the proceeds of any such right or remedy in fact exercised.
- 3.5 Notwithstanding termination of the Guarantee Period the Guarantor shall remain liable under this covenant in respect of any liability accrued prior to such termination.
- 3.6 The guarantee and indemnity contained in paragraphs 2.1.1 and 2.1.1 apply and extend to performance and observance of any terms upon which a Court orders any relief and the

terms of any compromise or settlement of any dispute between the Landlord and the Tenant.

- 3.7 The Guarantor covenants with the Tenant in the terms set out in paragraph 2.1.4.
- 3.8 The Guarantor warrants and represents to the Landlord that it has full power to enter into its obligations and covenants in this Deed, has taken all necessary corporate or other action required to authorise execution and delivery of this Deed and that the provisions of this Deed constitute the legal, valid and binding obligations of the Guarantor.
- 3.9 The Guarantor will on demand pay to the Landlord on a full indemnity basis all costs and expenses incurred by the Landlord in enforcing this covenant.
- 3.10 This Deed, its validity and all matters arising in connection with it shall be governed by the law of England and Wales.
- 3.11 Each of the parties irrevocably:
- 3.11.1 agrees that the Courts of England and Wales shall have exclusive jurisdiction to determine any suit or proceeding relating to or arising in connection with this Deed and waives any objection which it might now or hereafter have to such Courts determining such suit or proceeding; and
- 3.11.2 waives any objection which it might now or hereafter have to the enforcement in the Courts of any jurisdiction of any judgment in any such suit or proceeding brought in the Courts of England and Wales and agrees that any such judgment is conclusive and binding upon it and may be enforced in any manner permitted by law.
- 3.12 [The Guarantor irrevocably authorises and appoints *** of
*** (or such other solicitor
resident in England or Wales as it may from time to time by written notice to the Landlord
substitute) to accept service of all legal process arising out of or connected with this Deed
and service on the said *** (or such
substitute) shall be deemed to be service on the Guarantor.]

SCHEDULE 3
SERVICES, EXPENDITURE AND SERVICE CHARGE

PART 1
(SERVICES GENERALLY)

██
██
██

1. DEFINITIONS

The following expressions have the respective specified meanings, subject as stated in this Part:

- "Building Services"** means the services and other matters specified in Part 2;
- "Building Services Cost"** means all proper expenditure incurred by or on behalf of the Landlord on the provision of the Building Services for a Service Period and on all related costs specified in Part 5, excluding any Extra-Hours Charge;
- "Estate Services"** means the services and other matters specified in Part 3;
- "Estate Services Cost"** means all proper expenditure incurred by or on behalf of the Landlord on the provision of the Estate Services for a Service Period and on all related costs specified in Part 5, excluding any Extra-Hours Charge;
- "Extra-Hours Charge"** means all proper expenditure incurred by or on behalf of the Landlord on the provision of any Service, and on all related costs specified in Part 5, where the Service is provided at the Tenant's request outside the Service Hours, or a fair proportion of the expenditure and costs if the same Service is also requested by another tenant;
- "Interim Sum"** means the Landlord's reasonable estimate of the Service Rent for a Service Period;
- "Plot Services"** means the services and other matters specified in Part 4;
- "Plot Services Cost"** means all proper expenditure incurred by or on behalf of the Landlord on the provision of the Plot Services for a Service Period and on all related costs specified in Part 5, excluding any Extra-Hours Charge;
- "Services"** means the Building Services, Estate Services and the Plot Services;
- "Service Cost"** means the aggregate of the Building Services Cost, Estate Services Cost and the Plot Services Cost for a Service Period;
- "Service Hours"** means [•] am to [•] pm on [Mondays to Fridays inclusive except public holidays] and [•] am to [•] pm on [the weekend and public holidays];
- "Service Period"** means each period of 12 months commencing on [1 April] (or such other period as the Landlord may reasonably determine consistent with good estate management principles), the whole or part of which period falls between the date of this Lease and the expiry of this Lease;
- "Service Rent"** means the proportion of the Service Cost which is determined in accordance with the provisions of this schedule;

2. PROVISION OF SERVICES

The Landlord agrees with the Tenant to provide:

■ ██
■ ██

- 2.1 the Services during the Service Hours;
 - 2.2 such of the Services outside the Service Hours which the Landlord reasonably considers are appropriate to be provided to the Premises outside the Service Hours; and
 - 2.3 such of the Services outside the Service Hours which are not provided under paragraph 2.2 and which the Tenant shall have reasonably requested subject to the Tenant paying the Extra-Hours Charge,
in accordance with the principles of good estate management, to at least a reasonable standard commensurate with premises of a similar use, nature and location as the Premises and at a commensurate reasonable cost but the Landlord:
 - 2.3.1 shall not be liable for any interruption in any of the Services caused by prudent repair, replacement, renewal, maintenance or testing of any installation or by any mechanical breakdown or any other cause beyond the Landlord's control, provided the Landlord takes reasonable steps to remedy the interruption as quickly, and with the least disruption to Services, as reasonably possible; and
 - 2.3.2 may withhold, extend or vary any of the matters previously performed as Services if it reasonably considers it is in the interests of good estate management to do so.
- 3. CONTROLS ON, AND CREDITS TO THE SERVICE COST**
- 3.1 Costs incurred on the following matters shall not form part of any Service Cost:
 - 3.1.1 the development of the Estate including the original design, construction and setting-up of the Premises or any building;
 - 3.1.2 capital costs of the redevelopment or extension of the Building as opposed to standard repair and maintenance of the Building;
 - 3.1.3 the cost of remedying and reinstating any damage caused by an Insured Risk or an Uninsured Risk (except to the extent of any uninsured excess and/or except to the extent that payment of the insurance monies shall be refused wholly or partly by reason of any "Tenant's Insurance Default" as defined in clause 5.1.1);
 - 3.1.4 anything which would, according to good estate management principles, normally be expected to be recoverable exclusively from an individual occupier;
 - 3.1.5 commission or charges in collection of principal rents save where the same form part of a general fee payable to the managing agents from time to time;
 - 3.1.6 costs incurred in dealing with any lettings or rent reviews;
 - 3.1.7 costs incurred in dealing with the Landlord's interest in the Building; and
 - 3.1.8 the negligence of the Landlord.
 - 3.2 If the Landlord receives any money towards Service Cost expenditure from a person who is liable to pay it, the receipt shall be credited to the Service Cost.
 - 3.3 [All sums paid or credited towards the Service Cost shall be placed in a separate interest bearing bank account and the account balance, including interest accrued on it net of tax, shall be applied only towards meeting Service Cost expenditure.]
 - 3.4 [If in the Landlord's reasonable discretion any of the Services have to be provided to a greater extent or at a greater cost than would normally apply in the context of the general

management of the Premises in accordance with the other provisions of this schedule, either:

- 3.4.1 as a result of a specific request by the Tenant, with or without tenants of other Plots; or
- 3.4.2 where the provision is required in the interests of good estate management as a result of any act or omission of the Tenant in relation to its use and occupation of the Premises,

the Landlord may require the Tenant to meet the cost of such provision (or a fair proportion of it, reasonably determined by the Landlord) within ten working days after a demand for payment.

4. CALCULATION OF THE SERVICE RENT

- 4.1 The Service Rent for a Service Period is a proportion of the Service Cost for that Service Period which the Landlord reasonably determines is fairly and reasonably attributable to the Premises and, in determining what is fair and reasonable, the Landlord shall apply different proportions to different components of the Service Cost in respect of the whole or different parts of the Service Period, if and to the extent it is fair and reasonable to do so.
- 4.2 Where a Service Period begins before the date of this Lease or ends after the expiry of this Lease, the Service Rent is a proportion of the Service Cost as required by paragraph 4.1, apportioned on a daily basis from and including the date of this Lease or, as appropriate, to and including the expiry of this Lease.
- 4.3 The Landlord shall bear the proportion of the Service Cost which is fairly and reasonably attributable to each Plot (except the Premises) for so long as the Plot is unlet.

5. PAYMENT

- 5.1 The Tenant agrees with the Landlord to pay:
 - 5.1.1 the Interim Sum on account of the Service Rent, in accordance with paragraph 5.3;
 - 5.1.2 any Service Rent balance, in accordance with paragraph 6.3.1;
 - 5.1.3 any Extra-Hours Charge, within 14 days after demand;
 - 5.1.4 to the extent the Tenant does not pay it directly to the relevant supplier, the total cost of all utilities separately metered and exclusively supplied to the Premises, within 14 days after demand; and
 - 5.1.5 any amount due under paragraph 3.4.
- 5.2 The Landlord agrees with the Tenant to repay any Interim Sum overpayment for the last Service Period, in accordance with paragraph 6.3.2.
- 5.3 The Interim Sum for a Service Period is payable by equal quarterly payments in advance on the usual quarter days, duly apportioned on a daily basis in respect of the Service Period and, when appropriate, reflecting paragraph 4.2; and
 - 5.3.1 the first payment (being an apportionment from the date of this Lease to, but excluding, the next usual quarter day) is to be made on the date of this Lease; and
 - 5.3.2 the first payment for each subsequent Service Period is to be made on the usual quarter day [before the Service Period begins] [when the Service Period begins]

except:

- (A) if the amount of the Interim Sum is not notified to the Tenant by 14 days before the date when the first payment of it is due to be made, the amount shall be notified as soon as possible afterwards;
- (B) in that case, the quarterly payments before notification shall be the same as the last quarterly payment of the Interim Sum due for the preceding Service Period and the quarterly payments after notification shall reflect any necessary adjustment, equally;
- (C) the Landlord may also adjust the amount of the Interim Sum during the Service Period to which it relates but only if it is fair and reasonable to do so; and
- (D) in that case, the adjustment and the reason for it shall be notified to the Tenant and the payments towards the Interim Sum on the following usual quarter days in the Service Period shall be adjusted accordingly and, if more than one, equally.

6. **CERTIFYING THE SERVICE COST, BALANCING PAYMENTS AND OTHER VOUCHING**

6.1 The Landlord shall cause an account to be prepared showing, for each Service Period:

- 6.1.1 a summary of the expenditure and related costs totalling the Service Cost;
- 6.1.2 the Interim Sum payments by the Tenant and the dates when they were paid;
- 6.1.3 the calculations quantifying the Service Rent and its amount; and
- 6.1.4 any excess for the purposes of paragraph 6.3.

6.2 The account shall be:

- 6.2.1 prepared by the Landlord's independent qualified accountant and certified by that person as being a true and fair summary of the matters referred to in it;
- 6.2.2 provided to the Tenant within a reasonable time and no later than four months after the end of the relevant Service Period; and
- 6.2.3 conclusive except for any manifest error,

and is not required to cover any expenditure recoverable through paragraphs 5.1.3, 5.1.4 or 5.1.5, none of which ranks as Service Cost.

6.3 If the Service Rent for a Service Period:

- 6.3.1 exceeds the Interim Sum for that Service Period, the excess shall be due to the Landlord 14 days after the date when the account is provided to the Tenant; or
- 6.3.2 is less than the Interim Sum for that Service Period, the overpayment shall be credited to the Tenant against the Interim Sum for the next Service Period or, for the last Service Period, shall be paid to the Tenant when the account is provided to it.

6.4 The Landlord shall make available for inspection, on the Tenant's reasonable request and at its reasonable cost:

- 6.4.1 information reasonably relating to the Service Cost which is not apparent from the account; and
- 6.4.2 reasonable vouched evidence of expenditure, related costs and any metering relevant to payments due under paragraph 5.1.3 or 5.1.4 but those payments shall be due within 14 days after demand even though the provision of the information may be outstanding.

PART 2

(BUILDING SERVICES)

1. Keeping the Common Parts which serve the Premises in good and substantial repair, when and where necessary to decorate them, to keep them clean and tidy and, where appropriate, to keep them adequately lit.
2. Repairing, maintaining, inspecting, testing, servicing, operating and (when beyond economic repair) renewing or replacing the plant, machinery, apparatus, fixtures and fittings used to provide the Building Services.
3. Equipping the Common Parts as the Landlord may reasonably determine, including providing and maintaining trees and plants, decorations (seasonal or otherwise), seating, bins, appointments, fittings, apparatus, signs, notices, notice boards.
4. Supplying water, heat, light, electricity, fuel and communications as appropriate to the Common Parts.

PART 3

(ESTATE SERVICES)

1. Inspecting, maintaining and repairing, altering, rebuilding and renewing and, where appropriate, treating, washing down, painting and decorating all parts of the Estate Common Areas.
2. Inspecting, servicing, maintaining and repairing, renewing, overhauling and replacing all apparatus, plant, machinery and equipment within the Estate Common Areas which is at any time not serving the Premises or any Plot exclusively.
3. Inspecting, maintaining, repairing, cleansing, emptying, altering and renewing the Estate Common Areas.
4. Providing, maintaining, operating, renewing and replacing any fire alarms and ancillary apparatus and fire prevention and fire fighting equipment and apparatus in the Estate Common Areas.
5. Keeping the Estate Common Areas properly cleansed, treated, maintained, repaired and adequately lit.
6. [Providing such mechanical ventilation, heating and cooling for such parts of the Estate Common Areas and for such hours and times of the year as the Landlord may determine.]
7. Providing, maintaining, operating and replacing any signs, loudspeakers, public address broadcast system and closed-circuit television and the like in such parts of the Estate Common Areas as the Landlord may determine.
8. Providing and maintaining any architectural or ornamental features or murals and any plants, shrubs, trees or garden area in the Estate Common Areas.
9. The promotion of the Estate including all advertising in any media presentation, public relations and promotional activities as the Landlord shall from time to time in its reasonable discretion deem desirable or appropriate.
10. Supplying, whether by purchase or hire, and maintaining, renewing, replacing, repairing and servicing all fixtures and receptacles appliances materials equipment plant and other things reasonably necessary for the maintenance, upkeep or cleanliness of the Estate Common Areas or otherwise in connection with the provision of the Estate Services.
11. Cleaning as often as shall be reasonably necessary the exterior and interior of all window glazing and window frames and other fenestration units in the Estate Common Areas and the outside of any window glazing.
12. Providing a security service to the Estate Common Areas.

13. Collecting, and if appropriate treating or packaging, and disposing of refuse from the Estate Common Areas and the provision, repair, maintenance and renewal of any plant and equipment in connection with it.
14. Implementing any infestation control in the Estate Common Areas.
15. Controlling traffic on any vehicular routes forming part of the Estate Common Areas.
16. Any other services relating to the Estate Common Areas provided by the Landlord from time to time which shall be:
 - 16.1 reasonably capable of being enjoyed by the occupier of the Estate; or
 - 16.2 reasonably calculated to be beneficial and relevant to the overall interests of the Estate, its occupiers and their customers; or
 - 16.3 appropriate for the maintenance, upkeep or cleanliness of the Estate; or
 - 16.4 otherwise in keeping with the principles of good estate management,

and any reference in this schedule to renewal includes renewal, in accordance with the principles of good estate management, of the relevant part of the Estate which is beyond its natural life even though it is not malfunctioning.

PART 4
(PLOT SERVICES)

[REDACTED]

1. Inspecting, servicing, maintaining and repairing, renewing, overhauling and replacing all apparatus, plant, machinery and equipment within the Plot.
2. Inspecting, maintaining, repairing, cleansing, emptying, altering and renewing all Service Media which serves more than one Plot.
3. Providing, maintaining, operating, renewing and replacing any fire alarms and ancillary apparatus and fire prevention and fire fighting equipment and apparatus in the Plots.
4. Keeping the Plot adequately lit.
5. [Providing such mechanical ventilation, heating and cooling for such parts of the Plot and for such hours and times of the year as the Landlord may determine.]
6. Providing, maintaining, operating and replacing any signs, loudspeakers, public address broadcast system and closed-circuit television and the like in such parts of the Plot as the Landlord may determine.
7. Providing and maintaining any architectural or other features or murals in the Plot.
8. The promotion of the Plot including all advertising in any media presentation, public relations and promotional activities as the Landlord shall from time to time in its reasonable discretion deem desirable or appropriate.
9. Supplying, whether by purchase or hire, and maintaining, renewing, replacing, repairing and servicing all fixtures and receptacles appliances materials equipment plant and other things reasonably necessary for the maintenance, upkeep or cleanliness of the Plot or otherwise in connection with the provision of the Plot Services.
10. Providing a security service to the Plot.
11. Collecting, and if appropriate treating or packaging, and disposing of refuse from the Plot and the provision, repair, maintenance and renewal of any plant and equipment in connection with it.
12. Implementing any infestation control in the Plot.

13. Controlling pedestrian and vehicular routes forming part of the Plot.
 14. Any other services relating to the Plot provided by the Landlord from time to time which shall be:
 - 14.1 reasonably calculated to be beneficial and relevant to the overall interests of the persons who are entitled to use the Plot and are obliged to contribute to the Plot Services Cost; or
 - 14.2 appropriate for the maintenance, upkeep or cleanliness of the Plot; or
 - 14.3 otherwise in keeping with the principles of good estate management,
- and any reference in this schedule to renewal includes renewal, in accordance with the principles of good estate management, of the relevant part of the Plot which is beyond its natural life even though it is not malfunctioning.

PART 5
(COSTS)

In this Part, every reference to the Estate excludes the Premises, Building and the Plot.

1. All fees and disbursements of any individual, firm or company retained by or on behalf of the Landlord or its agents in connection with discharging management and audit functions in respect of the Estate and the provision of the Services, including managing agents' fees.
2. The reasonable fees of the Landlord for any of the Services and for the functions and duties referred to in paragraph 1 of this Part which are to be undertaken by the Landlord and not by a third party.
3. The cost (in addition to any fees referred to in paragraph 2 and where the context permits paragraph 1 of this Part) of employing (whether by the Landlord or any managing agents or any other individual or firm or company) such staff as the Landlord may consider appropriate for the performance of the Services and the functions and duties referred to in paragraph 14 of this Part and all other incidental expenditure in relation to such employment including:
 - 3.1 salaries, wages, pensions and pension contributions, benefits in kind and other emoluments and National Insurance and other statutory contributions or levies;
 - 3.2 the provision of uniforms and working clothing;
 - 3.3 the provision of vehicles, tools, appliances, cleaning and other material fixtures, fittings and other equipment for the proper performance of their duties and a store for housing the same; and
 - 3.4 a reasonable notional rent for any premises reasonably provided rent-free for every such person's use occupancy or residence.
4. The cost of entering into any contracts for the carrying out of all or any of the Services.
5. All present and future rates, taxes, levies, costs, charges, impositions and other outgoings of whatever nature assessed on or reasonably attributable to:
 - 5.1 the whole of the Estate, where there is no separate assessment on or for the Plots;
 - 5.2 the whole or any part of the Estate Common Areas;

and, in each case, their use and occupation excluding any tax (other than irrecoverable VAT) payable by the Landlord as a direct result of any actual or implied dealing with the reversion of any lease or of the Landlord's receipt of income.
6. The cost of the supply of electricity and other fuel for the provision of the Services and the cost of any electricity generating, transforming, monitoring, metering and distribution plant, machinery and equipment in or servicing the Estate.
7. The cost which the Landlord may be called upon to pay as a contribution towards the expense of making, repairing, maintaining, rebuilding and cleansing any ways, roads,

pavements or structures, Service Media or anything which may belong to or be used for the Estate exclusively or in common with other neighbouring or adjoining premises.

8. The cost of taking all steps for complying with (including the production of any report or assessment required by), or making representations against or otherwise contesting the incidence of, the provisions of any Enactment relating to or alleged to relate to the Estate or any part of it for which any tenant is not directly and exclusively liable.
9. The cost to the Landlord of abating any nuisance in or at the Estate insofar as the same is not recovered from the person responsible for the nuisance.
10. The costs of auditing the environmental performance of the Estate (including the costs of obtaining an EPC for the Estate from time to time as necessary) and (where reasonable and cost-effective to do so, implementing the recommendations of:
 - 10.1 any environmental management plan the Landlord has in place for the Estate from time to time; and
 - 10.2 any EPC for the Estate.
11. The cost of making such provision (if any) for anticipated expenditure in respect of any of the Services as the Landlord shall consider appropriate.
12. Any interest and fees (each at reasonable commercial rates) in respect of money borrowed to finance the provision of the Services and the costs referred to in this Part or any of them.
13. Any VAT incurred by the Landlord on any other amount comprised in the Service Cost, save to the extent that the Landlord obtains credit for such VAT incurred by the Landlord under sections 24, 25 and 26 Value Added Tax Act 1994 or any regulations made under it.
14. The cost of insuring chattels in the Estate Common Areas for their full replacement value.
15. All other costs incurred in connection with the provision of the Services.

SCHEDULE 4

ENVIRONMENTAL PROVISIONS

1. EPC INFORMATION

1.1 The Tenant must permit the Landlord and its agents to have access to all documentation, data and information in the Tenant's possession or control that are reasonably required for the Landlord to:

1.1.1 commission and obtain an EPC for the Premises and/or the Plot;

1.1.2 commission and obtain a Display Energy Certificate and Advisory Report for the Premises and/or the Plot;

1.1.3 comply with any duty imposed upon the Landlord under the EPB Regulations;
and

1.1.4 prepare and implement the Environmental Management Plan and assess the Environmental Performance; and the Tenant is to co-operate with the Landlord and its agents so far as is reasonably necessary to enable them to carry out their functions.

1.2 The Tenant must provide to the Landlord free of charge a copy of any EPC (together with copies of all information used to prepare the EPC) that the Tenant obtains or commissions in respect of the Premises or that the Tenant is required to obtain or commission as a result of any alterations the Tenant carries out to the Premises.

2. EPCS

2.1 Upon the Tenant's written request the Landlord must supply the Tenant with a copy of any EPC the Landlord obtains in respect of the Premises.

2.2 On completion of any works by the Tenant which affect the Environmental Performance of the Premises, or if required by the EPB Regulations, the Tenant must (at its own cost) obtain a valid EPC for the Premises and deliver a copy to the Landlord together with details of the reference number of the EPC (if not apparent from the copy).

2.3 If either:

2.3.1 any works carried out by the Tenant, or any EPC obtained by the Tenant, invalidate or materially adversely affect a valid EPC for the Premises or the Plot held by the Landlord; or

2.3.2 an EPC obtained in respect of the Premises shall expire;

then the Tenant must (at the Landlord's option):

(A) obtain (at its own cost) a new EPC to replace that invalidated, adversely affected or expired and provide the Landlord with a copy and all ancillary records; or

(B) indemnify the Landlord in respect of the cost of the Landlord obtaining a new EPC.

2.4 The Tenant must take reasonable steps to ensure that the terms of appointment of any energy assessor engaged by the Tenant to issue an EPC in respect of the Premises provide that:

- 2.4.1 the energy assessor must carry out the energy assessment with reasonable care and skill;
- 2.4.2 the duty referred to in paragraph 2.4.1 is also owed to the Landlord; and
- 2.4.3 the matters referred to in paragraphs 2.4.1 and 2.4.2 are expressed to be in addition to the statutory duty of care contained in regulation 24 of the EPB Regulations.

3. **SUSTAINABILITY**

- 3.1 The Landlord and the Tenant agree in good faith, but without legal obligation, to co-operate with each other with the aim of improving the Environmental Performance.
- 3.2 The Tenant agrees to allow the Landlord (if the Landlord so wishes and upon reasonable prior notice) to install at the Landlord's own cost, separate metering of utilities used in the Common Parts and the Premises and the Landlord agrees to allow the Tenant to install separate metering of the utilities used in the Premises provided always that such metering shall comply with the metering standards as provided to the Tenant from time to time.
- 3.3 The Landlord and the Tenant agree to share with each other all data and other relevant information in relation to the Environmental Performance and such data and relevant information will be provided annually as a minimum in a form or methodology that the Landlord and the Tenant agree upon as being appropriate for the purpose Provided that such data and information shall be used by the Landlord for management purposes only in connection with reducing the energy consumption of the Plot, reducing the water consumption of the Plot, reducing the generation of waste and improving the management of waste at the Plot, and reducing any other adverse environmental impacts arising from the use of the Plot, and shall be treated as strictly confidential by the Landlord but provided further that this shall not prevent the Landlord from using such information to produce statistics on the energy consumption, water consumption, waste generation, management of waste and other environmental impacts for the Plot as a whole and supplying such statistics to the occupiers of the Plot, the Landlord's mortgagees or the Landlord's successors in title or disclosing such information where required by law and/or the rules of the London Stock Exchange.

SCHEDULE 5
OFFER BACK PROVISIONS

Part 1 Terms of the offer back

1. Interpretation

1.1 Definitions:

In this Schedule 5, the following terms shall have the following meanings:

"Acceptance Notice" means the duplicate of an Offer Notice signed and dated by the Landlord in accordance with Part 2 of this Schedule;

"Acceptance Period" means subject to extension under paragraph 2.7(i), a period commencing on, and including, the date of service of an Offer Notice and ending at midnight on the date which is 20 working days after the date of service of an Offer Notice;

"Authorised Period" means a period commencing on the expiry of an Acceptance Period and ending at midnight on the day that is six months after the expiry of the relevant Acceptance Period;

"Cessation of Use Trigger Event" means either of the following:

a) that the Premises (or any part of the Premises) cease to be used for the Initial Use for a period of at least twelve months during the Initial Period; and

b) that the Premises (or any part of the Premises) cease to be used for the Permitted Use (being the Initial Use or a New Use (as applicable)) for a period of at least twelve months at any time after the Initial Period.

"Change of Use Trigger Event" means that there is an actual or proposed change of use of the Premises (or any part of the Premises) so that the Premises (or relevant part thereof) are being used or would (following the relevant proposed change of use) be used for a use which does not constitute a Permitted Use (and for the avoidance of doubt a New Use which the Landlord has not yet consented to pursuant to clause 3.1.22 shall be treated as a use which is not a Permitted Use), including without limitation where the Tenant applies for the Landlord's consent to a New Use or makes any associated planning application or applies for any related consents;

"Completion Date" means the day that is 20 working days after the date of service of an Acceptance Notice by the Landlord.

"Contract Rate" means a rate equal to 3% per annum above the base rate from time to time of Barclays Bank plc.;

"Deed of Surrender" means the deed of surrender of the lease **OR** Form TR1 to be made between the Landlord and the Tenant (and the Guarantor, if applicable) in the form of the draft annexed to this Lease;

"Electronic Payment" means payment by electronic means in same day cleared funds from an account held in the name of the Landlord's Solicitors or Tenant's Solicitors (as applicable) at a clearing bank to an account in the name of the Tenant's Solicitors or Landlord's Solicitors (as applicable);

"Expert" means an independent chartered surveyor with at least ten years' experience in valuing properties similar to the Property who is a Member or Fellow of the RICS appointed in accordance with 2.7;

"HMLR" means HM Land Registry;

"Initial Use" means the use of the Premises permitted by paragraph (1) of the definition of "Permitted Use";

"Landlord's Offer" means a proposed surrender of the Lease to the Landlord prior to the Tenant marketing the Premises for a Proposed Transaction;

"Landlord's Solicitors" means Herbert Smith Freehills LLP of Exchange House, Primrose Street, London EC2A 2EG or such other solicitors as the Landlord may notify to the Tenant in writing from time to time;

"Market Value" means the estimated amount for which the whole of this Lease would be assigned at the date of service of the Offer Notice between a willing buyer and a willing seller in an arm's length transaction, after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion, on the basis that:

- a) it is assessed in accordance with VPS 4 Paragraph 1.2 of the RICS Valuation Professional Standards 2014;
- b) the assignment is subject to any Occupational Interests identified as continuing after completion of the Surrender in the Offer Notice and otherwise is with vacant possession;
- c) no value is attributed to any goodwill attached to the Property arising from the Tenant's business carried out at the Property;
- d) no value is attributed to tenant's or trade fixtures;
- e) where the Cessation of Use Trigger Event occurs during the Initial Period, the permitted use shall be the Initial Use;
- f) where the Cessation of Use Trigger Event occurs after the Initial Period the permitted use shall be an open user (subject to the provisions of clause 3.1.22(A)).■

"Occupational Interests" means all underleases, agreements for underlease, licences to occupy and other arrangements under which possession or occupation of the Property is shared or has been parted with (in whole or in part) and all documents varying, or supplemental or collateral to any such underleases, licences and other arrangements;

"Offer" means the Tenant's offer to surrender this Lease to the Landlord on the terms set out in an Offer Notice;

"Offer Notice" means written notice in the form set out in Part 2 of this Schedule endorsed with:

- a) (in respect of a Trigger Event or Landlord's Offer) the Tenant's assessment of the Market Value (exclusive of any VAT), including details of whether is payable by the Landlord or the Tenant;
- b) in the case of a Proposed Transaction, the Proposed Transaction Details;
- c) in the case of a proposed New Use, the Use Class of the new use and any other specific constraints that the Tenant wishes to include to the proposed new use;
- d) in the case of a Landlord's Offer confirmation that it is a Landlord's Offer together with confirmation of the type of Proposed Transaction the Tenant is intending to market for and a relevant assessment of Market Value
- e) full and accurate particulars of all Occupational Interests and indicating which Occupational Interests shall continue after the Surrender;

and accompanied by:

- d) a copy of the valuation which forms the basis of the Tenant's assessment of Market Value and all associated instructions to the relevant valuer; and
- e) a duty of care or letter of reliance from the Tenant's valuer on such terms as the Tenant may propose and the Landlord agree (acting reasonably);

"Part 1 Conditions" means Part 1 of the Standard Commercial Property Conditions (Third Edition) and Condition means any one of them;

"Part 2 Conditions" means Part 2 of the Standard Commercial Property Conditions (Third Edition);

"Premium" means the full amount or value in money or money's worth of the consideration payable by or on behalf of the Proposed Counterparty in respect of the Proposed Transaction;

"Proposed Assignee" means a proposed assignee of the whole of this Lease;

"Proposed Assignment" means a proposed assignment of the whole of this Lease;

"Proposed Counterparty" means the Proposed Assignee or the Proposed Undertenant (as applicable);

"Proposed Transaction" means the Proposed Assignment or the Proposed Underlease (as applicable);

"Proposed Transaction Details" are:

- a) full and accurate particulars of the Proposed Counterparty and any proposed guarantor(s);
- b) full and accurate particulars of the terms of the Proposed Transaction, including the amount of any Premium or Reverse Premium, exclusive of any VAT;
- c) the most recent published accounts (if any) of the Proposed Counterparty and any proposed guarantor(s); and
- d) full and accurate particulars of the proposed use to which the Proposed Counterparty intends to put the Premises.

"Proposed Underlease" means a proposed underlease of the whole or substantially the whole of this Lease for a term in excess of 25 years;

"Proposed Undertenant" means a proposed undertenant of a Proposed Underlease;

"Reverse Premium" means the full amount or value in money or money's worth of the consideration payable by, or on behalf of, the Tenant in respect of the Proposed Transaction;

"Revised Surrender Price" means the revised Market Value as determined under 7;

"RICS" means Royal Institution of Chartered Surveyors;

"Surrender" means the surrender of this Lease by the Tenant to the Landlord;

"Surrender Price" is:

- a) if the Tenant serves an Offer Notice before terms have been agreed for a Proposed Assignment, the Tenant's assessment of the Market Value; or
- b) if the Tenant serves an Offer Notice having agreed terms for a Proposed Assignment, the Premium or Reverse Premium that has been agreed.

"Tenant's Solicitors" means Pinsent Masons LLP of 30 Crown Place, London EC2A 4ES or such other solicitors as the Tenant may notify to the Landlord in writing from time to time; and

"Trigger Event" means a Change of Use Trigger Event or a Cessation of Use Trigger Event.

1.2 References to **completion of the Surrender** or any similar expression are to completion of the Deed of Surrender.

2. Offer back

2.1 If the Tenant wishes to apply for consent to assign the whole of this Lease, it must first serve an Offer Notice on the Landlord (which may relate to a Landlord's Offer or a Proposed Assignment).

- 2.2 If the Tenant wishes to apply for consent to underlet the whole or substantially the whole of this Lease for a term in excess of 25 years, it must first serve an Offer Notice on the Landlord (which may relate to a Landlord's Offer or a Proposed Underlease).
- 2.3 If the Tenant wishes to apply for consent to a New Use, it must first serve an Offer Notice on the Landlord.
- 2.4 If a Trigger Event occurs, the Tenant shall serve an Offer Notice on the Landlord Provided That if the Tenant fails to do so and the Landlord serves notice on the Tenant to that effect the Tenant shall be deemed to have served an Offer Notice on the Landlord on the date of service of the Landlord's notice on the Tenant in the form specified or referred to in the Landlord's notice.
- 2.5 The Offer shall be irrevocable and not capable of any amendment by the Tenant during the relevant Acceptance Period except for an endorsement of the Revised Surrender Price.
- 2.6 Following the service of an Offer Notice, the Tenant shall, within ten working days of any written request from the Landlord, supply the Landlord with all further documents and information reasonably required about the Offer or the Proposed Transaction Details or the associated valuation.
- 2.7 If the Landlord disagrees with the Tenant's assessment of the Market Value, the following provisions shall apply:
- (a) the determination of the Market Value of the Property, and whether that Market Value represents a premium payable by the Landlord, or a reverse premium payable by the Tenant, shall be referred to an Expert;
 - (b) the parties shall agree on the appointment of the Expert and shall agree with the Expert the terms of the appointment;
 - (c) if the parties are unable to agree on an Expert within 20 working days of service of the relevant Offer Notice, either party may request the President for the time being of the RICS to appoint the Expert and to agree with the Expert the terms of the appointment;
 - (d) the Expert shall act as an expert and not as an arbitrator;
 - (e) the parties are entitled to make submissions to the Expert;
 - (f) the Expert's fees and any costs properly incurred in arriving at a determination (including any fees and costs of any advisers appointed by the Expert) shall be borne by the parties equally or in such other proportions as the Expert shall direct, and each party shall bear its own costs in relation to the reference to the Expert;
 - (g) the Expert's determination of the Market Value of the Property shall be final and binding on the parties in the absence of manifest error or fraud;
 - (h) immediately following the determination of the Market Value the parties shall endorse a note of the Market Value as the Revised Surrender Price on each copy of the Offer Notice and shall initial the endorsement; and
 - (i) the Acceptance Period shall be extended and shall end at midnight on the expiry of the tenth working day after the date the Expert serves written notice on the parties of the determination.
- 2.8 If the Landlord wishes to accept the Offer, it must serve an Acceptance Notice on the Tenant within the Acceptance Period, and on the date of service of the Acceptance Notice the remaining provisions of this Schedule shall apply.
- 2.9 If the Landlord has either declined the Offer or not served an Acceptance Notice on the Tenant within the Acceptance Period, then during the Authorised Period the Tenant may (as applicable):
- (a) in relation to a Proposed Transaction apply to assign this Lease or underlet the whole of the Premises and (subject to first obtaining the Landlord's consent in

accordance with clause 3.1.24 or 3.1.25, as applicable) assign or underlet the whole of this Lease on terms which accord with those set out in the Offer Notice;

- (b) in relation to a Landlord's Offer apply to assign this Lease or underlet the whole of the Premises and (subject to first obtaining the Landlord's consent in accordance with clause 3.1.24 or 3.1.25, as applicable) assign or underlet the whole of this Lease on the same terms of those set out in the Landlord's Offer and for the avoidance of doubt the Tenant will not then need to serve an Offer Notice in relation to the relevant Proposed Transaction agreed during the Authorised Period; and
- (c) apply for the Landlord's consent to the New Use which was the subject of the Offer Notice, pursuant to clause 3.1.22.

3. Agreement to surrender

3.1 In consideration of:

- (a) the payment of the Surrender Price (or the Revised Surrender Price as the case may be); and
- (b) the undertakings and obligations contained in this Schedule,

the Tenant agrees to surrender and yield up to the Landlord, with full title guarantee, all its estate, interest and rights in the Property on the Completion Date in accordance with the terms of this Schedule and the Landlord agrees to accept the Surrender on those terms.

3.2 The provisions of this Schedule do not operate as a surrender and this Lease shall continue in full force and effect until completion of the Surrender.

4. Conditions

4.1 The Part 1 Conditions are incorporated in this Schedule, in so far as they:

- (a) are applicable to a surrender of a lease;
- (b) are not inconsistent with the other paragraphs of this Schedule; and
- (c) have not been modified or excluded by any of the other provisions of this Schedule.

4.2 The terms used in this Schedule have the same meaning when used in the Part 1 Conditions.

4.3 The Part 2 Conditions are not incorporated in this Schedule.

4.4 Any references in the Conditions to:

- (a) "the buyer" or to "the seller" shall be interpreted as references to the Landlord and to the Tenant respectively;
- (b) the "purchase price" shall be interpreted as references to the Surrender Price (or the Revised Surrender Price as the case may be); and
- (c) "sale" or "sell", "sold" and "selling" shall be interpreted as meaning "surrender", "surrendered" and "surrendering" respectively and any other similar terms shall be interpreted accordingly.

4.5 The following Conditions are amended:

- (a) Condition 1.1.1(d) is amended so that reference to the completion date in Condition 1.1.1(d) refers instead to the Completion Date as defined in this Schedule.
- (b) Condition 1.1.1(e) is amended so that reference to the contract rate in Condition 1.1.1(e) refers instead to the Contract Rate as defined in this Schedule.
- (c) Condition 1.1.1(n) is varied to delete the words "conveyance and assignment" and to replace those words with "conveyance, assignment and deed of surrender".

- (d) Condition 1.1.1(o) is amended so that reference to VAT in Condition 1.1.1(o) refers instead to VAT as defined in clause 1.1.
- 4.6 Condition 1.1.4(a) does not apply to this agreement.
- 4.7 Condition 9.1.1 is amended so that the words "Completion date is twenty working days after the date of the contract but" are deleted.
- 4.8 Condition 9.3.3 is varied so that the words "from the beginning" are replaced with "until the end".
- 4.9 Condition 9.4 is varied to read "The amount payable by the buyer or seller on completion is the purchase price, adjusted to take account of:
 - (a) apportionments made under condition 9.3;
 - (b) any compensation to be paid under condition 10.3;
 - (c) any sums due to the buyer under the lease in respect of the period up to and including actual completion that have not been paid by actual completion; and
 - (d) any other sum which the parties agree under the terms of the contract should be paid or allowed on completion."
- 4.10 Condition 9.7 is amended to read: "The Tenant or Landlord (as applicable) is to pay the money due on completion to the Landlord's Solicitors or the Tenant's Solicitors (as applicable) by Electronic Payment".
- 4.11 Condition 10.2 is varied to read: "if either party rescinds the contract, paragraph 12.1 shall apply."
- 4.12 Condition 10.3.2 is varied to read "Compensation under condition 10.3.1 is to be an amount equal to the sums the seller has paid to the buyer under the lease for the period between the completion date and actual completion plus (if the buyer is paying a purchase price) a sum calculated at the contract rate on the purchase price for the period between the completion date and actual completion, but in both cases ignoring any period during which the seller was in default."
- 4.13 A new condition 10.3.5 is added to Condition 10.3, which reads "If the seller defaults in performing its obligations under the contract and completion is delayed, the seller is to pay compensation to the buyer."
- 4.14 A new condition 10.3.6 is added to Condition 10.3, which reads "If the seller is paying a purchase price, compensation under condition 10.3.5 is to be a sum calculated at the contract rate on the purchase price for the period between the completion date and actual completion, but ignoring any period during which the buyer was in default."
- 4.15 Condition 10.5.1 is varied to read: "If the buyer fails to complete in accordance with a notice to complete, the seller may rescind the contract, and if it does so paragraph 12.1 shall apply."
- 4.16 Condition 10.6.1 is varied to read: "If the seller fails to complete in accordance with a notice to complete, the buyer may rescind the contract, and if it does so paragraph 12.1 shall apply."
- 4.17 Conditions 10.5.2, 10.5.3, 10.6.2 and 10.6.3 do not apply to this agreement.
- 4.18 The following Part 1 Conditions do not apply to this agreement:
 - (a) Conditions 1.2, 1.3, 1.4 and 1.5;
 - (b) Condition 2;
 - (c) Condition 3.2;
 - (d) Conditions 4.1.2(b), 4.1.2(d), 4.1.4, and 4.2;
 - (e) Condition 5.1.5;
 - (f) Conditions 7.1, 7.2, 7.3, 7.6.2, 7.6.4 and 7.6.5;

- (g) Condition 8; and
- (h) Condition 9.8.3; and
- (i) Condition 12

5. Deducing title

- 5.1 The Tenant is not obliged to provide any evidence of its title to the Property or of its capacity to surrender this Lease.
- 5.2 The Tenant confirms that it has fully disclosed to the Landlord all Occupational Interests in the Property.

6. Deed of surrender

- 6.1 The Deed of Surrender and a counterpart of it shall be prepared by the Landlord's Solicitors and the original shall be delivered to the Tenant's Solicitors not less than 10 working days before the Completion Date.
- 6.2 The Tenant and the Guarantor shall execute the original Deed of Surrender in readiness for completion of the Surrender.

7. Releases

The Deed of Surrender shall include a release conditional upon the surrender of this Lease taking effect, of all parties and their respective predecessors in title (if any) by all other parties from all the covenants in the Lease but without prejudice to any liability that has accrued before completion of the Surrender and Provided That the parties' obligations pursuant to [*provisions to be inserted*] of Schedule 3 in relation to the Service Charge payable in relation to any period prior to completion of the Surrender shall be preserved and remain in full force and effect.

8. Additional payments

On completion of the Surrender, the Tenant shall, by Electronic Payment, pay to the Landlord all rent and other sums due under this Lease up to, and including, completion of the Surrender, to the extent that such sums have not already been paid.

9. Completion

- 9.1 The parties shall complete the Deed of Surrender on the Completion Date.
- 9.2 On completion of the Surrender, the Tenant shall:
 - (a) deliver to the Landlord or the Landlord's Conveyancer:
 - (i) this Lease;
 - (ii) the original part of the Deed of Surrender; and
 - (iii) the title documentation relating to the Occupational Interests identified as continuing after completion of the Surrender in accordance with the Offer Notice.
 - (b) (if relevant) pay the Surrender Price (or the Revised Surrender Price as the case may be) and make any payments due from it at completion of the Surrender; and
 - (c) surrender and yield up to the Landlord, with full title guarantee, all its estate, interest and rights in the Property.
- 9.3 On completion of the Surrender, the Landlord shall:
 - (a) accept the Surrender;
 - (b) deliver the counterpart of the Deed of Surrender, duly executed, to the Tenant's Conveyancer; and
 - (c) (if relevant) pay the Surrender Price (or the Revised Surrender Price as the case may be) and make any other payments due from it at completion of the Surrender.

9.4 On completion of the Surrender, the residue of the term of years granted by this Lease shall, unless the Landlord otherwise requires in its absolute discretion, merge and be extinguished in the reversion immediately expectant on the termination of this Lease.

10. Vacant possession

10.1 The Tenant shall give vacant possession of the Property to the Landlord on completion of the Surrender subject only to the Occupational interests disclosed to the Landlord and identified as continuing after completion of the Surrender in the Offer Notice.

10.2 At completion of the Surrender, unless the Offer Notice disclosed Occupational Interests that shall continue after completion of the Surrender, the Tenant shall hand to the Landlord or the Landlord's representative, any:

- (a) keys;
- (b) security devices and cards;
- (c) passes; and
- (d) similar items

that are required to gain full access to the Property and each and every part of it and all duplicates and spares of them.

10.3 At completion of the Surrender, subject to paragraph 10.2 of this Schedule, the Tenant shall disclose to the Landlord, or the Landlord's representative, all security and similar codes or passwords to enable the Landlord to gain full access to the Property and each and every part of it.

10.4 The Landlord shall not be entitled to regain occupation of the Property until the Surrender is completed, except in accordance with the terms of this Lease.

11. Cancellation of HMLR entries

11.1 The Landlord shall, to the extent appropriate, apply within one month following completion of the Surrender to HMLR for:

- (a) any notice of this Lease to be cancelled;
- (b) the registration of any easements or rights granted by or over, or reserved out of, this Lease to be cancelled; and
- (c) the registered title to this Lease to be closed.

11.2 The Tenant shall, within five working days of any written request from the Landlord, supply the Landlord with all further documents and information required in connection with any requisition raised by HMLR in connection with any applications referred to in this paragraph.

12. Consequences of Termination

12.1 If an agreement to surrender created by this Schedule is terminated in accordance with Condition 10.1(b), 10.5.1 or 10.6.1:

- (a) that agreement to surrender shall be terminated with immediate effect from the date of the notice to terminate and none of the parties shall have any further rights or obligations under that agreement except for:
 - (i) the rights of any party in respect of any earlier breach of that agreement;
 - (ii) the obligations in paragraph 12 and paragraph 13 which shall continue in force notwithstanding the termination or rescission of that agreement; and
- (b) the parties shall return any documents they have received from another party in respect of that agreement to surrender.

13. Costs

Each party shall be responsible for its own legal costs and disbursements in connection with the Surrender.

14. VAT

14.1 Each amount stated to be payable under or pursuant to this Schedule is exclusive of VAT (if any).

14.2 If any VAT is chargeable on any supply made by one party to the other party under or pursuant to this agreement, the paying party shall pay to the other party an amount equal to that VAT.

15. Joint and several liability

Where the Landlord or the Tenant is more than one person, those persons shall in each case be jointly and severally liable for their respective obligations and liabilities arising under this Schedule. The Landlord may take action against, or release or compromise the liability of, or grant time or other indulgence to, any one of the persons comprising the Tenant, without affecting the liability of any other of them.

Part 2 Form of Offer Notice

To: [Landlord] at:

[Address]

[Fax No: [NUMBER]]

for the attention of [POSITION]

[OR SUCH OTHER ADDRESS/ FAX NUMBER/ FOR THE ATTENTION OF SUCH OTHER PERSON, AS WAS LAST NOTIFIED IN WRITING BY THE LANDLORD]

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

[DATE]

IN DUPLICATE

1. Offer

1.1 This notice is given pursuant to clause [18.2] of a lease ("lease") dated [DATE] made between [LANDLORD] [and] [TENANT] [and] [GUARANTOR] relating to [PROPERTY]. The terms of clause [18.2] and Schedule [1] of the lease are incorporated into this notice.

1.2 [TENANT] gives [LANDLORD] notice that it wishes to assign the lease and [has agreed terms for an assignment **OR** intends to market the Property].

1.3 [TENANT] offers to surrender the lease to [LANDLORD] in accordance with the terms of Schedule [1] to the lease.

2. Endorsement of surrender price, proposed assignment details and occupational interests

Surrender Price: the [Tenant's assessment of Market Value **OR** Premium **OR** Reverse Premium]

[Tenant's assessment of Market Value: £[FIGURE] (exclusive of VAT) (which is a [premium payable by the Landlord **OR** a reverse premium payable by the Tenant])]

[Proposed Assignee (including registered company number(s) if applicable):]

[Proposed Undertenant (including registered company number(s) if applicable):]

[Guarantor of Proposed Assignee (including registered company number(s) if applicable):]

[Guarantor of Proposed Undertenant (including registered company number(s) if applicable):]

[Premium: £[FIGURE] (exclusive of VAT).]

[Reverse Premium: £[FIGURE] (exclusive of VAT)]

[Occupational Interests continuing after the Surrender:]

Date	Description	Parties	Original or copy?	Will original be handed over on completion?
				Yes/No

[Occupational Interests not continuing after the Surrender:]

Date	Description	Parties

Signed by [NAME OF DIRECTOR]

.....

for and on behalf of [NAME OF TENANT]

Director

3. Acceptance

To: [Tenant] at:

[ADDRESS]

[Fax No: [NUMBER]]

For the attention of [POSITION]

[OR SUCH OTHER ADDRESS/ FAX NUMBER/ FOR THE ATTENTION OF SUCH OTHER PERSON, AS WAS LAST NOTIFIED IN WRITING BY THE TENANT]

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

[DATE]

[LANDLORD] accepts the offer of [TENANT] to surrender the lease in accordance with the terms of Schedule [1] to the lease.

Signed by [NAME OF DIRECTOR]

.....

for and on behalf of [NAME OF LANDLORD]

Director

ANNEX A Agreed form of Deed of Surrender

SCHEDULE 6

(Termination and alternative premises)

1. DEFINITIONS

In this Schedule 6:

"New Lease" means a lease of the New Premises to be granted by the Landlord to the Tenant for a term equal to the residue of the Term at the date of the grant of the New Lease and otherwise on like terms mutatis mutandis to those contained in this Agreement (including schedule 6) and including rights of access and egress to and from the New Premises and any additional rights necessary for the Tenant's use and enjoyment of the New Premises for the Permitted Use; and

"New Premises" means premises (to be demised by the Landlord to the Tenant by the New Lease) which is:

- (a) of a similar size to the Premises;
- (b) of an equivalent or better specification than the Premises (and including any Tenant's improvements to the Premises undertaken pursuant to a licence to alter);
- (c) no less convenient or commodious in any material respect to the Premises; and
- (d) compliant with all current legislation and Planning Acts.

2. LANDLORD'S NOTICE TO TERMINATE

The Landlord may at any time after the Initial Period serve not less than [6] months' notice in writing on the Tenant to terminate the tenancy created by this Lease.

3. OFFER OF NEW PREMISES

3.1 With the notice under paragraph 2 the Landlord shall serve notice in writing offering to grant to the Tenant the New Lease accompanied by a description of and any relevant plans for the New Premises.

3.2 If the Tenant wishes to take up the offer of the New Lease it shall give written notice to the Landlord accepting such offer within 60 working days of service of the Landlord's notice under paragraph 3.1.

3.3 If the Tenant does not accept the Landlord's offer to grant the New Lease within such period:

- (a) the Landlord shall be under no further obligation to grant the New Lease;
- (b) the Landlord shall provide an assessment of the Market Value (as defined in Schedule 5) of the Tenant's leasehold interest;
- (c) if the Tenant disagrees with the assessment of Market Value then the mechanism in paragraph 2.7 of Schedule 5 shall apply;
- (d) once Market Value is agreed or determined the Landlord shall make payment to the Tenant of the Market Value within 15 working days;

and (conditional only on the payment being made as referred to in paragraph 3.3 (d)) the Lease shall terminate on expiry of the Landlord's notice referred to in paragraph 2.

- 3.4 If the Tenant accepts the Landlord's offer to grant the New Lease it shall be completed (and the Tenant shall execute a counterpart thereof) simultaneously with the determination of the Term on the latest of:
- 3.4.1 five working days after the effective and lawful exclusion of the provisions of Sections 24-28 of the Landlord and Tenant Act 1954 in relation to the New Lease in accordance with paragraph 4; and
 - 3.4.2 practical completion of the New Premises
- 3.5 On completion of the grant of the New Lease, the parties shall enter into the Deed of Surrender and the Tenant with full title guarantee shall surrender and assign and release to the Landlord (and the Landlord accepts such surrender yielding up and release) all its estate interest and rights in this Lease and all or any other estate interest or rights of the Tenant in the Premises to the intent that the residue of the term of years granted by this Lease shall merge and be extinguished in the reversion expectant on the determination of the term of years granted by this Lease.
- 3.6 If the Tenant does not accept the Landlord's offer to grant the New Lease in accordance with paragraph 3.2 above and upon payment by the Landlord and receipt by the Tenant of the Market Value, the parties shall enter into the Deed of Surrender and the Tenant with full title guarantee shall surrender and assign and release to the Landlord (and the Landlord accepts such surrender yielding up and release) all its estate interest and rights in this Lease and all or any other estate interest or rights of the Tenant in the Premises to the intent that the residue of the term of years granted by this Lease shall merge and be extinguished in the reversion expectant on the determination of the term of years granted by this Lease.
- 3.7 The Landlord and the Tenant agree that the surrender of this Lease shall be without prejudice to the rights of the Landlord and the Tenant with regard to antecedent breaches of the obligations contained in this Lease.
- 3.7 The Landlord shall construct the New Premises at its sole cost and shall pay the Tenant's reasonable costs properly incurred in connection with the grant of the New Lease, and for the avoidance of doubt these costs shall include (but not be limited to):
- 3.7.1 all reasonable and properly incurred costs of physically relocating to the New Premises;
 - 3.7.2 all reasonable and properly incurred costs of notifying and advertising the relocation to the New Premises; and
 - 3.7.3 all reasonable and properly incurred costs of training staff to utilities equipment and systems in the New Premises.
- 4. EXCLUSION OF PART II OF THE LANDLORD AND TENANT ACT 1954 IN RELATION TO THE NEW AGREEMENT**
- 4.1 The Landlord and the Tenant agree and declare that the provisions of sections 24 to 28 (inclusive) of the Landlord and Tenant Act 1954 are to be excluded in relation to the tenancy to be created by the New Lease.
- 4.2 Prior to the service of a notice pursuant to paragraph 2 the Landlord shall serve on the Tenant a notice in accordance with section 38(3)(a) of the Act of 1954 in relation to the New Lease (together with a copy of the notice intended to be served pursuant to paragraph 1).
- 4.3 On receipt of the notice served pursuant to paragraph 4.2 the Tenant shall either:
- 4.3.1 within 14 days of receipt of such notice make a statutory declaration in accordance with paragraph 4 of Schedule 2 to the Order and serve it on the Landlord; or

4.3.2 not less than 14 days and not more than 21 days of receipt of such notice make a declaration in accordance with paragraph 3 of Schedule 2 to the Order and serve it on the Landlord.

5. TITLE TO NEW PREMISES

5.1 The Landlord shall deduce its title to the New Premises.

5.2 The Tenant shall raise no objection to or requisition on the title to the New Premises provided that such title does not include any restrictions which would prevent the Tenant from carrying on the Permitted Use.

5.3 The New Premises shall be let subject to:

5.3.1 all local land charges whether registered or not before or after the date hereof and all matters capable of registration as local land charges whether or not actually so registered;

5.3.2 all notices orders resolutions restrictions agreements directions and proposals therefor made by any local or other competent authority before or after the date hereof;

5.3.3 all unregistered interests which override registered dispositions under Schedule 3 to the Land Registration Act 2002;

5.3.4 all matters disclosed or reasonably to be expected to be disclosed by searches or as the result of enquiries formal or informal and whether made in person by writing or orally by or for the Tenant or which a prudent tenant ought to make;

5.4 The Landlord shall provide the New Premises with vacant possession on completion of the New Lease.

EXECUTED as a Deed
(but not delivered until dated) by
**BL CW HOLDINGS PLOT A2 COMPANY
LIMITED**
acting by two Directors/a Director and
the Secretary:-

)
)
)
)
)

Director

Director/Secretary

The Common Seal of **The MAYOR
AND BURGESSES OF THE LONDON
BOROUGH OF SOUTHWARK** was
hereunto affixed in the presence of :

.....
Authorised Signatory



HERBERT
SMITH
FREEHILLS

..... 2018

BL CW DEVELOPMENTS LIMITED

and

BL CW HOLDINGS LIMITED

and

THE MAYOR AND BURGESSES OF THE LONDON BOROUGH OF SOUTHWARK

LEISURE CENTRE AGREEMENT

in respect of

the Leisure Centre at Canada Water in the
London Borough of Southwark

Herbert Smith Freehills LLP

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ANNEXURES:

- Annexure A: Works Specification**
- Annexure B: Premises Plans**
- Annexure C: Lease in Agreed Form**
- Annexure D: Site Plan**
- Annexure E: Programme**
- Annexure F: Leisure Centre Minimum Requirements**
- Annexure G: Cost Apportionment Methodology**
- Annexure H: Sports England Guidance**

appointment may at the Developer's option be novated to the Contractor or any other reputable and competent architect appointed by the Developer for the purposes of the Works from time to time;

"Base Date" has the meaning given to it under the Building Contract;

"Building" means the building(s) to be constructed as part of the Other Works of which the Premises are to form part to be known as [•] the location of which is shown for the purpose of identification edged [•] on the Site Plan;

"Building Contract" means the building contract which the Developer intends to enter into with the Contractor for (inter alia) the carrying out of the Other Works and the Works or any replacement contract or contracts entered into by the Developer from time to time, in each case in accordance with the provisions of this agreement;

"Building Planning Permission" means the planning permission dated [•] reference [•] issued by [•] Council together with requisite approvals already issued in connection with it and any waivers, relaxations or variations of any of its terms;

"CDM Regulations" means the Construction (Design and Management) Regulations 2015;

"Connected Party" means a company, limited partnership or other vehicle which is any of the following:-

- (a) a company which is a subsidiary or subsidiary undertaking of or which has the same holding company or parent undertaking as the Developer (where subsidiary, subsidiary undertaking, holding company and parent undertaking have the same meanings given to them by sections 1159, 1162 and 1173 of the Companies Act 2006); or
- (b) such an entity in which the Developer or a Group Company of the Developer has a Controlling Interest;

"Construction Commencement Date" means works of construction not including for these purposes excavations, site clearance, archaeological investigations, ground investigations, contamination remediation, surveys, service diversions, stopping up, remedial works, erection of hoardings, temporary means of enclosure, scaffolding, temporary meanwhile installations and any other preparatory works;

"Contractor" means the Approved Contractor appointed by the Developer or any replacement contractor (which shall be an Approved Contractor), being the principal contractor appointed by the Developer to carry out and complete the Works or any part thereof;

"Controlling Interest" means:

- (a) an interest in shares in a company held directly or indirectly conferring in the aggregate 50% or more of the total voting rights conferred by all the issued shares in that company taking account of restrictions on voting rights contained in the articles of association of that company; or
- (b) an interest in 50% or more of the total voting rights held directly or indirectly in a limited partnership or 50% or more of the decision making powers in any other vehicle;

"Cost Apportionment Methodology" means the methodology for apportioning the costs of the Project attached to this agreement at Annexure G;

"Council Default" means any impediment, prevention or default, whether by act or omission, by the Council or any of its agents, contractors or employees or any member of the Council's professional team with the consequence that a delay is caused to the Project;

"Council Delay" means any delay to the Project as a consequence of Council Default;

■ [REDACTED]

"Council's Project Coordinator" means [1] as at the date of this agreement or such replacement person as the Council shall appoint and notify to the Developer and the Owner in accordance with this agreement;

"Council's Solicitors" means Pinsent Masons LLP, 30 Crown Place, London, EC2A 4ES (Ref: lfm/505386.07010/ACB) (which shall be quoted on all correspondence and notices) or such other firm as the Council may notify in writing to the other parties to this agreement from time to time;

"Date of Practical Completion" means the date stipulated in the Practical Completion Statement as the date on which Practical Completion was achieved;

"Defects Period" means in relation to each relevant element of the Works, the period of 12 months from the Date of Practical Completion;

"Design Freeze Date" means the date on which the Developer provides written notice to the Council confirming that the Final Design has been prepared;

"Design Team" means the Architect, the Leisure Centre Architect, the Principal Designer, the Services Engineer and the Structural Engineer;

"Development" has the meaning given to that term in the Master Development Agreement;

"Development Costs" shall include all proper costs, fees, expenses and liabilities incurred, paid, or payable in connection with the development and delivery of the Premises including the design, carrying out and completion of the Works (whether such sums were or are incurred, paid or payable before, on or after the date of this agreement) and including without limitation (but subject to any applicable apportionment in accordance with clause 13.4) those costs, fees expenses and liabilities listed below:

- (a) all payments to the Contractor pursuant to the Building Contract or to any member of the Professional Team pursuant to their appointment (and any other consultants relevant to the Premises, Building and/or the Works) and all other costs incurred in connection with the design and construction of Premises, and/or Building and the carrying out of the Works including on or off site service diversions and installations, highway works, landscaping, making good defects and snagging items, commissioning the Premises and/or the Building and the cost of reinstatement on damage or destruction;
- (b) the cost of site preparation, remediation, enabling works and construction costs in relation to the Works, the Premises and/or the Building including archaeological costs, the construction of service roads and service diversions, the construction of, or relocation or modification of, roads, infrastructure and services, any costs of security, safety or site maintenance and any other holding costs;
- (c) demolition costs, vacant possession or any consents or approvals necessary to carry out the Works;
- (d) costs incurred in making the Development Site ready for development including without limitation costs in relation to obtaining or attempting to obtain the Building Planning Permission and any other Requisite Permissions including but not limited to the preparation of the relevant planning applications, carrying out consultation with stakeholders and interested parties (entering into agreements where necessary), making and pursuing applications and considering and pursuing appeals and complying with the requirements of applicable laws regulations consents and approvals;
- (e) the cost of acquiring or extinguishing all rights, easements and interests and obtaining all third party consents required to enable the Works to be lawfully constructed and retained;

■ [REDACTED]

- (f) the cost of the provision of signage and all other facilities for the benefit and use of occupiers of and visitors to the Building;
- (g) indirect taxes (including vacant rates and stamp duty land tax) and Land Registry fees attributable to the Building;
- (h) all agents' and legal fees and expenses in relation to all arrangements for the design and construction of the Premises and/or Building and/or the Works or any part thereof;
- (i) the costs of effecting and maintaining any insurance policies benefiting the Premises, Building, Development Site and/or Works, including the costs of the premiums, brokers' and advisers' fees, insurance premium tax and of pursuing any claims including all exclusions, excesses and costs of negotiating with insurers;
- (j) the cost of the Community Infrastructure Levy (or any equivalent or replacement of the same) and any other planning gain from time to time and all other costs and benefits paid or provided pursuant to any statutory agreements relating to the Development Site, including without limitation any payments made to the Council pursuant to any obligation owed to the Council or indemnity provided in the Council's favour (in its capacity as planning authority) in any planning obligation (including without limitation any agreement or undertaking made pursuant to section 106 of the 1990 Act);
- (k) the cost of pursuing all legitimate claims against the Contractor and the Professional Team, contractors, sub-contractors and others in relation to the Premises, the Building or the Works and of defending any claims brought in respect of the Premises and/or Building;
- (l) the cost of complying with all obligations, exercising all rights and implementing all provisions in relation to the Premises, Building and/or Works contained or referred to in this agreement, the Master Development Agreement, the Headlease, the Plot Sub-Lease (if any) and any other documentation relating to the Premises and/or Building;
- (m) all costs associated with any dispute relating to the Premises, the Building, the Development Site or the Works (including without limitation the costs of settling the same (including all professional fees) and any sums payable to any other party pursuant to any settlement agreement or court order);
- (n) the Multi-Plot Costs attributable to the Premises;
- (o) any banking charges costs fees and expenses interest and other related charges relating to any funding of or for the account;
- (p) the Development Management Fee on all of the fore-going payable in accordance with clause 13;
- (q) VAT on all of the foregoing (unless and until recovered from HM Revenue & Customs),

but there shall be excluded from Development Costs:

- (i) the Estate Wide Costs attributable to the Premises;
- (ii) the employment costs incurred by the Developer of employing its staff;
- (iii) the costs of resolving a Dispute under this agreement (unless and to the extent that any sums are owed to the Developer as a result of the settlement or determination of the dispute or the relevant dispute is otherwise decided in favour of the Developer); and
- (iv) all costs set out in clause 38;

"Development Management Fee" means a fee of [REDACTED];

"Development Site" means premises known as *[Plot [A2]][Insert alternative Plot]* at Canada Water in the London Borough of Southwark which is shown edged [*] on the Site Plan;

"Dispute Party" means the Owner, the Developer or the Council;

"Employer's Agent" means such firm or company as may be appointed by the Developer from time to time to fulfil the role of employer's agent (or, where applicable, certifying officer) for the purposes of the Building Contract;

"Estate" means the land and buildings known as the Canada Water estate shown edged [*] on Plan [*] of which the Plot forms part;

"Estate Wide Costs" has the meaning given to that term in the Master Development Agreement;

"Expert" means an independent expert appointed or to be appointed in accordance with clause 28;

"Final Design" means a RIBA Stage 4 design in respect of the Works which shall be developed from the Works Specification in accordance with clause 5.1;

"Funder" means:

- (a) any funder (including a joint venture partner) providing finance to the Developer or the Owner or both, or such funder's representative, security trustee or security agent of whom the Council has received notice; and/or
- (b) any nominee or delegate of any funder or other entity referred to under paragraph (a) above;

"GEA" means gross external area in accordance with the Measuring Code;

"Group Company" means in relation to any company (the "relevant company"), a company which is for the time being a subsidiary of or the holding company of the relevant company or which is another subsidiary of the holding company of the relevant company (in each case as those expressions are defined in section 1159 of the Companies Act 2006);

"Handover Conditions" means the following conditions:

- (a) that all terms and conditions in the Requisite Permissions and the Planning Agreement so far as the same affect the Council's ability to beneficially use and occupy the Premises have been complied with;
- (b) servicing (including the loading bay and any refuse stores) for the Premises is available such that the Council can beneficially use and occupy the Premises;
- (c) the Practical Completion Statement has been issued;
- (d) there are safe means of pedestrian and vehicular access connecting the Premises to the public highway and the Developer has provided a plan detailing the route of such access;
- (e) landscaping works have been completed in respect of the immediate apron around the Building;
- (f) the latest draft of the Health and Safety file relating to the Premises has been provided to the Council;
- (g) heating and hot water supplies to the Premises have been commissioned and tested;

- (h) to the extent they are in the possession of the Developer or the Contractor at Practical Completion, certificates of compliance with Requisite Permissions have been provided to the Council;
- (i) signage for the Premises insofar as part of the Works has been installed on the Estate in accordance with the Estate wide signage strategy and so far as such signage is not part of the Works sufficient temporary signage to identify the Premises as a Leisure Centre to enable it to be identified by members of the public; and
- (j) a copy of all necessary keys, security codes, Estate regulations and plant and machinery operating manuals to be provided to the Council;

"Invoice" has the meaning given to that term in clause 15.1;

"Lease" means a lease of the Premises in the Agreed Form at **Annexure C** save for any amendments agreed pursuant to Schedule 4 of the Master Development Agreement;

"Lease Completion Date" means the date which is the later of (a) ten Working Days after the Date of Practical Completion or (b) or such other date as the Owner and the Council may agree (each in their absolute discretion);

"Leisure Centre Architect" means Space and Place Limited of 2 Herbert Road, London N11 2QN appointed by the Developer as the leisure centre architect for the purposes of the Works and whose appointment may at the Developer's option be novated to the Contractor or any other reputable and competent leisure centre architect appointed by the Developer for the purposes of the Works from time to time;

"Leisure Centre Costs Cap" means £[35,000,000] (exclusive of VAT) [or insert such lesser sum as is calculated pursuant to Schedule 4 of the Master Development Agreement];

"Leisure Centre Minimum Requirements" has the meaning given to that term in Schedule 4 of the Master Development Agreement;

"Long Stop Date" means 5 years from Construction Commencement Date;

"Master Development Agreement" means the master development agreement dated [●] 2018 made between (1) The Mayor and Burgesses of the London Borough of Southwark (2) BL CW Holdings Limited (3) BL CW Developments Limited and (4) The British Land Company PLC in respect of the comprehensive redevelopment of Canada Water;

"Material Alteration" means any variation, alteration or addition to the Works which shall prevent the Works from meeting the Leisure Centre Minimum Requirements or otherwise affect the Premises in a manner such that they will not be capable of being beneficially used and occupied for their intended purpose as a leisure centre;

"Multi-Plot Costs" has the meaning given to that term in the Master Development Agreement;

"Other Works" means any or all of:

- (a) the works necessary to construct the remainder of the Building (other than the Premises);
- (b) any other works carried out or to be carried out by or on behalf of the Developer or the Owner at, or on land adjoining or adjacent to, the Building; and
- (c) where not referred to in (a) or (b), such works required to implement the Building Planning Permission;

"Owner's Solicitors" means Herbert Smith Freehills LLP of Exchange House, Primrose Street, London EC2A 2EG (ref: 2856/7480/30970248) (which shall be quoted on all correspondence and notices) or such other firm as the Owner may notify in writing to the Council from time to time;

"Permitted Variation" means any variation, alteration or addition to the Works which:

- (a) is not material in the context of the Works as a whole and does not materially adversely affect the quality, value, proposed use or enjoyment of the Premises; or
- (b) is required to comply with Requisite Permissions, is lawfully required by any competent authority or is necessary to enable the Developer to comply with its obligations under this agreement; or
- (c) involves the substitution of materials in short supply or which is or becomes unobtainable or the supply of which is subject to delay and if awaited would or may impede materially the progress of the Works provided such materials are of an equal or higher standard.

"Planning Agreement" means any agreement (including a unilateral agreement) under section 106 of the Act or section 111 of the Local Government Act 1972 or any agreement under any other enactment having the same or similar effect including (without limitation) highways agreements pursuant to sections 38 or 278 of the Highways Act 1980 and sewers agreements pursuant to section 104 of the Water Industry Act 1991 (and as such agreements may be varied from time to time);

"Practical Completion" means practical completion of the Works in accordance with the Building Contract which may be evidenced by a Practical Completion Statement issued pursuant to the Building Contract (including for the avoidance of doubt validation, testing and commissioning of all plant and equipment serving the Premises);

"Practical Completion Statement" means the statement issued by the Employer's Agent that Practical Completion has been achieved or where sectional completions are issued this definition shall be read and construed accordingly;

"Premises" means the premises known or to be known as *[the Leisure Centre at the [ground and basement floor[s] at [Plot [A2] [insert alternative]] at Canada Water in the London Borough of Southwark]* and more particularly described in the Lease shown for the purpose of identification only edged in [•] on the Premises Plans;

"Premises Plans" means the plans of the premises as identified at **Annexure B**;

"Principal Designer" means Allies & Morrison LLP of 85 Southwark Street, London SE1 0HX appointed by the Developer as the principal designer for the purposes of the Works and whose appointment may at the Developer's option be novated to the Contractor or any other reputable and competent principal designer appointed by the Developer for the purposes of the Works from time to time;

"Professional Team" means each member of the Design Team the Employer's Agent Quantity Surveyor and the project manager;

"Programme" means the programme for the Works attached to this agreement at **Annexure E** as updated by the Developer from time to time in accordance with this agreement;

"Prohibited Materials" means any material which is or is generally known to be deleterious to health and safety or durability in the particular circumstances in which they are used for the Developer's Works or any materials described as potentially hazardous in the guidelines contained in the document "Good practice in the selection of construction materials", prepared by Ove Arup & Partners and sponsored by the British Council for Offices and the British Property Federation, as current at the Base Date;

"Project" means the redevelopment of the Premises in accordance with the Building Planning Permission;

"Quantity Surveyors" means such firm or company appointed by the Developer for the purposes of the Works to act as quantity surveyors in connection with the Works from time to time;

"Relevant Event" means any event which is beyond the Developer's control or the Owner's control;

"Renewal Lease" means a lease to be granted by the Landlord to the Tenant on the same terms as the Lease but subject to the following qualifications:

- (a) the further term will commence on the expiry of the term of the Lease and be fifteen years; and
- (b) the option contained in the Lease for the grant of the Renewal Lease shall be deleted

"Requisite Permissions" means the Building Planning Permission and all requisite building regulation requirements and all other consents, approvals, licences, orders, certificates and agreements required from any competent authority (or proper and valid waivers made by the relevant competent authority) or Statutory Requirements necessary to commence, carry out and complete the Works;

"RICS" means the Royal Institution of Chartered Surveyors;

"Services" means the services set out in Schedule 1, subject to variation of them in accordance with this agreement;

"Services Engineer" means AECOM Limited of St George's House, 5 St George's Road, London SW19 4DR appointed by the Developer as the services engineer for the purposes of the Works and whose appointment may at the Council's option be novated to the Contractor or any other reputable and competent services engineer appointed by the Developer for the purposes of the Works from time to time;

"Site Plan" means the plan at **Annexure D**;

"Snagging List" means the list of defects, shrinkages or other faults specified in the list attached to or issued with the relevant Practical Completion Statement which would not ordinarily be regarded as sufficiently material to prevent the issue of the relevant Practical Completion Statement;

"Sports England Guidance" means the information attached at **Annexure H**;

"Statutory Requirements" means the requirements of any statute or statutory provision or any governmental local authority statutory undertaker or supply authority;

"Step In Rights" means the Council's rights to step in and complete the Project as provided in clause 23;

"Specialists" means the *insert details of specialist leisure centre sub-contractors / consultants eg the pool sub-contractor (a "Leisure Centre Specialist" and "Leisure Centre Specialism" shall be construed accordingly)* or with the prior approval of the Council any other reputable and competent contractor or consultant appointed by the Developer for the purposes of carrying out the relevant Leisure Centre Specialism from time to time;

"Stipulated Rate" means a yearly rate of interest, calculated on a daily basis, of four per cent above the base rate of Barclays Bank plc or of such other U.K. bank as the Owner may reasonably nominate at any time;

"Structural Engineer" means Waterman Group PLC of Pickfords Wharf, Clink Street, London SE1 9DG appointed by the Developer as the structural engineer for the purposes of the Works and whose appointment may at the Council's option be novated to the Contractor or any other reputable and competent structural engineer appointed by the Developer for the purposes of the Works from time to time;

"Target Date" means [REDACTED]

"Term Commencement Date" means the date of Actual Lease Completion;

"Third Party Rights" means third party rights or collateral warranties in a reasonably acceptable form (having regard to prevailing market practice) that are assignable twice without consent and to allow a claim to be brought within 12 years;

"VAT" means Value Added Tax as referred to in the Value Added Tax Act 1994 together with all penalties or interest thereon or any tax of a similar nature which may be substituted for or levied in addition to it;

"Working Day" means any day from Monday to Friday (inclusive) other than Christmas Day, Good Friday and any statutory bank holiday in England;

"Works" means the works to deliver the Project described in the Works Specification;

"Works Specification" means the RIBA Stage 3 specification at Annexure A and

"Yearly Rent" means the yearly rent (being £1 if demanded) payable pursuant to the Lease from the Term Commencement Date.

2. INTERPRETATION

2.1 Any words and expressions common to this agreement and the Lease (whether in the particulars set out at the beginning of the Lease or in the body of the Lease (including any schedules thereto)) shall have the same meaning ascribed to them in the Lease, and for the purposes of this clause 2.1 **"Lease"** means the lease in the Agreed Form at **Annexure C**.

2.2 Where a party is more than one person, their obligations are joint and several.

2.3 An obligation:

2.3.1 not to do or omit anything is also an obligation not to permit or tolerate it being done or omitted by anyone deriving title from the person owing the obligation or by its or their employees or agents and to prevent or, as appropriate, to require it being done;

2.3.2 to do or not omit anything is also an obligation to procure it; and

2.3.3 to make any payment requires it to be made so that the payee receives full value in cleared sterling funds on the date the payment is due.

2.4 References in this agreement to:

2.4.1 any clause or schedule are to those of this agreement and references to any paragraph are to those of the clause or schedule in which the reference appears;

2.4.2 a person entering the Premises extends to anyone authorised by that person (subject to any contrary provision in this agreement) and to remaining on the Premises for so long as is reasonably necessary with equipment;

2.4.3 a demand means a written one;

2.4.4 any consent or approval of any party means a written one signed on that party's behalf before the act requiring it and any consent or approval will not be unreasonably withheld or delayed unless stated to be at the discretion of a party;

2.4.5 the Premises extend, where the context permits, to any part of them;

2.4.6 a specific Statutory Requirement includes every modification, consolidation and re-enactment and extension of it;

- 2.4.7 any payment being due from any party to any other means that it is exclusive of any VAT;
 - 2.4.8 anything which is stated to include anything else does not, by the inclusion, limit the generality of the matter referred to; and
 - 2.4.9 the RICS extends to its President or acting President for the time being.
- 2.5 Clause and paragraph headings do not affect the construction of this agreement.

3. **PART II – DEVELOPMENT MANAGEMENT SERVICES**

3.1 In consideration of the Council and the Developer's obligations under this agreement, the Owner will grant to the Council and the Council will accept from the Owner the Lease on the terms set out in this agreement.

3.2 No purchase price, premium or deposit is payable under this agreement.

3.3 **Conditionality**

3.3.1 The terms of this agreement shall be binding on the parties from the date of this agreement.

3.3.2 This agreement shall be capable of being terminated in accordance with the provisions of Schedule 4 of the Master Development Agreement. Any termination shall be without prejudice to:

- (A) any antecedent right or entitlement of any party in respect of any breach by any of the other parties of the terms of this agreement; and
- (B) the continuing obligation to pay or refund any costs which a party is liable to pay or refund under this agreement or Schedule 4 of the Master Development Agreement.

3.4 **Development Management Services**

3.4.1 **Services**

In consideration of the Development Management Fee, the Developer agrees with the Council that it shall carry out and perform the Services in accordance with this agreement to the date 12 months after the Date of Practical Completion.

3.4.2 **Standard of performance**

The Developer undertakes with the Council that the Services under this agreement shall be carried out and performed by the Developer with such reasonable skill, care and diligence as is to be expected of a properly qualified, experienced and competent development manager experienced in carrying out and performing services similar to the Services in relation to projects of a scale, scope, character, complexity and value comparable with the Works.

3.4.3 **Council's Obligations**

The Council shall co-operate with the Developer and do all lawful acts and things as shall be necessary so as to enable the Developer to discharge its obligations under this agreement.

PART III – WORKS, VARIATIONS AND PROCUREMENT

4. PROGRAMME

4.1 Timing

- 4.1.1 The Developer may review and update the Programme from time to time as it considers necessary until the Date of Practical Completion of the Works.
- 4.1.2 The Developer shall provide the Council with a copy of the then current Programme not less frequently than once every three months.
- 4.1.3 The Developer will give written notice to the Council on each of the dates when it anticipates that the Date of Practical Completion is 12, 6 and 3 months away provided that the parties acknowledge that service of such a notice shall not in any way imply any additional obligation on the part of the Developer to achieve the Date of Practical Completion.
- 4.1.4 The Developer shall keep the Council regularly informed in writing of the estimated date of:
- (A) Practical Completion;
 - (B) meeting of the Handover Conditions; and
 - (C) whether Practical Completion or provision of the Handover Conditions will be before on or after the Target Date.

4.2 Extensions of time

The Target Date shall be subject to fair and reasonable extensions of time as may be due to delays caused to the progress of the Works or any part thereof by:

- 4.2.1 any Relevant Event; or
- 4.2.2 any Council Delay,
- in each case as certified by the Employer's Agent.

5. DEVELOPER'S VARIATIONS TO WORKS

5.1 Design development

- 5.1.1 The Council acknowledges that:
- (A) the Owner and the Developer have not yet finalised the Final Design of the Building;
 - (B) there will be further development of the Works Specification required prior to having the Final Design;
 - (C) the Owner and the Developer may need to propose amendments variations and alterations to the Works Specification;
 - (D) anything that would increase the Programme or the programme for the Other Works shall not be permitted other than in the Owner and Developer's absolute discretion;
 - (E) anything that would increase Development Costs shall not be permitted other than in the Owner and Developer's absolute discretion;
 - (F) anything that would constitute a Prohibited Specification Variation shall not be permitted other than in the Owner and Developer's absolute discretion.

- 5.1.2 The Owner, the Developer and the Council each covenant to act reasonably and in good faith in working towards the Final Design and subject to clause 5.1.1 in considering consequential variations to the Works Specification proposed by the Owner, Developer or the Council.
 - 5.1.3 Where the changes in the design of the Building are such that they require amendments to the Lease, the Owner and the Council each acting reasonably shall seek to agree those amendments as soon as reasonably practicable (and if any amendments required to the Lease pursuant to this clause 5.1.3 are not agreed within 30 Working Days then either the Owner or the Council may refer the matter for expert determination pursuant to clause 28).
 - 5.1.4 The Developer will have due regard to the Sports England Guidance when developing the Final Design.
 - 5.1.5 The provisions of clauses 5.1.1 to 5.1.3 (inclusive) shall apply until and including the Design Freeze Date.
 - 5.1.6 The provisions of clauses 5.2 to 5.4 (inclusive) shall apply following the Design Freeze Date.
 - 5.1.5 Notwithstanding anything to the contrary contained in this agreement or otherwise implied the Owner and Developer's obligations to the Council in respect of the design of the Works (and the Final Design) shall be to ensure that reasonable professional skill and care is used in the preparation of such design and the Owner and Developer do not warrant that the Works, when constructed in accordance with that Final Design, will be suitable for any particular purpose.
- 5.2 Material Alterations**
- 5.2.1 The Developer shall not make any Material Alteration without obtaining the approval of the Council (which shall be at its discretion).
 - 5.2.2 If the Developer proposes to make any Material Alteration it shall provide to the Council details of such proposed alteration together with copies of drawings, plans and specifications in sufficient detail to enable the Council to properly assess the same and the reason for such alteration and shall promptly respond to any requests for clarification or explanation thereof.
 - 5.2.3 The Council shall respond to the Developer's request for any such approval within 10 Working Days of receipt of the information provided by the Developer pursuant to clause 5.2.2.
- 5.3 Permitted Variations**
- 5.3.1 The Developer may without obtaining approval from the Council make any Permitted Variations.
 - 5.3.2 The Developer shall notify the Council of any Permitted Variation (save any which are of an insubstantial or immaterial nature or any which have no impact upon the Premises) and the reason for it, and shall as soon as reasonably practicable provide details, drawings and other appropriate information to identify the change (save as aforesaid).
- 5.4 Other alterations**
- 5.4.1 The Developer may, with the Council's approval, make changes to the Works to the extent that such changes do not constitute a Permitted Variation (which is the subject of clause 5.3) or a Material Alteration (which is the subject of clause 5.2).
 - 5.4.2 If the Developer proposes to make any such change it shall provide to the Council details of such proposed change together with copies of drawings, plans and specifications in sufficient detail to enable the Council to properly assess the same and the reason for such change for the Council's approval.

- 5.4.3 If the Council objects to any such proposed change it shall within 10 Working Days of receipt of the information provided by the Developer pursuant to clause 5.4.2 give notice to the Developer specifying in reasonable detail the grounds for such objection.
- 5.4.4 Where the Council objects under clause 5.4.3 the Developer may re-submit to the Council appropriate corrections or amendments to the information provided and the provisions of this clause 5.4 shall apply again to the re-submission.
- 5.4.5 If the Council does not object to any proposed change within the timetable stated in this clause 5.4 the change shall be deemed to have been approved by the Council and the Developer shall be entitled (but not obliged) to make the relevant change.
- 5.4.6 Following a re-submission pursuant to clause 5.4.4, if the Council objects again pursuant to clause 5.4.3 either party may refer the matter for resolution pursuant to clause 28.

5.5 **Disputes**

Clause 28 applies to any dispute arising between the Dispute Parties in respect of any matter arising under or out of the provisions of this clause 5.

6. **CONTRACTORS AND PROFESSIONAL TEAM**

6.1 **Procurement**

- 6.1.1 The Developer shall be responsible for the Contractor evaluation process and the Developer shall ensure that sufficient resources are available to ensure that such selection and evaluation process is completed in accordance with the then current Programme.
- 6.1.2 The Developer shall keep the Council reasonably informed of all stages of the Contractor selection and evaluation process.
- 6.1.3 The Developer shall in due course enter into professional consultancy agreements with each member of the Professional Team and the Developer may novate or otherwise transfer to the Contractor all or any of the professional consultancy agreements it enters into with each member of the Design Team.

6.2 **Form of Building Contract and appointments**

- 6.2.1 The parties acknowledge that it is currently anticipated that the Building Contract will be for the construction of the Building (of which the Premises form part).
- 6.2.2 The Building Contract shall to the extent that it relates to the Works (unless the parties otherwise agree):
 - (A) be on institutionally acceptable JCT terms (as at the date that the Building Contract is entered into);
 - (B) be on a fixed price basis;
 - (C) otherwise be consistent with the requirements of this agreement.
- 6.2.3 The Building Contract shall (save where the Council has given its approval):
 - (A) require that the Works comply with all relevant consents, Statutory Requirements and codes of practice and British standards;
 - (B) require that the Works are carried out in a good and workmanlike manner with good quality, new materials;

- (C) oblige the Contractor to procure that all relevant product guarantees provided in relation to the Works (and which exclusively relate to the Works and not any other works) are assigned to the Council where permissible;
- (D) contain provisions relating to the Works which are in no material respect more favourable to the Contractor than those provisions relating to the Other Works (provided that this requirement shall not apply where a provision in the Building Contract relating to the Works is in a material respect more favourable to the Contractor and such difference is due to the nature of the Works or the Other Works respectively or the requirements of any occupier or Funder in respect of the Other Works);
- (E) provide for the Premises to be measured prior to the Date of Practical Completion by an independent measurement surveyor utilising the relevant RICS Code of Measuring Practice; and
- (F) contain provisions relating to a retention or other alternative arrangement which would be consistent with that negotiated by a reasonably prudent developer;
- (G) contain provisions that are in the opinion of a reasonably prudent developer consistent with those reasonably obtainable in the open market;
- (H) contain provisions that are in the opinion of a reasonably prudent developer such that will enable the proper and expeditious delivery of the relevant works or services at a reasonable and proper cost; and
- (I) contains an obligation on the Contractor not to decrease the GEA of the Premises by more than 3% from the GEA of the Premises detailed in the Works Specification;

6.2.4 The Developer shall use reasonable endeavours to procure that the Building Contract includes provisions in the opinion of a reasonably prudent developer consistent with those reasonably obtainable in the open market (as at the date that the Building Contract is entered into) regarding the following elements of the certification of Practical Completion:

- (A) where the Building Contract provides for sectional completion of the works under the Building Contract, arrangements for:
 - (1) safe access to and from the Premises; and
 - (2) the servicing of the Premises.

6.3 The Developer shall use reasonable endeavours to procure that the Contractor and each member of the Professional Team each principal sub-contractor with material design responsibility and each Specialist shall be required to maintain professional indemnity insurance throughout the period of the Works with reputable insurers as follows:

6.3.1 the Contractor for at least [REDACTED] in respect of each claim or in the annual aggregate that may be made (and the Building Contract shall be executed as a deed);

6.3.2 by each member of the Professional Team for at least [REDACTED] in respect of each claim that may be made (and each appointment executed as a deed) and other remaining members of the Professional Team for at least [REDACTED] in respect of each claim (and each appointment executed under hand); and

- 6.3.3 by each principal sub-contractor with design responsibility and each Specialist for at least [REDACTED] in respect of each claim that may be made or such other level that the Developer (acting reasonably) considers appropriate for the level of sub-contractor package value (and each appointment shall be executed under hand).
- 6.4 The Developer is to procure that the Building Contract and the terms of each appointment of the relevant member of the Professional Team:
- 6.4.1 contain obligations to use reasonable skill and care not to select the use of Prohibited Materials in relation to the Works; and
- 6.4.2 require the Contractor or the relevant member of the Professional Team (as applicable) to use reasonable skill and care to comply with their respective duties under the CDM Regulations.
- 6.5 **Certified copies**
- The Developer will deliver to the Council a certified copy of the conditions of contract of the Building Contract and the Professional Team appointments and a copy of the technical documentation of the Building Contract (with the price sensitive and confidential information redacted) as soon as possible after they have been completed to the extent not already provided prior to the date of this agreement.
- 6.6 **Third Party Rights**
- As soon as reasonably practicable and in any event within 2 months of entry into the Building Contract or the relevant Professional Team appointment, the Developer shall use all reasonable endeavours to procure that the Contractor and each member of the Professional Team and the principal sub-contractors with material design responsibility and the Specialists shall grant Third Party Rights in favour of the Council or to the extent that the Developer has novated such appointments that the Contractor obtains them. Where a party becomes insolvent is subject to a winding up or otherwise ceases to trade the Developer shall be released from its obligation to deliver Third Party Rights from such party.
- 6.7 **Developer's obligations**
- 6.7.1 The Developer shall take reasonable steps to:
- (A) enforce compliance by the Contractor and each member of the Professional Team with their respective obligations contained in the Building Contract and the relevant appointment of the relevant member of the Professional Team to the extent required to deliver the Works provided that the Developer shall not be obliged to instigate or threaten adjudication or Court proceedings; and
- (B) following any material breach of the obligations on the part of the Contractor in the Building Contract or the relevant member of the Professional Team under its appointments (as applicable) which relates to the Works and which causes the Council to suffer loss (to the extent the Council does not have a direct cause of action against the Contractor or the relevant members of the Professional Team) at the reasonable and proper request of the Council and at the cost of the Council, enforce the Developer's rights in relation to such material breach of obligation(s) save that in order to discharge its obligation pursuant to this clause the Developer shall not be obliged to take, initiate, or join any court or other dispute or alternative dispute resolution procedure.
- 6.7.2 Pursuant to clause 4.1.3 the Developer is to provide notice of anticipated Date of Practical Completion when the Developer believes such date is 12, 6 and 3

8. IP LICENCES

8.1 Copyright vested in Developer

Copyright in any drawings, plans, specifications and calculations produced by the Developer in respect of the Works is to remain vested in the Developer or the Contractor or Professional Team or subcontractor (as the case may be).

8.2 Licence to Council to use drawings etc.

Insofar as the copyright to any drawing or any other intellectual property relevant to the Works is owned by the Developer or the Developer has power to grant licence to use or reproduce the same the Developer hereby irrevocably grants to the Council a non-exclusive licence to use and reproduce the same for the purposes set out in clause 8.3 and insofar as the Developer has the power to grant such licence on such basis the licence shall be freely assignable and the Council shall be free to grant sub-licences.

8.3 Restrictions on copyright to be observed

8.3.1 The Council shall observe all restrictions on copyright and other intellectual property rights applicable to and treat as supplied in confidence all drawings, plans, specifications, cost information, contracts, documents and calculations supplied by the Developer, the Contractor or any member of the Professional Team in connection with or related to the Works.

8.3.2 The Council shall not use or permit to be used any of the documentation referred to in clauses 8.1 and 8.3.1 otherwise than:

(A) in connection with the use, maintenance, operation or fit-out of the Premises; and

(B) in the promotion of the Premises for lettings.

8.3.3 The Developer shall not be liable to the Council or any third party for the consequences of the use of any such copyright material otherwise than for any purpose for which it was prepared or provided.

9. PRACTICAL COMPLETION

9.1 Developer to give Council notice of inspection

The Developer shall procure that the Council is given not less than five Working Days' notice of the Employer's Agent's intention to inspect the Works in anticipation of issuing the Practical Completion Statement pursuant to the Building Contract.

9.2 Joint inspection

9.2.1 The Council and the Council's Project Coordinator shall be entitled to accompany the Employer's Agent on its inspection of the Works prior to the issue of the Practical Completion Statement at which time the Council may make representations to the Employer's Agent initially orally and subsequently in writing (with a copy to the Developer) and (provided that they are made within 48 hours after the ending of the inspection in writing and that the Employer's Agent's discretion is not fettered) the Developer shall request that the Employer's Agent have due regard to such representations.

9.2.2 The Council acknowledges that any representations it or the Council's Project Coordinator makes pursuant to clause 9.2.1 shall be made only to the Employer's Agent (with a copy only to the Developer) and not to the Contractor or any other person involved in the execution of the Works.

9.2.3 The Council also acknowledges that the Employer's Agent's independence and discretion in issuing the Practical Completion Statement under the Building Contract shall not be fettered and that such statement may be issued subject to any defects, shrinkages or other faults set out in the Snagging List.

9.3 Statement not issued

If following the inspection pursuant to clause 9.2.1 the Practical Completion Statement is not issued, the Developer shall procure that the Council is given not less than two Working Days' notice of the Employer's Agent's intention to re-inspect the Works with a view to the issue of the Practical Completion Statement and the provisions of clause 9.2 shall apply in relation to any re-inspection and subsequent issue of the Practical Completion Statement.

9.4 Copy of Practical Completion Statement

The Developer shall procure that a copy of the Practical Completion Statement (including any Snagging List) is delivered to the Council promptly after its issue.

9.5 Statement final and binding

The Practical Completion Statement shall be final and binding on the parties as to the date on which Practical Completion was achieved.

9.6 As-built drawings

The Developer shall use reasonable endeavours to procure that the Council is provided with a complete set of detailed "as built" specification and related drawings in respect of the Works within the period of three months after the Date of Practical Completion.

9.7 Handover Conditions

The Developer shall use reasonable endeavours to procure that the Handover Conditions are met within 30 days of the Date of Practical Completion.

10. DEFECTS

10.1 Making good Defects

The Developer shall take reasonable steps to enforce the provisions of the Building Contract relating to making good of defects, shrinkages or other faults including preparation of Snagging Lists and notification of defects which the Contractor is required to make good in accordance with the Building Contract.

10.2 Access by Developer to make good Defects

10.2.1 If the Council is in occupation of the Premises or the relevant part of them the Council shall permit the Developer and the Contractor and all persons authorised by them and on having been given reasonable notice to have access to such parts of the Premises as are necessary in order to allow these parties to comply with their obligations under clause 10.1 and the Building Contract and the Contractor to make good any defects, shrinkages or other faults but the Developer shall use reasonable endeavours to procure that each such person so entering shall:

- (A) cause the minimum amount of interference and disruption as is reasonably practicable to the occupiers of the Premises;
- (B) comply with any reasonable directions and security precautions required by the Council so long as these shall not prevent the carrying out of the relevant works or inspection;

- (C) be accompanied at all times by a representative of the Council (so long as the Council provides one); and
- (D) make good as soon as reasonably practicable to the reasonable satisfaction of the Council any loss, damage or injury thereby caused to the Premises.

11. DEVELOPER'S INSURANCE AND LIABILITY

11.1 Maintaining professional indemnity insurance

11.1.1 The Developer shall maintain in force professional indemnity insurance to cover liability which it may incur under or in respect of this agreement:

- (A) throughout the duration of this agreement and for at least six years after the termination (whatever the cause) of, and completion of its duties under, this agreement;
- (B) with a reputable insurance company (incorporated and carrying on business in the United Kingdom); and
- (C) up to a limit of indemnity in respect of each and every claim, or series of claims arising out of any one event, of not less than [REDACTED]

provided the same is available on reasonable commercial rates and terms.

11.1.2 The Developer shall on request of the Council from time to time produce to the Council reasonable evidence of compliance with the requirements of clause 11.1.1.

11.2 Developer's Liability

11.2.1 Subject to clause 11.2.1(B) and 11.2.3:

- (A) the Owner and the Developer's liability under or in connection with this agreement shall be limited in the aggregate to [REDACTED] for each and every claim or series of claims arising out of any one or more events and this limit shall apply however that liability arises including a liability arising by breach of contract, arising by tort (including the tort of negligence) or arising by breach of statutory duty; and
- (B) any claims brought by the Council pursuant to the Master Development Agreement in relation to the Plot of which the Premises forms part shall be included for the purposes of calculating the aggregate liability of the Owner and the Developer pursuant to this agreement.

11.2.2 Subject to clause 11.2.3 the Owner and the Developer shall cease to be liable to the Council in respect of their obligations in clauses 3.1 to 10 (inclusive) on the later of:

- (A) expiry of the Defects Period;
- (B) meeting of the Handover Conditions; and
- (C) provision of the Third Party Rights specified under clause 6.6.

11.2.3 Clauses 11.2.1 shall not limit the Developer's liability for death or personal injury caused by the Developer's negligence.

- 11.2.4 To the extent permitted by law and subject to clause 11.2.3 the Developer shall have no obligations or liability to the Council and the Council shall have no remedies in respect of the Works or the Services or any other matters the subject of this agreement other than those expressly set out in this agreement.

PART IV – COUNCIL'S OBLIGATIONS

12. DEVELOPMENT MANAGEMENT FEE

- 12.1 Subject to clause 14, the Council shall pay to the Owner the Development Management Fee as remuneration for the Services in accordance with this clause 12 and clause 15.
- 12.2 The Development Management Fee shall be payable without deduction set-off or counter claim to the Owner by instalments monthly in arrears calculated based on the Development Costs incurred during the relevant month and the first such instalment of the Development Management Fee after the date of this agreement shall be calculated based on all Development Costs incurred during such month together with all Development Costs incurred before such date including before the date of this agreement (to the extent not already paid by the Council) with VAT on such Development Management Fee paid in accordance with clause 30.

13. DEVELOPMENT COSTS

- 13.1 Subject to clause 14, the Council shall be responsible for all Development Costs incurred in relation to the Works and the Council shall pay to the Owner without deduction or set-off an amount in respect of the Development Costs in accordance with this clause 13 and clause 15.
- 13.2 The Development Costs shall be payable to the Owner by instalments as follows:
- 13.2.1 to and excluding the Construction Commencement Date, the Development Costs shall be payable monthly in arrears calculated on the Development Costs incurred during the relevant month, the first such monthly instalment after the date of this agreement shall include all Development Costs incurred during such month together with all Development Costs incurred before such month including before the date of this agreement (to the extent not already paid by the Council); and
- 13.2.2 from and including the Construction Commencement Date:
- (A) the Development Costs certified by the Employer's Agent shall be payable within 1 Working Day of such certification;
- (B) all other Development costs shall be payable monthly in arrears.
- 13.3 The Owner shall keep the Council properly informed as to the anticipated Development Costs.
- 13.4 The Employer's Agent is to apportion all costs incurred by the Contractor on a fair and reasonable basis to establish the appropriate amount to be allocated to the Works and forming part of Development Costs under this agreement (as opposed to the remainder of the Building) in accordance with the Cost Apportionment Methodology.
- 13.5 Clause 28 applies to any dispute arising between the Dispute Parties in respect of any matter arising as to the apportionment of costs pursuant to clause 13.4.

14. LEISURE CENTRE COSTS CAP

The Council shall not be obliged to pay to the Owner an amount in respect of the Development Management Fee and Development Costs under this agreement which in aggregate exceeds the Leisure Centre Costs Cap, with each of the Development

Management Fee, Development Costs and the Leisure Centre Costs Cap being exclusive of VAT figures (so that the input VAT of the Council does not count towards the Leisure Centre Costs Cap).

15. **PAYMENT**

- 15.1 The Owner shall in respect of the Development Costs due monthly in arrears no later than the 15th of the month immediately following the end of the relevant month (or such other day as may be agreed between the Developer and the Council) submit to the Council an invoice showing instalments of the Development Costs and the Development Management Fee which have been incurred or will fall due in the relevant period and other sums which the Owner considers due to it under this agreement (each an **"Invoice"**) (and each such Invoice shall be accompanied by a valid VAT invoice in respect of the amounts in the Invoice) and each such Invoice where not for sums certified by the Employer's Agent shall be supported by all such documents, vouchers and receipts as may be reasonably necessary for computing and verifying the same.
- 15.2 The **"Due Date"** for payment of an Invoice:
- 15.2.1 in respect of amounts certified by the Employer's Agent and the associated Development Management Fee shall be payable on the day on which the Council receives the relevant Invoice; and
- 15.2.2 in respect of all other amounts shall be payable on the day on which the Council receives the relevant Invoice.
- 15.3 In respect of the Development Costs due monthly in arrears:
- 15.3.1 not later than five Working Days after the relevant Due Date, the Council shall give notice to the Owner specifying the amounts the Council considers to be due in relation to the relevant Invoice and provide detailed reasons in writing in respect of any amount the Council does not consider to be due (the **"Payment Notice"**);
- 15.3.2 where the Council does not consider an amount to be due, the Council shall provide reasons for the same in writing to the Owner and the Owner and the Council shall for a period of 10 Working Days work together to resolve the Council's queries. Where a resolution is not reached within 10 Working Days either party may refer the same for resolution in accordance with clause 28 and the amount due will either be revised or affirmed accordingly.
- 15.3.3 if no Payment Notice is given pursuant to clause 15.3, the Council shall be treated as having notified the Owner that the Council proposes to make payment of the amount stated in the relevant Invoice.
- 15.3.4 the Council shall pay to the Owner all sums due under this agreement on or before the **"Final Date for Payment"**, which shall be 20 Working Day after the Due Date or if later 20 Working Days following determination in accordance with clause 15.3.2.
- 15.3.5 if any amount due under this agreement is not paid in full by the Final Date for Payment under clause 15.3.4, the Owner shall be entitled (without limiting any other right or remedy of the Owner) to give the Council written notice of such failure and of any intention the Owner or Developer may have to suspend performance of any or all of its obligations under this agreement and the grounds on which the Owner or Developer intends to suspend performance.
- 15.3.6 if payment of the relevant outstanding sum to the Owner is not made by the Council within five Working Days of the Owner's written notice given pursuant to

clause 15.3.5, then the Owner and Developer may suspend the performance of any or all of their obligations under this agreement until payment in full is made by the Council.

- 15.4 The Council shall make payments in settlement of Invoices pursuant to this clause 15 by making a credit transfer to such account as shall be designated by the Owner in each case for an amount equal to the amount then due.
- 15.5 The Owner shall keep full and complete books of accounts including draw requests and paid Invoices in such form as the Owner requires. All books and records will be the property of the Owner and the Council may inspect them and copy them at its cost at any time during normal business hours with the prior agreement of the Owner.
- 15.6 Only the provisions of clause 15.2.1 and 15.5 of this clause 15 shall apply to cost certified by the Employer's Agent.
16. **CO-ORDINATION WITH OTHER WORKS**
- The Council shall not cause any delay to or interference with the Other Works nor give any instruction to the contractors engaged on the Other Works and shall make good all or any damage to the Developer or the Owner and their respective property caused by the Council carrying out any works to the Premises.

PART V – AGREEMENT FOR LEASE AND LEASE GRANT

17. **AGREEMENT FOR LEASE**
- 17.1 In consideration of the Council's obligations under this agreement, the Owner will grant to the Council and the Council will accept from the Owner the Lease on the terms set out in this agreement.
- 17.2 No purchase price, premium or deposit is payable under this agreement.
18. **LEASE GRANT**
- 18.1 **Engrossment of Lease**
- The Owner's Solicitors shall prepare the engrossment of the Lease and a counterpart of it at least 10 Working Days in advance of the Lease Completion Date.
- 18.2 **Completion of Lease**
- The Council shall execute and deliver the counterpart and the Owner shall execute and grant the Lease on the Lease Completion Date.
- 18.3 **Terms of Lease**
- The following provisions shall apply for the purposes of and in relation to the grant of the Lease:
- 18.3.1 the Term shall be computed from the Term Commencement Date;
- 18.3.2 the Yearly Rent shall be due and commence to be payable on the Term Commencement Date; and
- 18.3.3 the Insurance Rent and the Service Rent shall be due and commence to be payable from the Term Commencement Date in the manner and at the times specified in the Lease.
- 18.4 **Registration of Lease**
- Where the Lease when granted is registrable at HM Land Registry pursuant to sections 4 or 27 of the Land Registration Act 2002 (as appropriate) the Council will:

- 18.4.1 apply to register the Lease as soon as reasonably practicable; and
- 18.4.2 within 10 Working Days of receipt of notification from HM Land Registry of the completion of the registration give notice thereof together with a copy of the official copies and title plans of the entries in all registered titles affected by such registration to the Owner's Solicitors.

18.5 Cancellation of HM Land Registry notice

Following completion of the Lease the Council shall as soon as reasonably practicable apply to HM Land Registry to cancel or procure the cancellation of any notice or other entry registered at HM Land Registry relating to this agreement and provide evidence to the Owner of such cancellation.

18.6 Cancellation of HM Land Registry notice

If this agreement is determined the Council shall immediately cancel or procure the cancellation of any notice or other entry registered at HM Land Registry relating to this agreement and provide evidence to the Owner of such cancellation.

19. LOCAL LAND CHARGES ETC.

Subject to clause 19.2 the Lease will be granted subject to:

- 19.1 all local land charges whether registered or not before or after the date of this agreement and all matters capable of registration as local land charges whether or not actually so registered;
- 19.2 all notices, orders, resolutions, restrictions, agreements, directions and proposals therefor made by any local or other competent authority before or after the date of this agreement;
- 19.3
 - 19.3.1 any matters which are unregistered interests which override registered dispositions under Schedule 3 to the Land Registration Act 2002; and
 - 19.3.2 such unregistered interests as may affect the Premises to the extent and so long as they are preserved by the transitional provisions of Schedule 12 of the Land Registration Act 2002;
- 19.4 any matters contained or referred to in the entries or records made in the registers of title number [•] maintained by HM Land Registry as at [•] timed at [•]; and
- 19.5 all matters contained in or referred to in the Lease.

20. TITLE

- 20.1 The Owner's title to grant the Lease having been deduced the Council shall not raise any objection to that title and the Owner shall not be required to reply to any requisitions on that title, other than in respect of new encumbrances revealed by the Council's pre-completion searches.
- 20.2 The parties acknowledge that a wider redevelopment is under way and that matters benefitting and burdening the Owner's title may change in the period prior to grant of the Lease. The Council therefore confirms that new encumbrances that do not materially alter the title to the Premises that the Owner can grant to the Council may be created after the date of this agreement.

PART VI – MISCELLANEOUS

21. COUNCIL'S PROJECT COORDINATOR

- 21.1 The Council shall appoint a Council's Project Coordinator at all times during the course of this agreement and, as at the date of this agreement, the Council's Project Coordinator shall be the person named in this agreement.
- 21.2 The Council may appoint a replacement Council's Project Coordinator from time to time by giving written notice to the Developer and the Owner.
- 21.3 The Council's Project Coordinator shall be:
- 21.3.1 authorised by the Council to do all acts, matters or things on the Council's behalf under this agreement but the Council may terminate or curtail the authorisation in whole or in part; and
 - 21.3.2 the sole point of contact for the Developer and the Owner in respect of all matters pursuant to or contemplated by this agreement.
- 21.4 The Developer and the Owner need only deal with the Council's Project Coordinator and where "Council" appears in this document the Developer and the Owner may treat the same as being the Council's Coordinator and need not separately or in addition deal with the Council.
- 21.5 Neither the Developer nor the Owner is required to enquire, or be concerned to see, whether the Council's Project Coordinator has the requisite authority when acting on instructions or authority from the Council's Project Coordinator.
- 21.6 An act, matter or thing done by the Council's Project Coordinator is to be binding on the Council.

22. SAVING CLAUSE

The determination of this agreement shall be without prejudice to any other rights or remedies of the any party for the breach, non-observance or non-performance of any of the obligations of any other party under this agreement.

23. STEP IN RIGHTS

- 23.1 If the Date of Practical Completion has not occurred by the Long Stop Date and subject to clause 23.2 the Council may exercise its Step In Rights by serving written notice on the Developer of the same.
- 23.2 The Council's Step In Rights are subject to and rank behind in order of priority any step in rights that may benefit any Funder or tenant of the Building.

24. DELEGATION

- 24.1 The Developer may (without the consent of the Council but subject to compliance with clauses 24.2) sub-contract or delegate all or part of its duties under this agreement to one or more third parties.
- 24.2 Where the Developer sub-contracts or delegates its duties under this agreement in accordance with clause 24.1 the Developer shall:
- 24.2.1 be responsible for all costs of any such sub-contracting or delegation;
 - 24.2.2 be responsible for monitoring and supervising the performance of the Services sub-contracted or delegated to the relevant third party; and

- 24.2.3 remain liable to the Council under this agreement to the full extent of the duties and obligations undertaken by it notwithstanding such sub-contracting or delegation.

25. **ALIENATION**

25.1 **Dealings with agreement**

- 25.1.1 The Council shall not assign, novate or otherwise deal with its interest in this agreement in whole or in part nor prior to the grant of the Lease make any disposition of the Premises.
- 25.1.2 The Developer shall not assign, novate or otherwise deal with its interest in this agreement in whole or in part save:
- (A) that the Developer shall be entitled to novate the whole of this agreement to a Group Company or a Connected Party; or
- (B) in accordance with clause 25.1.4,
and provided that the Developer shall be entitled to sub-contract or delegate all or part of its duties pursuant to clause 24.1 of this agreement.
- 25.1.3 The Owner may assign the benefit of its interest in this agreement or require it to be novated to a proposed assignee or novatee who is acquiring or has acquired the Owner's property interest in the Premises.
- 25.1.4 The Owner or the Developer or both may (without the consent of any other party) charge or assign by way of security this agreement.
- 25.1.5 In any case where a novation is requested by the Developer or the Owner (as the case may be) pursuant to this clause 25, the Council, the Developer and the Owner shall join in the relevant deed of novation which shall be in such form as the Developer or the Owner (as applicable) may reasonably require and shall effect the novation of the Developer's and/or the Owner's obligations under this agreement to the relevant person.

26. **INSURANCE**

26.1 **Insurance of Works**

- 26.1.1 The Developer shall use reasonable endeavours to procure that the Works are insured in accordance with the provisions of the Building Contract.
- 26.1.2 In the event of any material damage to or destruction of the Works caused by any of the insured risks specified in the Building Contract occurring prior to the Date of Practical Completion, subject to receipt of all necessary Requisite Permissions and in compliance with this agreement the Developer shall use reasonable endeavours to procure that any insurance money recovered is laid out and used to rebuild, repair and otherwise reinstate the Works.
- 26.1.3 The Developer shall on demand produce to the Council for inspection the policy or policies of insurance maintained in accordance with the requirements of clause 26.1.1 and the receipt for the last premium due or other sufficient evidence of payment thereof.

26.2 Insurance from Lease Completion Date

26.2.1 With effect from the Lease Completion Date the Developer's insurance obligations pursuant to clause 26.1 shall cease and thereafter the relevant provisions of the Lease shall apply.

26.2.2 In circumstances where the Building Contract uses sectional completion, the Developer's obligations in clauses 26.1.1 and 26.2.1 shall be modified to reflect the obligations of the Contractor pursuant to the Building Contract with the intent that there shall not be double insurance or no insurance of the Works or the Premises (as applicable) at any time.

26.3 No rendering policy of insurance void

Each of the Developer, the Owner and the Council mutually agree not knowingly to permit anything to be done which may render any insurance policy effected by the other void or voidable.

26.4 Damage after Practical Completion

The Council shall not be entitled to refuse to complete or to delay completion of the grant of the Lease due to any event occurring after the Date of Practical Completion that results in:

26.4.1 any damage to the Building or any part of it; or

26.4.2 any damage to the means of access to and egress from the Building; or

26.4.3 any deterioration in the Buildings' condition.

26.5 Developer or a Connected Party

The Council agrees that, in respect of the obligations in this clause 26, the Developer's obligations shall be capable of being discharged by a Connected Party of the Developer.

27. CONFIDENTIALITY

27.1 Subject to clause 27.2, the terms of this agreement and all information received or obtained as a result of entering into or performing this agreement are confidential to the parties both before and after completion of the Lease and no party may make or permit or suffer the making of any announcement or publication of the information concerning any of those terms nor any comment or statement relating to them without the consent of the others, as to the form and content of any such announcement, publication, comment or statement.

27.2 Disclosure may be made by a party without the consent of the others if and to the extent:

27.2.1 necessary for the proper performance or enforcement of any obligations under this agreement or to recover losses due to this agreement (including to the relevant contractors and professional teams and as provided for in clause 27.2.7);

27.2.2 required by law (including legislation relating to HM Land Registry) or by the rules of any stock exchange or regulatory body to whose regulation the party is subject;

27.2.3 required due to the Council's status as a public body for the purposes of the Freedom of Information Act 2000;

27.2.4 required by or appropriate to its accountancy or audit procedures;

27.2.5 required to be included in its directors' report;

27.2.6 required by a court of competent jurisdiction, or HM Revenue and Customs;

- 27.2.7 necessary for disclosure to any employee or professional adviser of a party to this agreement or to any person providing finance to a party to this agreement (or such person's employees or professional advisers);
 - 27.2.8 required by any party to its funders, shareholders or investors or to an intending purchaser, assignee or mortgagee of that party's interest or to such person's employees, professional advisers, funders, shareholders or investors;
 - 27.2.9 required by the Developer or the Owner in connection with the Project (including without limitation by way of disclosure to the Contractor);
 - 27.2.10 required by either party's valuers; or
 - 27.2.11 required by the Developer or the Owner in connection with any lease negotiations relating to the Development Site or any part thereof.
- 27.3 Each party shall use all reasonable endeavours to ensure that any person to whom this agreement is disclosed (except under clause 27.2.2, 27.2.5 and 27.2.6) is bound by an equivalent obligation to that in this clause 27.
- 27.4 The undertakings in this clause 27 shall continue notwithstanding termination of this agreement.
- 27.5 The Council shall not be entitled to note this agreement against the Owner's registered title other than by a unilateral notice and shall not without the consent of the Owner send this agreement or a copy of it to HM Land Registry.

28. **DISPUTES**

28.1 **Dispute resolution**

- 28.1.1 Where any provision of this agreement expressly provides for resolution of disputes between the Dispute Parties pursuant to this clause 28, any Dispute Party may refer such dispute to an Expert for final settlement and determination in accordance with this clause 28.
- 28.1.2 Nothing in this clause 28 shall prevent any party from applying to the High Court of England and Wales for an interim injunction or other provisional relief.

28.2 **Selection and appointment of Expert**

- 28.2.1 The Expert shall be an individual who has recent and substantial experience in the field of the subject matter of the dispute and is a partner or director of a leading firm which itself has recognised expertise in the subject matter of the dispute and is a member of the RICS panel of experts for a dispute of that nature.
- 28.2.2 The Expert shall be independent of all the parties to this agreement.
- 28.2.3 The Dispute Party wishing the appointment to be made shall give notice to that effect to the other Dispute Party and with such notice shall give details of the matter which it is proposed shall be referred to and determined by the Expert.
- 28.2.4 The Dispute Parties shall endeavour to agree upon the identity of a single Expert to whom the matter in dispute shall be referred for determination, but if within five Working Days after service of the notice referred to in clause 28.2.3 the Dispute Parties have not agreed upon the identity of an Expert then either Dispute Party may request that the RICS select an Expert.
- 28.2.5 In its request, the requesting Dispute Party shall specify the Dispute Parties, the agreement, the expert determination clause and the issue or issues to be referred

to and determined by the Expert, and shall supply a copy of this agreement as executed by the parties to the RICS with its request.

28.2.6 Upon selection of the Expert, the Dispute Parties or either of them, shall forthwith notify the Expert of his selection and request him to confirm to both Dispute Parties within three Working Days whether or not he is willing and able to accept the appointment.

28.2.7 The Dispute Parties will co-operate with each other to appoint the Expert and ensure that the terms of the appointment of the Expert are agreed with him within five Working Days of service of the notice referred to in clause 28.2.3, subject always to clause 28.4.

28.3 Reappointment

If:

28.3.1 an Expert upon whose identity the Dispute Parties have agreed refuses to accept the appointment;

28.3.2 an Expert whom the RICS has selected refuses to accept the appointment; or

28.3.3 at any time the appointed Expert becomes unable or unwilling to act, the Dispute Parties shall appoint another Expert to begin the reference afresh (or complete it if the Dispute Parties so agree) in accordance with the procedure set out in clause 28.2.

28.4 Procedure for Expert determination

28.4.1 Following appointment of the Expert and his acceptance of such appointment, the Dispute Party initiating the reference shall within five Working Days of such acceptance serve upon the Expert and the other Dispute Party a notice of referral of the dispute setting out the substance of the matters to be decided by the Expert and attaching any documents which it considers may be relevant.

28.4.2 The terms of the Expert's appointment shall provide for the Expert to give directions as to the procedure for determination of the dispute within five Working Days of the referral to him, and the Dispute Parties shall comply with the directions given by the Expert, save that neither party shall be obliged to provide any document or information to the Expert or to the other Dispute Party if that party would be entitled in proceedings before the High Court to refuse to provide such document or information by reason of legal privilege.

28.4.3 The determination shall take the form of a detailed document stating the Expert's reasons for his decision.

28.4.4 In respect of the matters referred to him:

- (A) the Expert shall act as an expert and not as an arbitrator and the law relating to arbitration shall not apply to the proceedings;
- (B) any and all communications between and submissions made by either of the Dispute Parties and the Expert shall be made in writing and a copy thereof provided simultaneously to the other Dispute Parties and no meeting between the Expert and the Dispute Parties or either of them shall take place unless all Dispute Parties have been notified and have had a reasonable opportunity to attend any such meeting;
- (C) the Expert shall be entitled to use his knowledge and experience in coming to his determination;

- (D) where appropriate, the Expert shall be entitled to inspect premises and take measurements and require samples;
- (E) the terms of the Expert's appointment shall require him to publish his determination in writing to the Dispute Parties within 20 Working Days after the referral to him, unless the Dispute Parties agree in writing to an extension of such period; and
- (F) the Expert may if he in his absolute discretion so chooses provide a written draft of his determination to each of the Dispute Parties not less than 10 Working Days before he intends to publish it and the Dispute Parties may make comments on such draft at any time up to five Working Days after the Expert has provided it to them, but if the Expert does provide a written draft of his determination to each of the Dispute Parties he shall not make his determination until at least 10 Working Days after he has so provided it;

28.4.5 If any Dispute Party fails to comply with the Expert's directions or withdraws from the procedure the Expert shall nevertheless be entitled to proceed to make his determination.

28.4.6 The Expert's determination (including any corrections made under clause 28.7) shall be final and binding upon the Dispute Parties save in the case of fraud, collusion or manifest error. The Dispute Parties expressly waive the right to submit the matters referred to and determined by the Expert under this agreement to any Court save in respect of any application to enforce the determination through the Court.

28.5 **Legal costs and Expert's fees and expenses**

28.5.1 The Expert may in his determination provide that any one or more of the Dispute Parties shall pay the Expert's fees and the expenses of any professional advice, consultation and secretarial assistance provided to the Expert in such proportions as he may specify.

28.5.2 In the absence of such provision, each Dispute Party shall bear its own legal costs and the fees and expenses of the Expert shall be borne in equal shares by the Dispute Parties.

28.6 **Expert's exemption from liability**

The Expert and his employees and agents shall not be liable in respect of anything done or purported to be done by him or them in pursuance of the Expert's appointment save in the case of bad faith.

28.7 **Clerical or manifest error**

The Expert shall have the power on the application of any Dispute Party to correct any clerical, arithmetical or other manifest error in his determination provided that he does so within 20 Working Days of the publication of such determination.

28.8 **Third parties**

The parties agree that, save for any Funder, no person who is not a party to this agreement will be able to rely upon the Expert's determination.

28.9 **Adjudication**

28.9.1 If a dispute between the Dispute Parties raises or relates to the same or parallel issues as those which are being submitted to adjudication under the Building Contract or the appointment of any member of the Professional Team (a "**Related**

Dispute") then the Dispute Parties may refer such dispute to an adjudicator for adjudication which shall be conducted in accordance with the Scheme for Construction Contracts (England and Wales) Regulations 1998 as amended by the Scheme for Construction Contracts (England and Wales) Regulations 1998 (Amendment) (England) Regulations 2011.

28.9.2 The Dispute Parties agree that, upon written notice of election by the Developer, the adjudicator shall be the adjudicator appointed to decide the Related Dispute and if such adjudicator is not available, the adjudicator shall be nominated by the RICS.

29. CAPITAL ALLOWANCES

- 29.1 Each party shall provide to the other such reasonable information (at the cost of the requesting party) as is requested in writing by the other in order to ensure that the party or parties entitled as a matter of law to capital allowances in respect of the Premises (and the development of the same) are able to claim such capital allowances.
- 28.2 The parties agree and acknowledge that they shall be entitled to capital allowances in accordance with relevant applicable law only.

30. VALUE ADDED TAX

- 30.1 All sums payable under this agreement by any party to any other party shall be deemed to be exclusive of VAT.
- 30.2 Where pursuant to the terms of this agreement any party makes a supply to any other party and VAT is chargeable in respect of such supply the party receiving such supply shall pay to the party making the supply subject to delivery of a valid VAT invoice in respect thereof a sum equal to the amount of VAT so chargeable and shall make such payment:
- 30.2.1 on the date of such supply; or
- 30.2.2 if later, on the date on which a valid VAT invoice in respect of the relevant amount addressed to the receiving party is issued to that party if such VAT invoice is legally required to enable the said party to obtain a credit from HM Revenue & Customs for such amount.
- 30.3 Where the party receiving the supply fails to pay any such amount in full on the relevant date specified in clause 30.2 that receiving party shall also pay to the party making the supply interest on such amount at four per cent below the Stipulated Rate from the date on which the supplier was liable to account to HM Revenue & Customs for the VAT in respect of such supply until the date payment is made by the recipient of the supply to the person making the supply but where the due date for payment by either party of any amount in respect of VAT is determined by reference to the issue of a VAT invoice as mentioned in clause 30.2, that party shall not be liable to make any payment under this clause 30.3 provided that any amount in respect of VAT payable by it is paid within 20 Working Days after the issue of such invoice.
- 30.4 Where a party is required by the terms of this agreement to reimburse or indemnify any other party for any cost, expense or other liability, the payer shall reimburse or indemnify the payee for the full amount of such cost, expense or liability, including such part thereof as represents VAT, save to the extent that the other party is entitled to credit or repayment in respect of such VAT from HM Revenue & Customs.
- 30.5 The Council warrants and separately undertakes to the Developer and Owner at the date of this Agreement, and at the Lease Completion Date, that, to the extent the Council (or any person connected with the Council within the meaning given by paragraph 34 Schedule 10 Value Added Tax Act 1994) occupies the whole or any part of the Premises, the Council (or that person or persons) will do so and intends throughout the term of the

Lease, to continue to do so wholly, or substantially wholly, for eligible purposes within the meaning of paragraph 15 Schedule 10 Value Added Tax Act 1994.

31. **CONSTRUCTION INDUSTRY SCHEME**

31.1 For the purposes of this clause 31:

"**CIS**" means the current Construction Industry Scheme under the Finance Act 2004 and the CIS Regulations

"**CIS Regulations**" means Income Tax (Construction Industry Scheme) Regulations 2005 (SI 2005/2045)

"**Contract Payment**" has the meaning given to it in s 60(1) FA 2004

"**Contractor**" means a person who is a contractor under FA 2004, Chapter 3, Pt 3

"**FA 2004**" means Finance Act 2004

"**HMRC**" means HM Revenue & Customs

"**Statutory Deduction**" means the deduction referred to in Section 61(1) FA 2004 or such other deduction as may be in force at the relevant time

"**Order**" means Finance Act 2004, s 61(2), (Relevant Percentage) Order 2007 (SI 2007/46)

"**Sub-contractor**" means a person who is a sub-contractor under FA 2004, Chapter 3, Pt 3

31.2 The parties agree and acknowledge that they anticipate that this Agreement will be treated as a Construction Contract (as defined at section 57 FA 2004), so that payments made by the Council to the Developer or Owner under this Agreement would be treated as Contract Payments.

31.3 The Council shall therefore ensure that it is properly registered as a Contractor and shall verify whether the Developer and (if payments are made to it) the Plot Developer and if required, the Owner and if applicable the Plot Owner is:

31.3.1 (registered for gross payment under s 63(2) FA 2004, (in which case the Council shall make the Contract Payment to the Developer without any deduction); or

31.3.2 registered for payment under deduction or not registered (in which case the Council shall make the Contract Payment to the Developer or Plot Developer or Plot Owner or Owner (as the case may be), subject to the appropriate deduction under s 61 FA 2004 and the Order).

31.4 The Developer [and Plot Developer and the Owner and Plot Owner] shall provide the Council with all information reasonably requested for the purposes of the Council making the verification under this paragraph.

31.5 The Council and the Developer, [the Plot Developer and the Owner and Plot Owner] agree to operate the CIS in accordance with the CIS Regulations and in particular

31.5.1 the Council shall be entitled to make such Statutory Deductions from any payment of money to the Developer or Plot Developer or Owner or Plot Owner as it is required to make in accordance with the CIS as amended from time to time, at such rate as may be in force from time to time;

31.5.2 the Council shall use all reasonable endeavours to ensure that any Statutory Deduction it makes is the minimum amount permissible under the CIS; and

31.5.3 the Council shall provide written statements to the relevant sub-contractor in accordance with Regulation 4(8) of the CIS Regulations and any other information reasonably required to enable the relevant sub-contractor to claim

credit for any Statutory Deductions made and/or to enable it to comply with its record keeping obligations under the CIS.

- 31.6 If HMRC notifies the Council that the Developer's registration status or, if relevant, the Owner's registration status has changed, then the Council shall make the Contract Payment subject to such direction of HMRC in accordance with s 69 FA 2004 and the Regulations.
32. **NOTICES**
- 32.1 Any notice under this agreement:
- 32.1.1 must be in writing, addressed to the relevant party at a correct address; and
- 32.1.2 save as provided in clause 32.5 may be served by:
- (A) post or personal delivery (but not by facsimile, e-mail other electronic means of transmission, any document exchange or by any other means);
- (B) an agent of the serving party, but not on an agent of the party, to be served.
- 32.2 Save as provided in clause 32.5 an addressee's correct address is any of:
- 32.2.1 in relation to the Council, the address provided in this agreement or such other address as last notified by the Council with a copy to be sent simultaneously on the Council's Solicitors;
- 32.2.2 the registered office of a corporate addressee; and
- 32.2.3 an address for service within the United Kingdom as last notified by a foreign party to the serving party, if the addressee is a foreign party.
- 32.3 For the purpose of calculating any notice period associated with the service of a notice, the period begins on the date the notice is given to the party to be served.
- 32.4 Save as provided in clause 32.5 a notice is given:
- 32.4.1 by post, on the date of the second (or, if earlier receipt is proved, the first) day after the date when the notice is posted; and
- 32.4.2 by personal delivery, on the date when the notice is delivered, to a correct address of the party to be served.
- 32.5 Notices served pursuant to clauses 9.3 and 10.2.1 may be given by email to the email address notified from time to time by any party to any other party, and unless the actual time of receipt is proved, a notice served by email is treated as having been received before 4pm on the first Working Day after the date of its despatch (unless an automated response is received that the intended recipient is out of the office in which case it shall be deemed to have been received before 4pm on the day the intended recipient is shown by such response as returning to the office).
- 32.6 In this agreement any reference to giving notice is synonymous with notifying and vice versa; and "give", "send", "serve" and "deliver" are synonymous.
- 32.7 A foreign party agrees to maintain and keep each other party notified of a correct address for the purposes of clause 32.2.3 at all times.
- 32.8 If the Council comprises more than one person it shall be sufficient service on the Council if notice is served on one of them.

33. NON-MERGER

This agreement shall continue in full force and effect notwithstanding the grant of the Lease to the extent that any provisions are still to be observed and performed.

34. INTEREST

Save in respect of clause 13.2.2(A) where there shall be no grace period, if any sums payable by any party to any other party under this agreement are not paid within 10 Working Days of the due date the payor shall in addition pay on demand to the payee interest on such sums at the Stipulated Rate from the date on which such sum fell due for payment to the date of actual payment (as well after as before any judgment obtained) and any interest due in respect of late payment of Development Costs by the Council shall not be included within the Leisure Centre Costs Cap.

35. LAW AND JURISDICTION

35.1 This agreement and any dispute or claim arising out of or in connection with it or its subject matter, existence, negotiation, validity, termination or enforceability (including non-contractual disputes or claims) shall subject to clause 28 be governed by and construed in accordance with English law and within the exclusive jurisdiction of the English courts, to which the parties irrevocably submit.

35.2 Each party irrevocably agrees that any claim form or other document to be served under the Civil Procedure Rules may be served on it by being delivered to or left at a correct address for the purposes of clause 32.2.

36. EXCLUSION OF THIRD PARTY RIGHTS

Except as expressly provided otherwise in this agreement, the parties confirm that no term of this agreement is enforceable under the Contracts (Rights of Third Parties) Act 1999 by a person who is not a party to it. This does not affect any right or remedy of a third party which exists, or is available, apart from that Act.

37. ENTIRE AGREEMENT, REPRESENTATIONS AND DECLARATIONS

37.1 This agreement constitutes the entire agreement between the parties to the exclusion of every other antecedent statement and agreement.

37.2 The Council acknowledges that it has not entered into this agreement in reliance upon any statement or other agreement (other than those which have been given by the Owner's Solicitors in a written reply to an enquiry made by the Council's Solicitors before the exchange of this agreement).

37.3 The Council acknowledges that it has formed its own view as to the suitability of the Premises for the Council's purposes.

37.4 Neither the Owner nor the Developer shall be liable for, and the Council hereby waives, all rights (if any) in respect of any claims for loss of profits, loss of business or indirect losses or consequential damages of any kind arising from any breach by the Owner or the Developer of any of their respective obligations contained in this agreement.

37.5 The Owner shall not be liable to the Council or any other person in respect of any loss of rights or interests granted to the Council by this agreement or the Lease due to failure on the part of the Council (or of HM Land Registry) properly to perfect or protect such rights and interests by registration.

37.6 The Council acknowledges that it has made all searches, enquiries and inspections which a prudent tenant would make and takes subject to any matters which are or would be revealed.

38. **COSTS**

Each party shall be responsible for their own costs and expenses (including legal and professional costs) incurred in connection with:

- 38.1 the negotiation, preparation and execution of this agreement; and
- 38.2 (save in respect of the Development Management Fee payable to the Developer) each parties ongoing professional advisory costs associated with the Works and this agreement.

39. **EXCLUSION OF SECTIONS 24-28 OF THE LANDLORD AND TENANT ACT 1954**

39.1 The parties confirm that:

- 39.1.1 the Owner served on the Council a notice dated [] in accordance with section 38A(3)(a) of the 1954 Act in respect of the tenancy to be granted by the Lease; and
- 39.1.2 A statutory declaration dated [] was made by the Council or a person duly authorised by the Council in accordance with paragraph 4 of Schedule 2 to the Regulatory Reform (Business Tenancies) (England and Wales) Order 2003.

40. **EXCLUSION OF PART II OF THE LANDLORD AND TENANT ACT 1954 IN RELATION TO THE RENEWAL LEASE**

- 40.1 The Owner and the Council agree and declare that the provisions of sections 24 to 28 (inclusive) of the Landlord and Tenant Act 1954 are to be excluded in relation to the tenancy to be created by the Renewal Lease.
- 40.2 The Owner served on the Council a notice dated [] in accordance with section 38A(3)(a) of the 1954 Act in respect of the tenancy to be granted by the Renewal Lease; and
- 40.3 A statutory declaration dated [] was made by the Council or a person duly authorised by the Council in accordance with paragraph 4 of Schedule 2 to the Regulatory Reform (Business Tenancies) (England and Wales) Order 2003.

41. **NO PARTNERSHIP**

This agreement does not constitute a partnership or joint venture between any of the parties.

42. **SEVERANCE**

If any provision of this agreement is held to be invalid or unenforceable, it shall be deemed to be deleted (so far as invalid or unenforceable) and the remaining provisions of this agreement shall continue in force.

43. **COUNCIL POWERS**

- 43.1 Save as permitted by law, nothing contained or implied in this agreement shall prejudice or affect the rights, powers, duties and obligations of the Council in the exercise of its functions as a local planning, highway or buildings regulation authority or as a local authority under any other statutory provision or its rights as a landowner and the rights, powers, duties and obligations of the Council under all public and private statutes, bye-laws, orders and regulations may be as fully and effectually exercised in relation to the Development as if it were not the owner of any interest therein.

43.2 Notwithstanding any other provisions of this agreement the Council shall not be obliged to do or omit to do any act or thing the doing or omission of which would be unlawful or ultra vires.

44. **COUNTERPARTS**

This agreement may be executed in any number of counterparts, which shall each constitute an original and together constitute one agreement.

SCHEDULE 1

SERVICES

1. OVERALL SCOPE

- 1.1 To advise on the buildability of the Works, alternative design and construction procurement, project planning, materials, appearance and cost implications.
- 1.2 To appoint, co-ordinate and manage the Contractor and Professional Team and other contractors and suppliers for the Works, in accordance with the terms of this agreement.
- 1.3 To manage the Professional Team to develop the Works Specification (to the extent that the Works Specification has not been finalised as at the date of this agreement).
- 1.4 To develop the overall construction strategy, including construction phasing, site logistics and contracting methods.
- 1.5 To arrange and attend regular progress meetings and develop reporting protocols to keep the Council fully informed of material developments.
- 1.6 To recommend for taking out comprehensive and commercially acceptable insurance policies for the Works.

2. PLANNING

- 2.1 To work with the planning advisers on the planning aspects of the Works and ensure all planning consents are obtained and planning conditions are satisfied.

3. PROFESSIONAL TEAM MANAGEMENT AND SITE OPERATIONS

- 3.1 To co-ordinate the Professional Team and use reasonable endeavours to ensure that all Requisite Permissions are obtained and managed.
- 3.2 To use manage any tendering of any additional or replacement Professional Team members or the replacement of the Contractor (if required) in accordance with the terms of the Agreement.
- 3.3 To use reasonable endeavours to procure that so far as may be reasonably practicable in its capacity as a consultant the Works are begun and completed in accordance with the Programme.
- 3.4 To use reasonable endeavours in the Developer's opinion to ensure that the Contractor and members of the Professional Team have sufficient skill experience and competence to undertake the relevant element of the Works or services for which they are engaged or selected and having available sufficient professional indemnity insurance commensurate with the relevant element of the Works or services undertaken.
- 3.5 To monitor the progress of the Contractor and Professional Team in accordance with the Works Specification and Programme.
- 3.6 To supervise the system for managing queries and liaising with the Contractor and Professional Team to resolve issues and minimise cost impact or Programme overruns.
- 3.7 To arrange regular meetings with the Contractor and give reasonable prior notice to the Council of the dates and times of such site meetings and permit the Council (or its representatives) to attend such site meetings and to have due regard to any representations made by the Council.
- 3.8 To manage the process where the Council's approval is required for any variation to the

Works to the extent it is able to do so.

- 3.9 To co-ordinate and oversee the Works close out activities including working with the Council's Project Coordinator to:
- 3.9.1 make such inspections as are necessary to validate the conformity of work to the contract documents and the correction of snagging items;
 - 3.9.2 consider the proper amounts to withhold under the terms of the Building Contract;
 - 3.9.3 review Contractor requests for final payment;
 - 3.9.4 organise final inspections of work to verify completion of any part of the Works;
and
 - 3.9.5 receive and provide to the Council all warranties, invoices, releases and bonds.
- 3.10 To organise and co-ordinate fit-out requirements so long as those fit-out requirements form part of the Building Contract. For the avoidance of doubt the Council is responsible for the all matters including the design procurement and cost of the operational fit-out and installation of any items not forming part of the Building Contract.
- 3.11 To use reasonable endeavours to procure (1) commissioning plans for the Works and (2) the carrying out of the same.
- 4. MANAGEMENT OF DEVELOPMENT EXPENDITURE**
- 4.1 To formulate cost control reporting systems for the Works in conjunction with the Council's Project Coordinator to check that designs are controlled against the budget plan and that any difficulties or discrepancies are identified.
- 4.2 To use reasonable endeavours in conjunction with the Council's Project Coordinator and the relevant professional team members to manage the Works prudently so as to minimise any wasted or abortive costs.
- 4.3 To use reasonable endeavours to procure that a budget plan is maintained and to notify all cost overspends of which it is aware to the Council.
- 4.4 To maintain and manage the cost reporting system, ensure that full and proper records of Development Costs are kept, and administer all monthly requisitions and payments processes under the terms of the Building Contract and this agreement.
- 5. POST-COMPLETION MATTERS**
- 5.1 To manage and co-ordinate all post-completion matters relating to the Works including handover to the Council, the receipt and delivery by others of as-built drawings, manuals, warranties, bonds, statutory approvals for acceptance and documents of completion.
- 6. MISCELLANEOUS**
- 6.1 To carry out such other duties and obligations set out in this agreement or otherwise inferred and which would be consistent with the management and co-ordination role of a development manager in carrying out such role for developments of a similar size, type, scope, value and complexity to the Works to be undertaken and where the parties acting reasonably consider the same appropriate, the Council shall pay an additional Development Management Fee commensurate with current market rates for the provision of such other duties and obligations.

SIGNED by)
[[Director/Authorised Signatory] for and on behalf of)
[[BL CW DEVELOPMENTS LIMITED] / [PLOT)
DEVELOPER]])
)

.....
[Director / Authorised signatory]

SIGNED by)
[[Director/Authorised Signatory] for and on behalf of)
[[BL CW HOLDINGS LIMITED] / [PLOT OWNER]])
)
)

.....
[Director / Authorised signatory]

SIGNED by)
[Director / Authorised Signatory] for and on behalf of)
THE MAYOR AND BURGESSES OF THE)
LONDON BOROUGH OF SOUTHWARK)
)

.....
[Director / Authorised signatory]



HERBERT
SMITH
FREEHILLS

2018

THE MAYOR AND BURGESSES OF THE LONDON BOROUGH OF SOUTHWARK
and
[BL CW HOLDINGS LIMITED]

MAINTENANCE AGREEMENT

in relation to the management and maintenance of
the [the Plaza] / [Redbridge Square] [insert
property name in relevant agreement] at Canada
Water in the London Borough of Southwark

Herbert Smith Freehills LLP

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BETWEEN:

- (1) **THE MAYOR AND BURGESSES OF THE LONDON BOROUGH OF SOUTHWARK** of 160 Tooley Street, London SE1 2QH (the "Council"); and
- (2) **[BL CW HOLDINGS LIMITED** whose registered office is at York House, 45 Seymour Street, London W1H 7LX (Company number: 10398435)] (the "Manager"),

(together the "Parties").

RECITALS

- (A) The Council is the freehold owner of the [the Plaza] / [Redbridge Square] [insert property name in relevant agreement].¹
- (B) The Council and the Manager have entered into a Master Development Agreement in relation to the long term development by the Manager of the Headlease Premises.
- (C) [The Plaza] / [Redbridge Square] [insert property name in relevant agreement] does not form part of the Headlease Premises. However, the Council has agreed to grant the Manager a licence in relation to [the Plaza] / [Redbridge Square] [insert property name in relevant agreement] and the Manager has agreed to perform certain obligations in respect of [the Plaza] / [Redbridge Square] [insert property name in relevant agreement] on the terms set out in this Agreement.

NOW IT IS AGREED as follows:

1. DEFINITIONS

The following words and expressions have the following meanings:

- 1.1 **"Acceptable Standard"** means the minimum grade to be achieved by the Manager for each of the Key Performance Indicators pursuant to Schedule 2 (Key Performance Indicators);
- 1.2 **"Accounting Year"** has the meaning given to that term in the Headlease;
- 1.3 **"Affected Party"** has the meaning given to that term in clause 13.1;
- 1.4 **"Commencement Date"** means the date of this Agreement;
- 1.5 **"Conduits"** means any pipe, drain, culvert, sewer, flue, duct, gutter, wire, cable, optic fibre, conduit, channel and other conducting and service media and systems of any description, function or purpose for the passage or transmission of any services or supplies, including all related structures, plant, machinery and apparatus (excluding the Council's existing lighting systems);
- 1.6 **"Contractor"** has the meaning given to that term in clause 6.3;
- 1.7 **"Costs"** means all costs, fees, expenses, and other amounts reasonably and properly incurred, paid, or reimbursed by or on behalf of the Manager in connection with this Agreement, including (without limitation) the Market Rate for the works and services performed directly by the Manager in accordance with clause 9.2;
- 1.8 **"Detritus"** shall have the meaning given in clause 6.2.1 (Manager's Obligations);
- 1.9 **"Disposal"** means:
 - 1.9.1 the sale and purchase of the freehold of [the Plaza] / [Redbridge Square] [insert property name in relevant agreement] or any part of it from time to time;

■ [REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

- 1.9.2 the grant of any tenancy of [the Plaza] / [Redbridge Square] [insert property name in relevant agreement] or any part of it from time to time;
and **"Dispose"** shall be construed accordingly;
- 1.10 **"Dispute"** has the meaning given to that term in clause 16.1;
- 1.11 **"Dispute Notice"** has the meaning given to that term in clause 16.1;
- 1.12 **"Dog Fouling"** shall have the meaning given in clause 6.2.1 (Manager's Obligations);
- 1.13 **"Enactment"** means all Parliamentary and subordinate legislation (including all regulations, directives, schemes and rules) and bye-laws in force from time to time;
- 1.14 **"Expiry Date"** means the later of the Initial Date or the Extended Date;
- 1.15 **"Expert"** means an expert appointed under clause 16;
- 1.16 **"Extended Date"** means the last day of the term this Agreement as proposed by the Council in its most recent Renewal Notice issued in accordance with clause 14 (Operating Period and Renewal of this Agreement);
- 1.17 **"Fly Posting"** shall have the meaning given in clause 6.2.1 (Manager's Obligations);
- 1.18 **"Force Majeure"** means an event beyond the reasonable control and without the fault of negligence of the Affected Party and which by the exercise of reasonable diligence that Affected Party was unable to prevent, including, without limitation, acts of God, acts of governmental or supra-national authority, outbreak of hostilities, national emergency, an act of terrorism, riots, civil commotion, fire, explosion, flood, epidemic, strikes and other industrial disputes or malicious damage;
- 1.19 **"Good Industry Practice"** means that degree of skill, care, prudence and foresight and operating practice which would reasonably and ordinarily be expected from time to time of a skilled and experienced operator (engaged in the same type of undertaking as that of the Manager) under the same or similar circumstances;
- 1.20 **"Grade"** means grade A, B+, B, B-, C, C- or D awarded to each Key Performance Indicator by the Council when undertaking a survey of [the Plaza] / [Redbridge Square] [insert property name in relevant agreement] pursuant to Schedule 2 (Key Performance Indicators);
- 1.21 **"Graffiti"** shall have the meaning given in clause 6.2.1 (Manager's Obligations);
- 1.22 **"Gross Deductible Expenditure"** has the meaning given to that term in the Headlease;
- 1.23 **"Group"** means any subsidiary or holding company of the company in question and any subsidiary of such holding company (in each case from time to time) and the terms "subsidiary" and "holding company" shall have the meanings given to them by section 1159 of the Companies Act 2006;
- 1.24 **"Headlease"** means the lease of Land at Canada Water in the London Borough of Southwark dated on or about the date of this Agreement and made between (1) The Mayor and Burgesses of the London Borough of Southwark and (2) BL CW Holdings Limited, which is subject to registration at HM Land Registry as at the date of this Agreement, as such lease is varied and supplemented from time to time;
- 1.25 **"Headlease Premises"** means the premises demised by the Headlease from time to time;
- 1.26 **"Initial Date"** means the 25th (twenty fifth) anniversary of the Commencement Date;
- 1.27 **"Key Performance Indicators"** means the key performance indicators set out in Schedule 2 (Key Performance Indicators) of this Agreement;
- 1.28 **"Licence"** means the licence granted pursuant to clause 3.1;
- 1.29 **"Litter"** shall have the meaning given in clause 6.2.1 (Manager's Obligations);
- 1.30 **"London Living Wage"** shall mean the most recently identified London Living Wage hourly figure (or equivalent set figure(s)) published from time to time by the Greater London Authority or any successor body with responsibility for setting this figure;

- 1.31 **"Management of Events"** has the meaning given in clause 6.2.4 (Manager's Obligations);
- 1.32 **"Management Plan"** means the management plan in respect of [the Plaza] / [Redbridge Square] [insert property name in relevant agreement] agreed between the Council and the Manager in accordance with the terms of Schedule 6 of the Master Development Agreement and attached at Schedule 1 (Management Plan) and any addition, update, replacement, substitution or variation of it from time to time as may be agreed between the Council and the Manager in accordance with this Agreement;
- 1.33 **"Market Rate"** has the meaning given to it in clause 9.2;
- 1.34 **"Master Development Agreement"** means the master development agreement relating to (amongst other things) the grant of the Headlease and made between (1) The Mayor and Burgesses of the London Borough of Southwark (2) BL CW Holdings Limited (3) BL CW Developments Limited and (4) The British Land Company PLC;
- 1.35 **"Net Income"** means any income generated from the physical use of [the Plaza] / [Redbridge Square] [insert property name in relevant agreement] including any income generated from activities taking place on [the Plaza] / [Redbridge Square] [insert property name in relevant agreement] as contemplated by clauses 3.1.5(A) and 3.1.5(B) (less all reasonable and proper costs associated with generating such income) provided that Net Income shall not include any income generated in connection with any communications equipment or systems (including any wi-fi equipment) installed in, on or above [the Plaza] / [Redbridge Square] [insert property name in relevant agreement] pursuant to this Agreement in circumstances where the Council has not contributed to the capital cost of such equipment or systems;
- 1.36 **"Operating Period"** has the meaning given in clause 14.1 (Operating Period and Renewal of this Agreement);
- 1.37 **"Operation and Maintenance of Existing Items"** has the meaning given under clause 6.2.2 (Manager's Obligations);
- 1.38 **"Operation and Maintenance of New Items"** has the meaning given under clause 6.2.3 (Manager's Obligations);
- 1.39 **"Performance Default"** has the meaning given under paragraph 4.1 of Schedule 2 (Key Performance Indicator);
- 1.40 **"Performance Failure"** has the meaning given under paragraph 1.3 of Schedule 2 (Key Performance Indicator);
- 1.41 **"Performance Failure Points"** are the points allocated to a Performance Failure where such Performance Failure has not been rectified by the Manager within the Rectification Period as detailed in Table 2 (Key Performance Indicator Table) of Schedule 2 (Key Performance Indicators);
- 1.42 **"Planning Law"** means every Enactment and, to the extent they relate to [the Plaza] / [Redbridge Square] [insert property name in relevant agreement], planning permission, statutory consent and agreement made under any Enactment relating to the use, development and occupation of land;
- 1.43 **"Plaza"** means the plaza at Canada Water which is shown edged blue on Plan "MDA – Deal Porter Square" at Part 1 of Schedule 3 (Plans) (but excluding, for the avoidance of doubt, the Library premises adjacent to the Plaza) and a reference to the Plaza includes, where the context permits, any part of it;
- 1.44 **"Plaza Property"** means the leasehold and freehold titles forming the Plaza which are, at the date of this Agreement, registered at HM Land Registry under title numbers TGL364418 and TGL298689 respectively;
- 1.45 **"Principal Rent"** has the meaning given to that term under the Headlease;
- 1.46 **"Prohibited Use"** means any activity or use of [the Plaza] / [Redbridge Square] [insert property name in relevant agreement] which:

- 1.46.1 shall prevent access to [the Plaza] / [Redbridge Square] [insert property name in relevant agreement] as a public open space;
- 1.46.2 shall prevent reasonable pedestrian access on, over and through [the Plaza] / [Redbridge Square] [insert property name in relevant agreement] at all times;
- 1.46.3 shall result in a permanent structure (other than a structure permitted by clause 3.1.4(B)) being erected in or on [the Plaza] / [Redbridge Square] [insert property name in relevant agreement];
- 1.46.4 is illegal; or
- 1.46.5 shall materially adversely affect an owner or occupier of any building facing on to [the Plaza] / [Redbridge Square] [insert property name in relevant agreement];
- 1.47 **"Rectification Period"** means the periods granted by the Council to the Manager to rectify a Performance Failure as set out in Table 2 (Key Performance Indicator Table) of Schedule 2 (Key Performance Indicators);
- 1.48 **"Redbridge Square"** means the area known (as at the date of this Agreement) as Redbridge Square which is shown edged blue on Plan "MDA – Redbridge Square" at Part 2 of Schedule 3 (Plans) and includes the Swing Bridge, [the steps/staircases connecting into the Swing Bridge and the underpass running under the Swing Bridge and Redriff Road] and a reference to Redbridge Square includes, where the context permits, any part of it;
- 1.49 **"Redbridge Square Property"** means the freehold title to the Redbridge Square which is, at the date of this Agreement, registered at HM Land Registry under title number SGL341365;
- 1.50 **"Renewal Notice"** has the meaning given to that term in clause 14.1;
- 1.51 **"Requisite Consents"** means all requisite planning permissions, building regulation requirements, relevant British Standards and Codes of Practice, Acts of Parliament, byelaws and regulations or any other consents necessary to comply with the Licence and/or commence, carry out and complete any works pursuant to the Licence and/or host any events pursuant to clause 3.1.5;
- 1.52 **"Retained Interest"** means:
 - 1.52.1 an interest in shares in a company held directly or indirectly conferring in the aggregate 20% or more of the total voting rights conferred by all the issued shares in that company taking account of restrictions on voting rights contained in the articles of association of that company; or
 - 1.52.2 an interest in 20% or more of the total voting rights held directly or indirectly in a limited partnership or more than 20% of the decision making powers in any other vehicle,
 (and "company" "limited partnership" and "vehicle" shall for the purposes of this definition be construed as including any number of the same such entities);
- 1.53 **"Surplus"** has the meaning given to that term in clause 9.2;
- 1.54 **"Shortfall"** has the meaning given to that term in clause 9.5;
- 1.55 **"Statutory Successor"** means any successor authority which takes on the competence and responsibilities of The Mayor and Burgesses of the London Borough of Southwark and in which the assets (or a substantial part of the assets as shall include (but not exclusively comprise) the Plaza Property or the Redbridge Square Property or both (as applicable) or any part of them) of The Mayor and Burgesses of the London Borough of Southwark shall from time to time become vested;

- 1.56 **"Swing Bridge"** means the bridge located on Redbridge Square as at the date of this Agreement in the approximate location shown edged red on Plan "Swing Bridge" Part 1 of Schedule 3 (Plans) and a reference to the Swing Bridge includes, where the context permits, any part of it;
- 1.57 **"Termination Date"** means the date of early termination of this Agreement in accordance with the provisions of this Agreement;
- 1.58 **"VAT"** means value added tax as referred to in the Value Added Tax Act 1994, or any tax of a similar nature which may be substituted for or levied in addition to it; and
- 1.59 **"Working Day"** means any day (other than Saturday and Sunday) on which banks are usually open for business in England and Wales.

2. INTERPRETATION

- 2.1 Where a party is more than one person, their obligations are joint and several.
- 2.2 An obligation:
- 2.2.1 not to do or omit anything is also an obligation not to permit or suffer it being done or omitted by anyone deriving title from or tolerated by the person owing the obligation or by its or their employees or agents and to prevent or, as appropriate, to require it to be done;
 - 2.2.2 to do or not omit anything is also an obligation to procure it; and
 - 2.2.3 to make any payment requires it to be made so that the payee receives full value in cleared sterling funds on the date the payment is due or the deposit is made.
- 2.3 In this Agreement, unless the context otherwise requires:
- 2.3.1 words importing persons include firms, companies and corporations and vice versa;
 - 2.3.2 words importing the singular number shall include the plural and vice versa;
 - 2.3.3 anything which is stated to include anything else does not, by the inclusion, limit the generality of the matter referred to;
 - 2.3.4 any reference to a specific Enactment include every modification, consolidation and re-enactment and extension of it;
 - 2.3.5 any clause are to those of this Agreement; and
 - 2.3.6 a reference to the "parties" means the parties to this Agreement and a reference to a "party" means a party to this Agreement.
- 2.4 Clause headings do not affect the construction of this Agreement.
- 2.5 In this Agreement, any reference to the Plaza, Redbridge Square, the Swing Bridge, the Headlease Premises, the Plaza Property and the Redbridge Square Property extends, where the context permits, to any part of them.

3. LICENCE GRANTED

- 3.1 The Council grants a licence to the Manager for the Operating Period and for the benefit of the [the Plaza] / [Redbridge Square] [insert property name in relevant agreement] in order for the Manager (and its employees, contractors and agents) to:
- 3.1.1 pass on foot over and through [the Plaza] / [Redbridge Square] [insert property name in relevant agreement] for the purposes of access to and egress from the

Headlease Premises and to access [the Plaza] / [Redbridge Square] [insert property name in relevant agreement] as a public open space;

- 3.1.2 exclusively manage [the Plaza] / [Redbridge Square] [insert property name in relevant agreement] on a day to day basis, including attending to **all** matters relating to the cleaning, security and signage of [the Plaza] / [Redbridge Square] [insert property name in relevant agreement] in a manner consistent with the Management Plan;
- 3.1.3 clean assets within the Council's existing lighting systems, but not to connect to or alter such systems without the prior written consent of the Council;
- 3.1.4 without prejudice to clauses 3.1.2, 3.1.3 or 3.1.5, undertake the following activities in a manner consistent with the Management Plan (or otherwise with the consent of the Council such consent not to be unreasonably withheld or delayed where the use is not a Prohibited Use):
- (A) clean, inspect, repair, and maintain and to take reasonably appropriate measures to protect, upgrade and safeguard the signage, lighting (to include providing any new lighting, separate to the Council's existing lighting systems), security, security equipment/systems (including any CCTV), communications equipment/systems (including wi-fi hotspots), bins/refuse stores and hard and soft landscaping elements (including any seating) from time to time of and on [the Plaza] / [Redbridge Square] [insert property name in relevant agreement] and any utility systems or installations required to operate or support the foregoing or for the management and operation of [the Plaza] / [Redbridge Square] [insert property name in relevant agreement] (and such right shall include cutting, trimming and treating the existing trees, bushes, shrubs, lawns and plants in [the Plaza] / [Redbridge Square] [insert property name in relevant agreement] and (where necessary) removing and re-planting the same);
 - (B) alter, change, add to, replace and build, construct, erect, install, set-up, place and/or affix new lighting systems, signage, security, security equipment/systems (including CCTV), communications equipment/systems (including wi-fi hotspots), bins-refuse stores and hard and soft landscaping elements (including seating) from time to time of and on [the Plaza] / [Redbridge Square] [insert property name in relevant agreement] (including by providing further or alternative lighting, signage or security systems (including CCTV), installing additional or alternative bins/refuse stores or seating, providing a canopy or cover providing protection from the elements or creating new garden spaces and providing any utility systems or installations required to operate or support the foregoing or for the management and operation of [the Plaza] / [Redbridge Square] [insert property name in relevant agreement], and to install and lay and connect into any Conduits and services in, on, under or over [the Plaza] / [Redbridge Square] [insert property name in relevant agreement] from time to time;
 - (C) build, construct, erect, install, set-up, place and/or affix temporary lighting systems or new permanent lighting systems from time to time on [the Plaza] / [Redbridge Square] [insert property name in relevant agreement] provided that any such lighting systems are not connected into, and don't interfere with, the Council's existing lighting systems in any way;
 - (D) make reasonable regulations for [the Plaza] / [Redbridge Square] [insert property name in relevant agreement] in relation to cleaning, security, use, access, signage, the management of smells, odours, noise, events,

activities and amenities (including those under clause 3.1.5) and vibrations and the manner of any use and access,

provided always that the grant of such licence does (or those authorised by it do) not prevent (i) access to [the Plaza] / [Redbridge Square] [insert property name in relevant agreement] for the public at large or (ii) reasonable pedestrian access on, over and through [the Plaza] / [Redbridge Square] [insert property name in relevant agreement] at all times, or (iii) compliance with all applicable Enactments, Planning Law and consents;

- 3.1.5 undertake the following activities in a manner consistent with the Management Plan (or otherwise with the consent of the Council (such consent not to be unreasonably withheld or delayed where the use is not a Prohibited Use)):
- (A) use [the Plaza] / [Redbridge Square] [insert property name in relevant agreement] for temporary activities, events and amenities, including for promotional or marketing activities, sports and leisure activities, performing arts, live entertainment, festivals, music or theatrical events, a cinema, fairs, markets (and for the sale of food, beverages and general goods) and other cultural, community, commercial and/or charitable activities, events and amenities, together with the ancillary right where reasonably necessary to take reasonable steps to control and manage access to such activities, events and amenities (but not so as to materially hinder public access on, over or through [the Plaza] / [Redbridge Square] [insert property name in relevant agreement]);
 - (B) grant non-exclusive licences for a term not exceeding a year (unless a break right in favour of the Manager is included in the licence or otherwise with the consent of the Council, such consent not to be unreasonably withheld) to third parties to occupy part of [the Plaza] / [Redbridge Square] [insert property name in relevant agreement] for uses which are complementary to the Headlease Premises and/or which enhance the value in any way of [the Plaza] / [Redbridge Square] [insert property name in relevant agreement] to the community or the occupiers of the Headlease Premises;
 - (C) build, construct, erect, install, set-up, place and/or affix on [the Plaza] / [Redbridge Square] [insert property name in relevant agreement] (and thereafter to remove and dismantle) (a) temporary structures and all associated goods, items and other equipment as may be reasonably required for the exercise of the licence (b) cycle racks, cycle parking loops and/or a cycle station (c) temporary or permanent artwork, sculptures, exhibitions and architectural or other ornamental features (d) temporary, seasonal or cultural decorations and items (e) information stands and boards, placards and hoardings (f) any other temporary or permanent improvements which will benefit the community;
 - (D) repair, renew, decorate, alter, vary or otherwise deal in any way with any structure or item built, constructed, erected, installed, set-up, placed and/or affixed on [the Plaza] / [Redbridge Square] [insert property name in relevant agreement] pursuant to clauses 3.1.4(B) or 3.1.5(D);
 - (E) enter on to [the Plaza] / [Redbridge Square] [insert property name in relevant agreement] with or without workmen and any vehicles, materials, plant, machinery, apparatus and equipment and to remain there as is reasonably necessary for the purpose of complying with the licence or complying with the Manager's obligations in this Agreement or for any other purpose in connection with the Headlease Premises and to carry

out any works in connection with compliance with the licence in accordance with clauses 6.1.5 and 6.1.6;

- (F) re-surface or re-pave [the Plaza] / [Redbridge Square] [insert property name in relevant agreement] at the Manager's cost (provided that this clause shall operate without prejudice to the rights of the Manager under clause 7.2); and
- (G) redecorate the Swing Bridge,

provided always that the grant of such licence does (or those authorised by it do) not prevent (i) access to [the Plaza] / [Redbridge Square] [insert property name in relevant agreement] for the public at large or (ii) reasonable pedestrian access on, and/or through [the Plaza] / [Redbridge Square] [insert property name in relevant agreement] at all times, or (iii) compliance with all applicable Enactments, Planning Law and consents.

- 3.2 The Licence is for the duration of this Agreement (and the Council will not enter into any other management agreements for [the Plaza] / [Redbridge Square] [insert property name in relevant agreement] save in so far as are required to perform its obligations under this Agreement, or except with the prior written consent of the Manager (not to be unreasonably withheld)) and is granted subject to the covenants, rights, easements, wayleaves, stipulations and other matters as are subsisting at the date of the Master Development Agreement in so far as such matters affect [the Plaza] / [Redbridge Square] [insert property name in relevant agreement] from time to time.
- 3.3 The Council and the Manager agree that the Management Plan may approve certain matters and, where a matter in clause 3.1 requires the consent of the Council and that matter has been approved under the then current Management Plan, then the Manager shall not be required to seek further approval from the Council.
- 3.4 For the avoidance of doubt, the Manager may appoint a third party to operate in accordance with the terms of the Licence under this Agreement on its behalf subject to the Council's consent (such consent not to be unreasonably withheld or delayed) (provided that the Manager shall remain primarily responsible and liable to the Council as if it shall have operated in accordance with the terms of the Licence itself).

4. RIGHTS RESERVED

- 4.1 Notwithstanding the terms of the Licence granted in clause 3, the Council shall have the right at all times throughout the Operating Period to:
 - 4.1.1 pass over [the Plaza] / [Redbridge Square] [insert property name in relevant agreement] with or without notice and with or without workmen and/or subcontractors and any vehicles, materials, plant, machinery, apparatus and equipment for any reason, including (without limitation) in order to inspect service maintain repair and alter or rebuild [the Plaza (and also the Library premises adjacent to the Plaza including the right to erect scaffolding thereon)] / [Redbridge Square] [insert property name in relevant agreement] (including but not limited to any lighting structures). The Council shall exercise such rights in a manner consistent with the Management Plan (save in the case of an emergency) and will use reasonable endeavours to provide as much notice as practicable ahead of carrying out any works and will take into account any reasonable representations made by the Manager as to the programming and carrying out of such works; and
 - 4.1.2 require the Manager to remove any structures or other items erected on [the Plaza] / [Redbridge Square] [insert property name in relevant agreement] (including but not limited to any new signage, security, security equipment/systems (including CCTV), communications, equipment/systems

(including wi-fi hotspots), bins-refuse stores and hard and soft landscaping elements (including seating), canopy of cover and/or temporary lighting where such structures or other items erected are considered by the Council (acting reasonably) to be dangerous or unlawful.

- 4.2 It is acknowledged and agreed that the Parties shall, and shall procure that their respective workmen and/or subcontractors shall, act in good faith and co-operate with each other when undertaking any activities and/or any works on [the Plaza] / [Redbridge Square] [insert property name in relevant agreement].

5. MANAGEMENT PLAN

- 5.1 The Council or the Manager may review the Management Plan from time to time and propose such additions, updates, replacements, substitutions or variations of the Management Plan to the other Party and shall record any such agreed additions, updates, replacements, substitutes or variations in writing signed by both Parties.
- 5.2 The Council and the Manager shall each act reasonably in seeking to agree any proposed addition, update, replacement, substitution or variation of the Management Plan provided that it shall be reasonable for the Council to withhold its agreement to any addition, update, replacement, substitution or variation which permits a Prohibited Use.

6. MANAGER'S OBLIGATIONS

- 6.1 The Manager covenants with the Council throughout the Operating Period (insofar as it seeks to comply with the terms of the Licence):
- 6.1.1 to comply with the terms of the Licence in a manner which is consistent with the Management Plan;
 - 6.1.2 not to prevent the access to, or the use of, [the Plaza] / [Redbridge Square] [insert property name in relevant agreement] as a public open space and to procure that there is reasonable pedestrian access on, over and through [the Plaza] / [Redbridge Square] [insert property name in relevant agreement] at all times (though the Manager may regulate the route or manner of such access and use from time to time and may make reasonable regulations in relation to such access and use);
 - 6.1.3 to make good at its own cost as soon as reasonably practicable to the reasonable satisfaction of the Council any damage caused to [the Plaza] / [Redbridge Square] [insert property name in relevant agreement] by the Manager or caused during any event or other arrangements organised by the Manager or anyone authorised by the Manager;
 - 6.1.4 to comply with all Enactments and Planning Law;
 - 6.1.5 to obtain (where required) all Requisite Consents before operating under the terms of the Licence and before commencement of any works pursuant to the Licence and provide the Council with full details thereof;
 - 6.1.6 to carry out any works pursuant to the terms of the Licence in accordance with Good Industry Practice and in a good and workmanlike manner and (where applicable) in compliance with all relevant Requisite Consents;
 - 6.1.7 not to do anything on [the Plaza] / [Redbridge Square] [insert property name in relevant agreement] which would cause a legal nuisance to the owners or occupiers of premises neighbouring [the Plaza] / [Redbridge Square] [insert property name in relevant agreement];

- 6.1.8 not to obstruct any Conduits in, under, on or over [the Plaza] / [Redbridge Square] [insert property name in relevant agreement] or discharge into such Conduits any material which is deleterious, polluting or dangerous or which might damage such Conduits; and
- 6.1.9 to pay all staff and oblige any sub-contractors or third parties to pay all staff working in London and engaged or employed in the operation of the terms of the Licence and/or performance of the obligations pursuant to this Agreement the London Living Wage and provide on request a declaration to evidence compliance with this obligation.
- 6.2 The Manager shall undertake the following activities in accordance with Good Industry Practice:
- 6.2.1 keep [the Plaza] / [Redbridge Square] [insert property name in relevant agreement] at all times clean and tidy to include (but not limited to) keeping [the Plaza] / [Redbridge Square] [insert property name in relevant agreement] free from any litter and refuse ("Litter"), dead particulate organic material ("Detritus"), writing or drawings scribbled, scratched, or sprayed illicitly on a wall or other surface ("Graffiti"), advertising posters or similar materials ("Fly Posting") and dog waste ("Dog Fouling") as more particularly set out in the Management Plan;
- 6.2.2 clean, inspect, repair and maintain the signage, security, security equipment/systems (including any CCTV), communications equipment/systems (including wi-fi hotspots), bins/refuse stores, and hard and soft landscaping elements (including seating) and any utility systems or installations required to operate or support the management and operation of [the Plaza] / [Redbridge Square] [insert property name in relevant agreement] pursuant to clause 3.1.4(A) ("**Operation and Maintenance of Existing Items**") as more particularly set out in the Management Plan;
- 6.2.3 clean, inspect, repair and maintain any equipment, structures, temporary lighting structure or otherwise altered, changed, added to, replaced, built, constructed, erected, installed, set-up, placed and/or affixed at [the Plaza] / [Redbridge Square] [insert property name in relevant agreement] by the Manager pursuant to clauses 3.1.4(B), 3.1.4(C), 3.1.5(A) and 3.1.5(C) ("**Operation and Maintenance of New Items**"); and
- 6.2.4 where the Manager uses [the Plaza] / [Redbridge Square] [insert property name in relevant agreement] for any activity, event or amenity pursuant to clause 3.1.5(A), to manage such activity, event or amenity in accordance with this Agreement (including (but not limited to) the Management Plan) ("**Management of Events**"),
- in each case to a standard which complies with the Key Performance Indicators.
- 6.3 The Manager may engage a third party contractor (a "**Contractor**") to comply with any or all of the obligations on the part of the Manager in this Agreement on its behalf subject to the Council's consent (such consent not to be unreasonably withheld or delayed) (provided that the Manager shall remain primarily liable to the Council in respect of such obligations), *Provided That* where such third party is already engaged to manage the Headlease Premises or a substantial part of the Headlease Premises, the Manager will consult with the Council and give due regard to representations made by the Council, but the Council's consent will not be required in relation to the engagement of such third party as a Contractor under this Agreement.

7. COUNCIL'S OBLIGATIONS

- 7.1 Subject to clause 6.1.3, the Council shall be responsible for the repair and maintenance of the surface and paving and all structures and permanent lighting now or at any time existing in, under or [the Plaza] / [Redbridge Square] [insert property name in relevant agreement] (save for any structures or temporary lighting or new lighting system which have been erected or installed by the Manager pursuant to this Agreement), including, without limitation, the Swing Bridge and the Council shall ensure that such surface and paving and structures comply with Enactments and Planning Law and the Council shall be liable for any want of repair of the same and any non-compliance of the same with Enactments and/or Planning Law.
- 7.2 If the Council has not complied with its obligation in clause 7.1, the Manager may, having given notice to the Council setting out reasonable details of the breach and allowing the Council a reasonable period (having regard to the nature of the breach) from the date of such notice to remedy the relevant breach, take all reasonable measures to remedy the breach and, if the Manager does so, then the reasonable and proper costs incurred by or on behalf of the Manager in remedying the relevant breach may, at the Manager's election, be deemed to be Gross Deductible Expenditure in respect of the Retained Premises (as defined in the Headlease) in respect of the relevant Accounting Year for the purposes of the calculation of the Principal Rent under the Headlease.
- 7.3 The Council covenants with the Manager that it shall not:
- 7.3.1 cause damage to any item or structure installed on or at [the Plaza] / [Redbridge Square] [insert property name in relevant agreement] by or on behalf of the Manager in accordance with the terms of clauses 3 or 6; or
- 7.3.2 make any alterations to [the Plaza] / [Redbridge Square] [insert property name in relevant agreement] (other than to comply with its obligations under this clause 7) or grant any rights relating to [the Plaza] / [Redbridge Square] [insert property name in relevant agreement] in addition to the rights granted to licensees or other third parties and existing as at the date of the Master Development Agreement (or any contractually required or statutory renewal thereof) that would prevent the Manager from complying with the terms of the Licence granted to it under this Agreement.
- 7.4 The Council shall as soon as reasonably practicable provide such reasonable information and assistance which the Manager may reasonably require in order to comply with its obligations under this Agreement.
- 7.5 It is acknowledged and agreed that the Council may at any time Dispose of all or any part of [the Plaza] / [Redbridge Square] [insert property name in relevant agreement] in accordance with clause 11.

8. PERFORMANCE MONITORING AND KEY PERFORMANCE INDICATORS

8.1 General Obligations

Without prejudice to clause 8.2 (Key Performance Indicators), the Council may undertake monitoring of the Manager's operations pursuant to the terms of the Licence and/or performance of its obligations under this Agreement to include (but not limited to) upon receipt of any complaint from a third party.

8.2 Key Performance Indicators

- 8.2.1 The Council shall monitor the Manager's performance of its obligations under clause 6.2 (Manager's Obligations) against the Key Performance Indicators in accordance with Schedule 2 (Key Performance Indicators).
- 8.2.2 Failure to comply with the Key Performance Indicators may lead to Performance Failure Points being allocated by the Council in accordance with Schedule 2 (Key Performance Indicators) and the subsequent termination of this Agreement by the

Council on the occurrence of a Performance Default in accordance with clause 12 (Termination).

- 8.2.3 From time to time (but not more than twice in any calendar year), the Manager may make proposals to vary the Key Performance Indicators, by way of removing redundant indicators, adding relevant indicators, amending the testing regime, amending the rectification periods and the numbers of failures that result in termination due to Performance Default. The Council shall act reasonably in considering such proposals and this Agreement shall be varied in accordance with clause 21.1 to take into account any proposals that are agreed.

9. INCOME AND FUNDING

- 9.1 The Council and the Manager agree:

9.1.1 that no charge or fee or payment of any kind shall be payable by the Council to the Manager in relation to the Costs or otherwise payable under any circumstances under this Agreement; and

9.1.2 subject to clause 9.4, that any Net Income shall be retained by the Manager and applied to defray the Costs.

- 9.2 In respect of any of the works or services provided directly by the Manager pursuant to this Agreement (other than those provided and charged for by a third party), a deemed annual fee for the provision of such works or services (which is equivalent to the fee which an external third party provider of the relevant works or services (with appropriate experience, reputation and capacity of managing and maintaining assets of a similar value, location and nature to [the Plaza] / [Redbridge Square] [insert property name in relevant agreement]) would charge from time to time for such works or services (as applicable) (a "Market Rate")) shall be accounted for by the Manager as part of the Costs incurred under this Agreement, *Provided That* such deemed annual fee shall be increased or decreased every three years as required to ensure that the deemed annual fee remains a Market Rate at that time.

- 9.3 If at any time the Net Income exceeds the Costs (a "Surplus"), then the Council and the Manager agree that such Surplus (and any interest on it) shall be held by the Manager and applied to defray future Costs as and when they are incurred.

- 9.4 If at any time the Surplus exceeds [REDACTED] and the Surplus is not reasonably likely to be applied to Costs anticipated to be incurred within the following [REDACTED], the Manager shall promptly give notice to the Council and the Council may by giving notice to the Manager call for return of the Surplus. Where the Council gives notice as contemplated by this clause 9.4, the Manager shall return the Surplus to the Council within 20 (twenty) Working Days after receipt of such notice (save that the Manager may retain any part of the Surplus which is as at the date of the payment reasonably likely to be applied to Costs which are anticipated to be incurred in the (6) six months following the date of the payment).

- 9.5 If at any time the Net Income is not sufficient to cover the Costs (a "Shortfall"), then such Shortfall shall be for the account of the Manager without any claim or recourse to the Council.

- 9.6 The amount of such Shortfall (or relevant part thereof) may, at the Manager's election, be deemed to be Gross Deductible Expenditure in respect of the Retained Premises (as defined in the Headlease) in respect of the relevant Accounting Year for the purposes of calculation of the Principal Rent under the Headlease.

- 9.7 The Manager shall provide a statement of account to the Council on an annual basis which sets out the Costs for the relevant year and the amount of any Shortfall or any Surplus as at the date of the statement.

10. INSURANCE AND LIABILITY

- 10.1 The Manager shall effect and maintain during the Operating Period the following insurances with a reputable insurance company carrying on business in the United Kingdom:
- 10.1.1 public liability insurance up to a limit in respect of each and every claim or series of claims arising out of any one event of not less than ██████████ provided that the same is available on reasonable commercial rates and terms (and disregarding the Manager's own claims record and history in that respect);
 - 10.1.2 professional indemnity insurance up to a limit in respect of each and every claim or series of claims arising out of any one event of not less than ██████████ to cover civil liability which it may incur under this Agreement provided that the same is available on reasonable commercial rates and terms (and disregarding the Manager's own claims record and history in that respect);
 - 10.1.3 property damage insurance up to a limit in respect of each and every claim or series of claims arising out of any one event of not less than ██████████ to cover all liability which it may incur under this Agreement provided that the same is available on reasonable commercial rates and terms (and disregarding the Manager's own claims record and history in that respect), *Provided That*, if in the Manager's considered opinion (acting reasonably), the full reinstatement cost of [the Plaza] / [Redbridge Square] [insert property name in relevant agreement] is of a lesser amount, then up to that lesser limit, subject to consent by the Council (such consent not to be unreasonably withheld or delayed); and
 - 10.1.4 any other insurances required by law.
- 10.2 The Manager shall, when reasonably requested by the Council, produce for inspection by the Council (but not more than once annually) evidence that the insurances referred to in clauses 10.1.1 to 10.1.4 (inclusive) are being maintained.
- 10.3 Subject to clause 10.6, the Manager's liability under or in connection with this Agreement shall be limited to ██████████ for each and every claim or series of claims arising out of any one event (and this limit shall apply however that liability arises (including a liability arising by breach of contract, arising by tort (including the tort of negligence) or arising by breach of statutory duty).
- 10.4 The Manager shall reimburse the Council for any losses, costs, claims expenses and proceedings including, but not limited to, any third party actions, claims and/or demands brought against the Council arising as a direct consequence of its or its servants' or agents' failure to exercise reasonable skill and care, fraud, negligence, misconduct and/or any breach by it of any of the obligations under this Agreement.
- 10.5 Subject to clause 10.6, the Council's liability under or in connection with this Agreement shall be limited to ██████████ (and this limit shall apply however that liability arises (including a liability arising by breach of contract, arising by tort (including the tort of negligence) or arising by breach of statutory duty).
- 10.6 Clause 10.4 or clause 10.5 (as applicable) shall not exclude or limit the Manager's or the Council's (as applicable) liability for:
- 10.6.1 death or personal injury caused by the Manager's or the Council's (as applicable) negligence; or
 - 10.6.2 the Manager's or the Council's (as applicable) fraud or fraudulent misrepresentation.
- 10.7 Neither Party shall be liable for, and each Party hereby waives, all rights (if any) in respect of any claims for loss of profits, loss of business or indirect losses or consequential damages of any kind arising from any breach by the other Party of any of its obligations contained in this Agreement.

11. ASSIGNMENT

The Manager's rights

- 11.1 Save as set out in this clause 11.2, the Manager shall not sub-contract, novate, assign, delegate or otherwise transfer in whole or in part any benefit or obligation, or the performance of any of its rights, obligations or duties under this Agreement without the prior written consent of the Council (not to be unreasonably withheld or delayed).
- 11.2 On the transfer or assignment of the whole of the Headlease Premises in accordance with the Headlease from the Manager to a transferee or assignee, the Parties acknowledge and agree that all of the Manager's rights, duties, liabilities and obligations in this Agreement shall be novated to such transferee or assignee of the whole of the Headlease Premises.
- 11.3 Where clause 11.2 applies:
- 11.3.1 the Manager shall procure that the transferee or assignee of the Headlease Premises shall enter into a novation agreement and effect the novation on the date of such transfer or assignment; and
- 11.3.2 the Council shall promptly upon a written request by the Manager do all such acts and things in order to give effect to such action.

The Council's rights

- 11.4 The Council may at any time:
- 11.4.1 assign all or any part of the benefit of this Agreement to any other public body or successor organisation or any subsidiary of the Council with immediate effect by serving written notice to that effect on the Manager; and/or
- 11.4.2 novate all or any part of its duties liabilities and obligations in this Agreement to any other public body or successor organisation or any subsidiary of the Council.
- 11.5 Where clause 11.4.2 applies:
- 11.5.1 the Council shall procure that the transferee shall enter into a novation agreement and effect the novation on the date of such novation agreement; and
- 11.5.2 the Manager shall promptly upon a written request by the Council do all such acts and things as the Council may require in order to give effect to any such actions.
- 11.6 On the Disposal of the whole of [the Plaza] / [Redbridge Square] [insert property name in relevant agreement] by the Council to a purchaser or lessee (as applicable, the Council shall procure that on the date of such Disposal such purchaser or lessee (as applicable) shall enter into a novation agreement to effect the novation of all of the Council's rights, duties, liabilities and obligations in this Agreement to the purchaser or lessee (as applicable) of the whole of [the Plaza] / [Redbridge Square] [insert property name in relevant agreement] and the Manager shall promptly upon the written request of the Council do all such acts and things as the Council may require in order to give effect to any such novation.
- 11.7 On the Disposal of part of [the Plaza] / [Redbridge Square] [insert property name in relevant agreement] only, the following shall apply:
- 11.7.1 the Council shall procure that on the date of the Disposal the purchaser or lessee (as applicable) of such part shall enter into a new management agreement with the Manager on the same terms to this Agreement (in so far as it relates to a part of [the Plaza] / [Redbridge Square] [insert property name in relevant agreement] being Disposed of) and the Manager shall promptly upon the written request of the Council do all such acts and things as the Council may require in order to give effect to any such actions; and
- 11.7.2 simultaneously the Council and the Manager shall enter into a deed of variation or equivalent to remove the Council's rights, duties, liabilities and obligations from this Agreement in relation to such part of [the Plaza] / [Redbridge Square] [insert property name in relevant agreement] that have been Disposed of and the

Manager shall promptly upon the written request of the Council do all such acts and things as the Council may require in order to give effect to any such actions.

12. TERMINATION

12.1 Subject to clause 13, the Council may terminate this Agreement by notice in writing in the following circumstances:

- 12.1.1 if the Manager has committed a material breach of the terms of the Licence and/or obligations under this Agreement (including any material breach of clause 6.2) and such breach is, of a matter of fact, not capable of remedy;
- 12.1.2 if the Manager has committed a material breach of the terms of the Licence and/or obligations under this Agreement (including any material breach of clause 6.2) and such breach is capable of remedy and the Manager has failed to remedy the breach within such reasonable period of time as may be specified in a notice from the Council requiring it to do so;
- 12.1.3 if:
 - (A) the Council receives 5 (five) or more complaints (other than complaints that the Council decides at its sole discretion are vexatious in nature) from third parties in relation to [the Plaza] / [Redbridge Square] [insert property name in relevant agreement] in any calendar year for any reason; and
 - (B) such complaints have arisen as a result of a breach by the Manager of the terms of the Licence and/or obligations pursuant to this Agreement; and
 - (C) where such breach is capable of remedy, the Manager has failed to remedy the breach within such reasonable period of time as may be specified in a notice from the Council requiring it to do so;
- 12.1.4 the occurrence of a Performance Default;
- 12.1.5 a breach by the Manager of clause 10.1 to 10.1.3 (inclusive) (Insurance and Liability);
- 12.1.6 if the Manager is a person or entity in which BL CW Holdings Limited or a member of BL CW Holdings Limited's Group does not hold a Retained Interest on giving 60 (sixty) Working Days' written notice to the Manager provided that this Agreement shall not terminate if, on the expiry of such 60 Working Day period, BL CW Holdings Limited or a member of BL CW Holdings Limited's Group holds a Retained Interest in the Manager;
- 12.1.7 the Headlease has been surrendered or otherwise determined;
- 12.1.8 any receiver or receiver manager in respect of the Manager is appointed or possession is taken by or on behalf of any creditor of any property of the Manager that is the subject of a charge;
- 12.1.9 any voluntary arrangement is made for a composition of debts or a scheme of arrangement is approved under the Insolvency Act 1986 or the Companies Act 2006 in respect of the Manager; or
- 12.1.10 an administration order is made or an administrator is appointed in respect of the Manager.

12.2 This Agreement shall either terminate:

- 12.2.1 in relation to clauses 12.1.2 or 12.1.3 on the day after the remediation period specified in the Council's notice sent in accordance with clauses 12.1.2 or 12.1.3 (as applicable) where the Manager has not remedied such breach within the specified period (to the reasonable satisfaction of the Council); or

- 12.2.2 in all other cases, twenty (20) Working Days after the date the Manager receives the termination notice.
- 12.3 On the Expiry Date or, if earlier, the Termination Date if:
- 12.3.1 there is a Surplus, then the Manager shall pay to the Council the amount of such Surplus within 20 (twenty) Working Days of the Termination Date; or
- 12.3.2 there is a Shortfall, then the provisions of clauses 9.5 and 9.6 shall apply.
- 12.4 If the Manager can provide reasonable evidence that there has been a Shortfall for three successive annual periods within the Operating Period then the Manager shall be entitled to terminate this Agreement on serving not less than six months' written notice provided that such a notice may only be served within six months of the expiry of the third annual Shortfall period in respect of which evidence of a Shortfall is produced.
- 12.5 Following any termination the Manager shall work together with the Council for a period of 4 (four) weeks following the termination to assist the Council in an orderly handover of the matters and obligations the subject of this Agreement.
- 12.6 Clause 12.4 shall survive termination of this Agreement.
13. **FORCE MAJEURE**
- 13.1 If a Party (the "Affected Party") is unable to carry out any of its obligations under this Agreement due to any circumstance of Force Majeure, this Agreement shall remain in effect but, save as otherwise provided in this Agreement, the obligations of the Affected Party insofar as they are affected by Force Majeure shall be suspended without liability, for the period during which the circumstance of Force Majeure prevails, provided that:
- 13.1.1 the Affected Party gives the other Party prompt notice describing the circumstance of Force Majeure including the nature of the occurrence, its expected duration, the actions and steps it is taking to remedy such circumstances of Force Majeure and, where reasonably practicable, continues to furnish regular reports with respect thereto during the period of Force Majeure;
- 13.1.2 the suspension of performance is of no greater scope and of no longer duration than is required by the circumstance of Force Majeure;
- 13.1.3 the Affected Party uses all reasonable efforts to mitigate the impact of the circumstance of Force Majeure and to remedy its inability to perform as quickly as possible; and
- 13.1.4 as soon as practicable after the end of the circumstance of Force Majeure the Affected Party notifies the other Party in writing of the same and the Affected Party resumes performance of its obligations under this Agreement.
- 13.2 If:
- 13.2.1 a circumstance of Force Majeure lasts for a continuous period of six (6) months and the effects of such circumstance of Force Majeure continue to prevent the Affected Party from performing any material obligations under this Agreement; and
- 13.2.2 prior to the end of that period the Parties have failed (acting reasonably and in good faith) to reach agreement on any modification to this Agreement which may be equitable having regard to the nature of a circumstance of Force Majeure,
- then either Party may immediately terminate this Agreement by giving written notice to the other Party (a notice of Termination for Force Majeure) and, subject to clause 12.3 (Termination) no compensation shall be payable by either Party to the other.

13.3 Neither Party shall be liable for any breach of this Agreement caused by Force Majeure provided that this clause 13.3 (Force Majeure) shall not apply to any obligation to make payment hereunder.

14. OPERATING PERIOD AND RENEWAL OF THIS AGREEMENT

14.1 This Agreement and the rights and obligations of the Parties shall take effect on the Commencement Date and will remain in full force and effect until the earlier of the Expiry Date and the Termination Date (the "Operating Period").

14.2 Not less than four (4) months prior to the Expiry Date, subject to clause 14.3, the Council shall be entitled to give written notice (a "Renewal Notice") to the Manager that it wishes to extend the Expiry Date of this Agreement to a further later date (and the Council shall confirm such extension in the Renewal Notice). The issue of a Renewal Notice under this clause 14.2 shall not affect the nature or extent of either Party's obligations under this Agreement.

14.3 The Council shall not be entitled to issue a Renewal Notice if the Headlease has been surrendered or otherwise determined.

14.4 If the Council gives the Renewal Notice to the Manager, and the Manager accepts the renewal, then (subject to clause 14.5) this Agreement shall continue in full force and effect on its existing terms (as may be varied by the Parties before the date of the Renewal Notice) until the earlier of the Expiry Date and the Termination Date.

14.5 To the extent that the Council proposes changes to the Agreement in the Renewal Notice, then the Parties shall negotiate in good faith to agree and record such changes in writing and signed by both Parties prior to the Expiry Date and this Agreement shall continue in full force and effect on its existing terms (as may be varied by the Parties before or after the date of the Renewal Notice) until the earlier of the Expiry Date and the Termination Date.

14.6 In the event of any dispute arising pursuant to clause 14.5, the Council may chose to withdraw such changes, and in such case clause 14.4 shall apply, or the matter shall be dealt with pursuant to clause 16 (Disputes).

14.7 Subject to clause 9, either party shall be obliged to pay any amounts to the other party for or in connection with the extension of the Expiry Date of this Agreement.

14.8 It is acknowledged and agreed that the Council may issue further Renewal Notices to the Manager to further extend the Agreement beyond the Expiry Date and the process as set out in clauses 14.1 to 14.7 (inclusive) above shall in such cases be repeated.

15. NO WARRANTY

Nothing in this Agreement implies or is to be treated as a warranty (either express or implied) by the Council that [the Plaza] / [Redbridge Square] [insert property name in relevant agreement] is fit for the purpose of compliance with the terms of the Licence.

16. DISPUTES

16.1 In the event of any dispute between any parties ("Dispute") in relation to any matters under this Agreement (save as to matters of construction or interpretation) and if any party serves notice of the Dispute ("Dispute Notice") on the other party then the Dispute shall first be considered by chief executives (or officers of similar seniority) of the parties with a view to trying to resolve the Dispute but if the Dispute has still not been resolved within 20 Working Days of the date of service of the relevant Dispute Notice then the Dispute shall be referred on the application of any party to the Dispute to the Expert for determination in accordance with the remainder of this clause.

16.2 The Expert, being:

16.2.1 a partner or director for at least 10 years in an independent major national firm of surveyors with expertise in developing, leasing, investment and/or management (as appropriate) of large mixed-use investment properties; or

16.2.2 (where the Dispute in question is a legal, architectural or accounting matter) a partner for at least 10 years in a major London firm of solicitors or architects or chartered accountants (as appropriate) with expertise in matters similar to the Dispute in question,

shall be appointed by the parties or (in default of agreement between the parties as to the identity of the Expert within five working days of the Dispute Notice) shall be appointed by the President (or failing him the next most senior officer available and willing to act) of the Royal Institution of Chartered Surveyors, the Law Society, RIBA or the Institute of Chartered Accountants in England and Wales (as appropriate in the context of the nature of the Dispute).

16.3 The Expert shall be instructed:

16.3.1 to provide an opportunity for the parties to make written submissions and counter-submissions as to the Dispute, although the Expert shall not be in any way fettered by them; and

16.3.2 to serve its written determination or opinion, as the case may be, on the parties at the same time.

16.4 The Expert shall act as an expert not an arbitrator and its decision shall be final and binding on the parties (save in the case of manifest or proven error, which shall be rectified forthwith).

16.5 The parties shall procure that the opinion of the Expert is fully and promptly carried into effect by both parties.

16.6 The costs of the Expert shall be borne as the Expert shall direct or, in the absence of such direction, equally between the parties.

17. NOTICES

17.1 Any notice under this Agreement:

17.1.1 must be in writing, addressed to the relevant party at a correct address; and

17.1.2 may be served by:

(A) post or personal delivery (but not by facsimile, e-mail, other electronic means of transmission, any document exchange nor by any other means); or

(B) an agent of the serving party but not on an agent of the party to be served.

17.2 An addressee's correct address is:

17.2.1 the registered office of a corporate addressee; or

17.2.2 an address for service within the United Kingdom as last notified by a foreign party to the serving party, if the addressee is a foreign party;

17.3 Without prejudice to clause 17.2, the following are the correct address for service of notice:

17.3.1 in relation to the Council: The Mayor And Burgesses of the London Borough of Southwark of 160 Tooley Street, London SE1 2QH; and

17.3.2 in relation to the Manager: [BL CW Holdings Limited whose registered office is at York House, 45 Seymour Street, London W1H 7LX].

17.4 For the purpose of calculating any notice period associated with the service of a notice, the period begins on the date the notice is given to the party to be served.

17.5 A notice is given:

17.5.1 by post, on the date of the second (or, if earlier receipt is proved, the first) day after the date when the notice is posted; and

17.5.2 by personal delivery, on the date when the notice is delivered,
to a correct address of the party to be served.

17.6 In this Agreement, any reference to giving notice is synonymous with notifying and vice versa; and "give", "send", "serve" and "deliver" are synonymous.

17.7 A foreign party agrees to maintain and keep each other party notified of a correct address for the purposes of clause 17.2.2 at all times.

18. COUNCIL POWERS

18.1 This clause 18 applies for so long as this Agreement is vested in The Mayor and Burgesses of the London Borough of Southwark.

18.2 Save as permitted by law, nothing contained or implied in this Agreement shall prejudice or affect the rights, powers, duties and obligations of the Council in the exercise of its functions as a local planning, highway or buildings regulation authority or as a local authority under any other statutory provision (but not, for the avoidance of doubt, in its capacity as landowner) and the rights, powers, duties and obligations of the Council in those capacities under all public and private statutes, bye-laws, orders and regulations may be as fully and effectually exercised in relation to [the Plaza] / [Redbridge Square] [insert property name in relevant agreement] as if it were not the owner of any interest in them.

18.3 Notwithstanding any other provision of this Agreement, the parties shall not be obliged to do or omit to do any act or thing the doing or omission of which would be unlawful or ultra vires.

19. VALUE ADDED TAX

19.1 All sums or other consideration set out in this Agreement or otherwise payable or provided by any party to any other party pursuant to this Agreement shall be deemed to be exclusive of any VAT which is chargeable on the supply or supplies for which such sums or other consideration (or any part thereof) are the whole or part of the consideration for VAT purposes.

19.2 Where, pursuant to the terms of this Agreement, any party (the "Supplier") makes a supply to any other party (the "Recipient") for VAT purposes and VAT is or becomes chargeable on such supply, the Recipient shall, subject to the receipt by the Recipient of a valid VAT invoice in respect of such supply from the Supplier, pay to the Supplier (in addition to and at the same time as any other consideration for that supply) a sum equal to the amount of such VAT.

19.3 If one party ("Party A") is required by the terms of this Agreement to reimburse another party ("Party B") for any cost or expense, Party A shall reimburse Party B for the full amount of such cost or expense, including any part of it which represents VAT (which is not otherwise recoverable from HMRC by Party B).

20. EXCLUSION OF THIRD PARTY RIGHTS

The parties confirm that no term of this Agreement is enforceable under the Contracts (Rights of Third Parties) Act 1999 by a person who is not a party to it.

21. VARIATIONS AND WAIVER

- 21.1 No variation or alteration of any of the provisions of this Agreement shall be effective unless it is in writing and signed by both Parties.
- 21.2 Failure by either Party to enforce at any time or for any period any one or more of the terms or conditions of this Agreement shall not be a waiver of them or of the right at any time subsequently to enforce all terms and conditions of this Agreement, nor shall such failure create an estoppel.
22. **COUNTERPARTS**
- This Contract may be executed in any number of counterparts, all of which when taken together shall constitute one and the same instrument.
23. **LAW, JURISDICTION AND SEVERANCE**
- 23.1 This Agreement and any dispute or claim arising out of or in connection with it or its subject matter, existence, negotiation, validity, termination or enforceability (including non-contractual disputes or claims) shall be governed by and construed in accordance with English law and within the exclusive jurisdiction of the English courts, to which the parties irrevocably submit.
- 23.2 Each party agrees that any claim form or other document to be served under the Civil Procedure Rules may be served on it by being delivered to or left at a correct address for the purposes of clause 17.2.
- 23.3 If any provision or word of this Agreement is void or prohibited under any Enactment due to any applicable law, it shall be deemed to be deleted and the remaining provisions of this Agreement shall continue in force.

SCHEDULE 1 – MANAGEMENT PLAN

SCHEDULE 2 – KEY PERFORMANCE INDICATORS

1. INTRODUCTION

- 1.1 There are 8 (eight) key performance indicators in relation to the Manager's performance of its obligations in clause 6.2 (Manager's Obligations) of this Agreement as set out below:
- 1.1.1 Litter;
 - 1.1.2 Detritus;
 - 1.1.3 Graffiti;
 - 1.1.4 Fly Posting;
 - 1.1.5 Dog Fouling;
 - 1.1.6 Operation and Maintenance of Existing Items;
 - 1.1.7 Operation and Maintenance of New Items;
 - 1.1.8 Management of Events,
- (each one a "Key Performance Indicator").
- 1.2 Without prejudice to the Council's right to inspect [the Plaza] / [Redbridge Square] [insert property name in relevant agreement] upon receipt of a complaint from a third party, the Council will undertake up to 4 (four) surveys per calendar year at [the Plaza] / [Redbridge Square] [insert property name in relevant agreement] without prior notification to the Manager to monitor the Manager's achievement of the Key Performance Indicators. The surveyors shall allocate a Grade to each Key Performance Indicator (pursuant to Tables 1a, 1b and 2 below) to determine whether an Acceptable Standard for each Key Performance Indicator at [the Plaza] / [Redbridge Square] [insert property name in relevant agreement] has been achieved.
- 1.3 Following each survey, where an Acceptable Standard has not been achieved (a "Performance Failure") the Council shall notify the Manager of such Performance Failure(s) and the Manager shall have the opportunity to rectify the Performance Failure within the Rectification Period.
- 1.4 Where the Performance Failure has not been rectified within the Rectification Period, Performance Failure Points shall be allocated to the Manager in relation to such Performance Failure (as more particularly set out in Table 2) and the accumulation of Performance Failure Points may enable the Council to terminate this Agreement (as more particularly set out in paragraph 4 (Termination Right) below).

2. ACCEPTABLE STANDARD TO BE ACHIEVED

- 2.1 The Council's surveyors will grade each Key Performance Indicator in accordance with Tables 1a and 1b.

3. KEY PERFORMANCE INDICATOR TABLE

- 3.1 Table 2 sets out the Performance Failure, Rectification Period and Performance Failure Points for each Key Performance Indicator.
- 3.2 Subject to clause 3.3, a maximum of 8 (eight) Performance Failure Points for each survey at [the Plaza] / [Redbridge Square] [insert property name in relevant agreement] can be allocated to the Manager and, where 4 (four) surveys are undertaken in a calendar year, a maximum of 64 (sixty four) Performance Failure Points across both sites in any calendar year can be allocated to the Manager.
- 3.3 An unlimited number of surveys may be performed by the Council's assessors during and/or following an activity, event or amenity to Grade the Key Performance Indicator

"Management of Event" and, in which case, the maximum number of Performance Failure Points allocated to the Manager may be more than 48 (forty eight) Performance Failure Points in any calendar year.

4. TERMINATION RIGHT

4.1 The following shall constitute a performance default:

4.1.1 Accumulation of 3 (three) or more Performance Failure Points (incurred where relevant Performance Failures have not been rectified within the relevant Rectification Period) at [the Plaza] / [Redbridge Square] [insert property name in relevant agreement] in any 1 (one) survey; or

4.1.2 Accumulation of 5 (five) or more Performance Failure Points (incurred where relevant Performance Failures have not been rectified within the relevant Rectification Period) at [the Plaza] / [Redbridge Square] [insert property name in relevant agreement] in any 12 (twelve) calendar month period; or

4.1.3 Accumulation of 7 (seven) or more Performance Failure Points (incurred where relevant Performance Failures have not been rectified within the relevant Rectification Period) across the Plaza and Redbridge Square in any 12 (twelve) calendar month period,

each a "Performance Default".

4.2 At any time following the occurrence of a Performance Default, the Council may issue a notice to the Manager to terminate this Agreement and, in which case, clause 12 (Termination) of this Agreement shall apply.

Table 1a - Acceptable Standard for Litter, Detritus, Graffiti, Fly Posting and Dog Fouling

GRADE	DESCRIPTION	ACCEPTABLE LEVEL FOR EACH KEY PERFORMANCE INDICATOR				
		LITTER	DETRITUS	GRAFFITI	FLY POSTING	DOG FOULING
A	None of the issues present at [the Plaza] / [Redbridge Square] [insert property name in relevant agreement]	Acceptable Standard	Acceptable Standard	Acceptable Standard	Acceptable Standard	Acceptable Standard
B+	Not formally defined	Acceptable Standard	Acceptable Standard	Acceptable Standard	Acceptable Standard	Unacceptable
B	Predominantly free except for some instances of this issue at [the Plaza] / [Redbridge Square] [insert property name in relevant agreement]	Acceptable Standard	Acceptable Standard	Acceptable Standard	Acceptable Standard	Unacceptable
B-	Not formally defined	Unacceptable	Unacceptable	Unacceptable	Unacceptable	Unacceptable
C	Widespread distribution of this issue with minor accumulations at [the Plaza] / [Redbridge Square] [insert property name in relevant agreement]	Unacceptable	Unacceptable	Unacceptable	Unacceptable	Unacceptable
C-	Not formally defined at [the Plaza] / [Redbridge Square] [insert property name in relevant agreement]	Unacceptable	Unacceptable	Unacceptable	Unacceptable	Unacceptable
D	Extensive distribution of this issue with significant accumulations at [the Plaza] / [Redbridge Square] [insert	Unacceptable	Unacceptable	Unacceptable	Unacceptable	Unacceptable

	property name in relevant agreement]					
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Table 1b – Acceptable Standard for Operation and Maintenance of Existing Items, Operation and Maintenance of New Items and Management of Events

GRADE	DESCRIPTION	ACCEPTABLE LEVEL
OPERATION AND MAINTENANCE OF EXISTING ITEMS		
A	Items installed pursuant to this Agreement is operated and maintained to a good mechanical and visual condition and/or is safe to the public	Acceptable
B	Items are not operated and maintained to a good mechanical and visual condition and/or is not safe to the public	Unacceptable
OPERATION AND MAINTENANCE OF EXISTING ITEMS		
A	Items installed pursuant to this Agreement is operated and maintained to a good mechanical and visual condition and/or is safe to the public	Acceptable
B	Items are not operated and maintained to a good mechanical and visual condition and/or is not safe to the public	Unacceptable
MANAGEMENT OF EVENTS		
A	The activity, event or amenity has been managed in accordance with this Agreement (including (but not limited to the Management Plan)) and bins have been emptied and site cleaned up promptly after any such activity, event or amenity at [the Plaza] / [Redbridge Square] [insert property name in relevant agreement]	Acceptable

B	The activity, event or amenity has not been managed in accordance with this Agreement (including (but not limited to the Management Plan)) or bins have not been emptied or the site have not been cleaned up promptly after any such activity, event or amenity at [the Plaza] / [Redbridge Square] [insert property name in relevant agreement]	Unacceptable
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Table 3 Key Performance Indicator Table

KEY PERFORMANCE INDICATOR	PERFORMANCE FAILURE	FREQUENCY OF ASSESSMENT	RECTIFICATION PERIOD	PERFORMANCE FAILURE POINTS
LITTER	Failure to achieve an Acceptable Grade (i.e. Grade A, B+ or B in accordance with Table 1 a above.)	Every 3 months	24 hours from receipt of the Council's notice	1 point per Performance Failure
DETRITUS	Failure to achieve an Acceptable Grade (i.e. Grade A, B+ or B in accordance with Table 1 a above.)	Every 3 months at [the Plaza] / [Redbridge Square] [insert property name in relevant agreement]	24 hours from receipt of the Council's notice	1 point per Performance Failure
GRAFFITI	Failure to achieve an Acceptable Grade (i.e. Grade A, B+ or B in accordance with Table 1 a above.)	Every 3 months at [the Plaza] / [Redbridge Square] [insert property name in relevant agreement]	24 hours from receipt of the Council's notice	1 point per Performance Failure
FLY POSTING	Failure to achieve an Acceptable Grade (i.e. Grade A, B+ or B in accordance with Table 1 a above.)	Every 3 months at [the Plaza] / [Redbridge Square] [insert property name in relevant agreement]	24 hours from receipt of the Council's notice	1 point per Performance Failure

DOG FOULING	Failure to achieve an Acceptable Grade (i.e. Grade A in accordance with Table 1 a above.)	Every 3 months at [the Plaza] / [Redbridge Square] [insert property name in relevant agreement]	24 hours from receipt of the Council's notice	1 point per Performance Failure
OPERATION AND MAINTENANCE OF EXISTING ITEMS	Failure to achieve an Acceptable Grade (i.e. Grade A in accordance with Table 1 b above.)	Every 3 months at [the Plaza] / [Redbridge Square] [insert property name in relevant agreement]	24 hours from receipt of the Council's notice	1 point per Performance Failure
OPERATION AND MAINTENANCE OF NEW ITEMS	Failure to achieve an Acceptable Grade (i.e. Grade A in accordance with Table 1 b above.)	Every 3 months at [the Plaza] / [Redbridge Square] [insert property name in relevant agreement]	24 hours from receipt of the Council's notice	1 point per Performance Failure
MANAGEMENT OF EVENTS	Failure to achieve an Acceptable Grade (i.e. Grade A in accordance with Table 1 b above.)	Every 3 months at [the Plaza] / [Redbridge Square] [insert property name in relevant agreement]	24 hours from receipt of the Council's notice	1 point per Performance Failure

SCHEDULE 3 – PLANS
PART 1 - PLAZA

PART 2 – REDBRIDGE SQUARE

PART 3 – SWING BRIDGE

IN WITNESS whereof this deed has been executed by the parties to it and is intended to be and is hereby delivered on the date first above written.

**The Common Seal of The MAYOR
AND BURGESSES OF THE LONDON
BOROUGH OF SOUTHWARK** was
hereunto affixed in the presence of :

Authorised Signatory

EXECUTED as a Deed
(but not delivered until dated) by
[BL CW HOLDINGS LIMITED]
acting by two Directors/a Director and
the Secretary:-

)
)
)
)
)

Director

Director/Secretary



HERBERT
SMITH
FREEHILLS

2018

THE MAYOR AND BURGESSES OF THE LONDON BOROUGH OF SOUTHWARK
and
[BL CW HOLDINGS LIMITED]

MAINTENANCE AGREEMENT

in relation to the management and maintenance of
the [the Plaza] / [Redbridge Square] [insert
property name in relevant agreement] at Canada
Water in the London Borough of Southwark

Herbert Smith Freehills LLP

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THIS AGREEMENT is made on

2018

BETWEEN:

- (1) **THE MAYOR AND BURGESSES OF THE LONDON BOROUGH OF SOUTHWARK** of 160 Tooley Street, London SE1 2QH (the "Council"); and
- (2) **[BL CW HOLDINGS LIMITED** whose registered office is at York House, 45 Seymour Street, London W1H 7LX (Company number: 10398435)] (the "Manager"),

(together the "Parties").

RECITALS

- (A) The Council is the freehold owner of the [the Plaza] / [Redbridge Square] [insert property name in relevant agreement].¹
- (B) The Council and the Manager have entered into a Master Development Agreement in relation to the long term development by the Manager of the Headlease Premises.
- (C) [The Plaza] / [Redbridge Square] [insert property name in relevant agreement] does not form part of the Headlease Premises. However, the Council has agreed to grant the Manager a licence in relation to [the Plaza] / [Redbridge Square] [insert property name in relevant agreement] and the Manager has agreed to perform certain obligations in respect of [the Plaza] / [Redbridge Square] [insert property name in relevant agreement] on the terms set out in this Agreement.

NOW IT IS AGREED as follows:

1. DEFINITIONS

The following words and expressions have the following meanings:

- 1.1 **"Acceptable Standard"** means the minimum grade to be achieved by the Manager for each of the Key Performance Indicators pursuant to Schedule 2 (Key Performance Indicators);
- 1.2 **"Accounting Year"** has the meaning given to that term in the Headlease;
- 1.3 **"Affected Party"** has the meaning given to that term in clause 13.1;
- 1.4 **"Commencement Date"** means the date of this Agreement;
- 1.5 **"Conduits"** means any pipe, drain, culvert, sewer, flue, duct, gutter, wire, cable, optic fibre, conduit, channel and other conducting and service media and systems of any description, function or purpose for the passage or transmission of any services or supplies, including all related structures, plant, machinery and apparatus (excluding the Council's existing lighting systems);
- 1.6 **"Contractor"** has the meaning given to that term in clause 6.3;
- 1.7 **"Costs"** means all costs, fees, expenses, and other amounts reasonably and properly incurred, paid, or reimbursed by or on behalf of the Manager in connection with this Agreement, including (without limitation) the Market Rate for the works and services performed directly by the Manager in accordance with clause 9.2;
- 1.8 **"Detritus"** shall have the meaning given in clause 6.2.1 (Manager's Obligations);
- 1.9 **"Disposal"** means:
 - 1.9.1 the sale and purchase of the freehold of [the Plaza] / [Redbridge Square] [insert property name in relevant agreement] or any part of it from time to time;

■ _____

- 1.9.2 the grant of any tenancy of [the Plaza] / [Redbridge Square] [insert property name in relevant agreement] or any part of it from time to time;
- and **"Dispose"** shall be construed accordingly;
- 1.10 **"Dispute"** has the meaning given to that term in clause 16.1;
- 1.11 **"Dispute Notice"** has the meaning given to that term in clause 16.1;
- 1.12 **"Dog Fouling"** shall have the meaning given in clause 6.2.1 (Manager's Obligations);
- 1.13 **"Enactment"** means all Parliamentary and subordinate legislation (including all regulations, directives, schemes and rules) and bye-laws in force from time to time;
- 1.14 **"Expiry Date"** means the later of the Initial Date or the Extended Date;
- 1.15 **"Expert"** means an expert appointed under clause 16;
- 1.16 **"Extended Date"** means the last day of the term this Agreement as proposed by the Council in its most recent Renewal Notice issued in accordance with clause 14 (Operating Period and Renewal of this Agreement);
- 1.17 **"Fly Posting"** shall have the meaning given in clause 6.2.1 (Manager's Obligations);
- 1.18 **"Force Majeure"** means an event beyond the reasonable control and without the fault of negligence of the Affected Party and which by the exercise of reasonable diligence that Affected Party was unable to prevent, including, without limitation, acts of God, acts of governmental or supra-national authority, outbreak of hostilities, national emergency, an act of terrorism, riots, civil commotion, fire, explosion, flood, epidemic, strikes and other industrial disputes or malicious damage;
- 1.19 **"Good Industry Practice"** means that degree of skill, care, prudence and foresight and operating practice which would reasonably and ordinarily be expected from time to time of a skilled and experienced operator (engaged in the same type of undertaking as that of the Manager) under the same or similar circumstances;
- 1.20 **"Grade"** means grade A, B+, B, B-, C, C- or D awarded to each Key Performance Indicator by the Council when undertaking a survey of [the Plaza] / [Redbridge Square] [insert property name in relevant agreement] pursuant to Schedule 2 (Key Performance Indicators);
- 1.21 **"Graffiti"** shall have the meaning given in clause 6.2.1 (Manager's Obligations);
- 1.22 **"Gross Deductible Expenditure"** has the meaning given to that term in the Headlease;
- 1.23 **"Group"** means any subsidiary or holding company of the company in question and any subsidiary of such holding company (in each case from time to time) and the terms "subsidiary" and "holding company" shall have the meanings given to them by section 1159 of the Companies Act 2006;
- 1.24 **"Headlease"** means the lease of Land at Canada Water in the London Borough of Southwark dated on or about the date of this Agreement and made between (1) The Mayor and Burgesses of the London Borough of Southwark and (2) BL CW Holdings Limited, which is subject to registration at HM Land Registry as at the date of this Agreement, as such lease is varied and supplemented from time to time;
- 1.25 **"Headlease Premises"** means the premises demised by the Headlease from time to time;
- 1.26 **"Initial Date"** means the 25th (twenty fifth) anniversary of the Commencement Date;
- 1.27 **"Key Performance Indicators"** means the key performance indicators set out in Schedule 2 (Key Performance Indicators) of this Agreement;
- 1.28 **"Licence"** means the licence granted pursuant to clause 3.1;
- 1.29 **"Litter"** shall have the meaning given in clause 6.2.1 (Manager's Obligations);
- 1.30 **"London Living Wage"** shall mean the most recently identified London Living Wage hourly figure (or equivalent set figure(s)) published from time to time by the Greater London Authority or any successor body with responsibility for setting this figure;

- 1.31 **"Management of Events"** has the meaning given in clause 6.2.4 (Manager's Obligations);
- 1.32 **"Management Plan"** means the management plan in respect of [the Plaza] / [Redbridge Square] [insert property name in relevant agreement] agreed between the Council and the Manager in accordance with the terms of Schedule 6 of the Master Development Agreement and attached at Schedule 1 (Management Plan) and any addition, update, replacement, substitution or variation of it from time to time as may be agreed between the Council and the Manager in accordance with this Agreement;
- 1.33 **"Market Rate"** has the meaning given to it in clause 9.2;
- 1.34 **"Master Development Agreement"** means the master development agreement relating to (amongst other things) the grant of the Headlease and made between (1) The Mayor and Burgesses of the London Borough of Southwark (2) BL CW Holdings Limited (3) BL CW Developments Limited and (4) The British Land Company PLC;
- 1.35 **"Net Income"** means any income generated from the physical use of [the Plaza] / [Redbridge Square] [insert property name in relevant agreement] including any income generated from activities taking place on [the Plaza] / [Redbridge Square] [insert property name in relevant agreement] as contemplated by clauses 3.1.5(A) and 3.1.5(B) (less all reasonable and proper costs associated with generating such income) provided that Net Income shall not include any income generated in connection with any communications equipment or systems (including any wi-fi equipment) installed in, on or above [the Plaza] / [Redbridge Square] [insert property name in relevant agreement] pursuant to this Agreement in circumstances where the Council has not contributed to the capital cost of such equipment or systems;
- 1.36 **"Operating Period"** has the meaning given in clause 14.1 (Operating Period and Renewal of this Agreement);
- 1.37 **"Operation and Maintenance of Existing Items"** has the meaning given under clause 6.2.2 (Manager's Obligations);
- 1.38 **"Operation and Maintenance of New Items"** has the meaning given under clause 6.2.3 (Manager's Obligations);
- 1.39 **"Performance Default"** has the meaning given under paragraph 4.1 of Schedule 2 (Key Performance Indicator);
- 1.40 **"Performance Failure"** has the meaning given under paragraph 1.3 of Schedule 2 (Key Performance Indicator);
- 1.41 **"Performance Failure Points"** are the points allocated to a Performance Failure where such Performance Failure has not been rectified by the Manager within the Rectification Period as detailed in Table 2 (Key Performance Indicator Table) of Schedule 2 (Key Performance Indicators);
- 1.42 **"Planning Law"** means every Enactment and, to the extent they relate to [the Plaza] / [Redbridge Square] [insert property name in relevant agreement], planning permission, statutory consent and agreement made under any Enactment relating to the use, development and occupation of land;
- 1.43 **"Plaza"** means the plaza at Canada Water which is shown edged blue on Plan "MDA – Deal Porter Square" at Part 1 of Schedule 3 (Plans) (but excluding, for the avoidance of doubt, the Library premises adjacent to the Plaza) and a reference to the Plaza includes, where the context permits, any part of it;
- 1.44 **"Plaza Property"** means the leasehold and freehold titles forming the Plaza which are, at the date of this Agreement, registered at HM Land Registry under title numbers TGL364418 and TGL298689 respectively;
- 1.45 **"Principal Rent"** has the meaning given to that term under the Headlease;
- 1.46 **"Prohibited Use"** means any activity or use of [the Plaza] / [Redbridge Square] [insert property name in relevant agreement] which:

- 1.46.1 shall prevent access to [the Plaza] / [Redbridge Square] [insert property name in relevant agreement] as a public open space;
- 1.46.2 shall prevent reasonable pedestrian access on, over and through [the Plaza] / [Redbridge Square] [insert property name in relevant agreement] at all times;
- 1.46.3 shall result in a permanent structure (other than a structure permitted by clause 3.1.4(B)) being erected in or on [the Plaza] / [Redbridge Square] [insert property name in relevant agreement];
- 1.46.4 is illegal; or
- 1.46.5 shall materially adversely affect an owner or occupier of any building facing on to [the Plaza] / [Redbridge Square] [insert property name in relevant agreement];
- 1.47 **"Rectification Period"** means the periods granted by the Council to the Manager to rectify a Performance Failure as set out in Table 2 (Key Performance Indicator Table) of Schedule 2 (Key Performance Indicators);
- 1.48 **"Redbridge Square"** means the area known (as at the date of this Agreement) as Redbridge Square which is shown edged blue on Plan "MDA – Redbridge Square" at Part 2 of Schedule 3 (Plans) and includes the Swing Bridge, [the steps/staircases connecting into the Swing Bridge and the underpass running under the Swing Bridge and Redriff Road] and a reference to Redbridge Square includes, where the context permits, any part of it;
- 1.49 **"Redbridge Square Property"** means the freehold title to the Redbridge Square which is, at the date of this Agreement, registered at HM Land Registry under title number SGL341365;
- 1.50 **"Renewal Notice"** has the meaning given to that term in clause 14.1;
- 1.51 **"Requisite Consents"** means all requisite planning permissions, building regulation requirements, relevant British Standards and Codes of Practice, Acts of Parliament, byelaws and regulations or any other consents necessary to comply with the Licence and/or commence, carry out and complete any works pursuant to the Licence and/or host any events pursuant to clause 3.1.5;
- 1.52 **"Retained Interest"** means:
 - 1.52.1 an interest in shares in a company held directly or indirectly conferring in the aggregate 20% or more of the total voting rights conferred by all the issued shares in that company taking account of restrictions on voting rights contained in the articles of association of that company; or
 - 1.52.2 an interest in 20% or more of the total voting rights held directly or indirectly in a limited partnership or more than 20% of the decision making powers in any other vehicle,
 (and "company" "limited partnership" and "vehicle" shall for the purposes of this definition be construed as including any number of the same such entities);
- 1.53 **"Surplus"** has the meaning given to that term in clause 9.2;
- 1.54 **"Shortfall"** has the meaning given to that term in clause 9.5;
- 1.55 **"Statutory Successor"** means any successor authority which takes on the competence and responsibilities of The Mayor and Burgesses of the London Borough of Southwark and in which the assets (or a substantial part of the assets as shall include (but not exclusively comprise) the Plaza Property or the Redbridge Square Property or both (as applicable) or any part of them) of The Mayor and Burgesses of the London Borough of Southwark shall from time to time become vested;

- 1.56 **"Swing Bridge"** means the bridge located on Redbridge Square as at the date of this Agreement in the approximate location shown edged red on Plan "Swing Bridge" Part 1 of Schedule 3 (Plans) and a reference to the Swing Bridge includes, where the context permits, any part of it;
- 1.57 **"Termination Date"** means the date of early termination of this Agreement in accordance with the provisions of this Agreement;
- 1.58 **"VAT"** means value added tax as referred to in the Value Added Tax Act 1994, or any tax of a similar nature which may be substituted for or levied in addition to it; and
- 1.59 **"Working Day"** means any day (other than Saturday and Sunday) on which banks are usually open for business in England and Wales.

2. INTERPRETATION

- 2.1 Where a party is more than one person, their obligations are joint and several.
- 2.2 An obligation:
- 2.2.1 not to do or omit anything is also an obligation not to permit or suffer it being done or omitted by anyone deriving title from or tolerated by the person owing the obligation or by its or their employees or agents and to prevent or, as appropriate, to require it to be done;
 - 2.2.2 to do or not omit anything is also an obligation to procure it; and
 - 2.2.3 to make any payment requires it to be made so that the payee receives full value in cleared sterling funds on the date the payment is due or the deposit is made.
- 2.3 In this Agreement, unless the context otherwise requires:
- 2.3.1 words importing persons include firms, companies and corporations and vice versa;
 - 2.3.2 words importing the singular number shall include the plural and vice versa;
 - 2.3.3 anything which is stated to include anything else does not, by the inclusion, limit the generality of the matter referred to;
 - 2.3.4 any reference to a specific Enactment include every modification, consolidation and re-enactment and extension of it;
 - 2.3.5 any clause are to those of this Agreement; and
 - 2.3.6 a reference to the "parties" means the parties to this Agreement and a reference to a "party" means a party to this Agreement.
- 2.4 Clause headings do not affect the construction of this Agreement.
- 2.5 In this Agreement, any reference to the Plaza, Redbridge Square, the Swing Bridge, the Headlease Premises, the Plaza Property and the Redbridge Square Property extends, where the context permits, to any part of them.

3. LICENCE GRANTED

- 3.1 The Council grants a licence to the Manager for the Operating Period and for the benefit of the [the Plaza] / [Redbridge Square] [insert property name in relevant agreement] in order for the Manager (and its employees, contractors and agents) to:
- 3.1.1 pass on foot over and through [the Plaza] / [Redbridge Square] [insert property name in relevant agreement] for the purposes of access to and egress from the

Headlease Premises and to access [the Plaza] / [Redbridge Square] [insert property name in relevant agreement] as a public open space;

- 3.1.2 exclusively manage [the Plaza] / [Redbridge Square] [insert property name in relevant agreement] on a day to day basis, including attending to all matters relating to the cleaning, security and signage of [the Plaza] / [Redbridge Square] [insert property name in relevant agreement] in a manner consistent with the Management Plan;
- 3.1.3 clean assets within the Council's existing lighting systems, but not to connect to or alter such systems without the prior written consent of the Council;
- 3.1.4 without prejudice to clauses 3.1.2, 3.1.3 or 3.1.5, undertake the following activities in a manner consistent with the Management Plan (or otherwise with the consent of the Council such consent not to be unreasonably withheld or delayed where the use is not a Prohibited Use):
- (A) clean, inspect, repair, and maintain and to take reasonably appropriate measures to protect, upgrade and safeguard the signage, lighting (to include providing any new lighting, separate to the Council's existing lighting systems), security, security equipment/systems (including any CCTV), communications equipment/systems (including wi-fi hotspots), bins/refuse stores and hard and soft landscaping elements (including any seating) from time to time of and on [the Plaza] / [Redbridge Square] [insert property name in relevant agreement] and any utility systems or installations required to operate or support the foregoing or for the management and operation of [the Plaza] / [Redbridge Square] [insert property name in relevant agreement] (and such right shall include cutting, trimming and treating the existing trees, bushes, shrubs, lawns and plants in [the Plaza] / [Redbridge Square] [insert property name in relevant agreement] and (where necessary) removing and re-planting the same);
 - (B) alter, change, add to, replace and build, construct, erect, install, set-up, place and/or affix new lighting systems, signage, security, security equipment/systems (including CCTV), communications equipment/systems (including wi-fi hotspots), bins-refuse stores and hard and soft landscaping elements (including seating) from time to time of and on [the Plaza] / [Redbridge Square] [insert property name in relevant agreement] (including by providing further or alternative lighting, signage or security systems (including CCTV), installing additional or alternative bins/refuse stores or seating, providing a canopy or cover providing protection from the elements or creating new garden spaces and providing any utility systems or installations required to operate or support the foregoing or for the management and operation of [the Plaza] / [Redbridge Square] [insert property name in relevant agreement], and to install and lay and connect into any Conduits and services in, on, under or over [the Plaza] / [Redbridge Square] [insert property name in relevant agreement] from time to time;
 - (C) build, construct, erect, install, set-up, place and/or affix temporary lighting systems or new permanent lighting systems from time to time on [the Plaza] / [Redbridge Square] [insert property name in relevant agreement] provided that any such lighting systems are not connected into, and don't interfere with, the Council's existing lighting systems in any way;
 - (D) make reasonable regulations for [the Plaza] / [Redbridge Square] [insert property name in relevant agreement] in relation to cleaning, security, use, access, signage, the management of smells, odours, noise, events,

activities and amenities (including those under clause 3.1.5) and vibrations and the manner of any use and access,

provided always that the grant of such licence does (or those authorised by it do) not prevent (i) access to [the Plaza] / [Redbridge Square] [insert property name in relevant agreement] for the public at large or (ii) reasonable pedestrian access on, over and through [the Plaza] / [Redbridge Square] [insert property name in relevant agreement] at all times, or (iii) compliance with all applicable Enactments, Planning Law and consents;

- 3.1.5 undertake the following activities in a manner consistent with the Management Plan (or otherwise with the consent of the Council (such consent not to be unreasonably withheld or delayed where the use is not a Prohibited Use)):
- (A) use [the Plaza] / [Redbridge Square] [insert property name in relevant agreement] for temporary activities, events and amenities, including for promotional or marketing activities, sports and leisure activities, performing arts, live entertainment, festivals, music or theatrical events, a cinema, fairs, markets (and for the sale of food, beverages and general goods) and other cultural, community, commercial and/or charitable activities, events and amenities, together with the ancillary right where reasonably necessary to take reasonable steps to control and manage access to such activities, events and amenities (but not so as to materially hinder public access on, over or through [the Plaza] / [Redbridge Square] [insert property name in relevant agreement]);
 - (B) grant non-exclusive licences for a term not exceeding a year (unless a break right in favour of the Manager is included in the licence or otherwise with the consent of the Council, such consent not to be unreasonably withheld) to third parties to occupy part of [the Plaza] / [Redbridge Square] [insert property name in relevant agreement] for uses which are complementary to the Headlease Premises and/or which enhance the value in any way of [the Plaza] / [Redbridge Square] [insert property name in relevant agreement] to the community or the occupiers of the Headlease Premises;
 - (C) build, construct, erect, install, set-up, place and/or affix on [the Plaza] / [Redbridge Square] [insert property name in relevant agreement] (and thereafter to remove and dismantle) (a) temporary structures and all associated goods, items and other equipment as may be reasonably required for the exercise of the licence (b) cycle racks, cycle parking loops and/or a cycle station (c) temporary or permanent artwork, sculptures, exhibitions and architectural or other ornamental features (d) temporary, seasonal or cultural decorations and items (e) information stands and boards, placards and hoardings (f) any other temporary or permanent improvements which will benefit the community;
 - (D) repair, renew, decorate, alter, vary or otherwise deal in any way with any structure or item built, constructed, erected, installed, set-up, placed and/or affixed on [the Plaza] / [Redbridge Square] [insert property name in relevant agreement] pursuant to clauses 3.1.4(B) or 3.1.5(D);
 - (E) enter on to [the Plaza] / [Redbridge Square] [insert property name in relevant agreement] with or without workmen and any vehicles, materials, plant, machinery, apparatus and equipment and to remain there as is reasonably necessary for the purpose of complying with the licence or complying with the Manager's obligations in this Agreement or for any other purpose in connection with the Headlease Premises and to carry

out any works in connection with compliance with the licence in accordance with clauses 6.1.5 and 6.1.6;

- (F) re-surface or re-pave [the Plaza] / [Redbridge Square] [insert property name in relevant agreement] at the Manager's cost (provided that this clause shall operate without prejudice to the rights of the Manager under clause 7.2); and
- (G) redecorate the Swing Bridge,

provided always that the grant of such licence does (or those authorised by it do) not prevent (i) access to [the Plaza] / [Redbridge Square] [insert property name in relevant agreement] for the public at large or (ii) reasonable pedestrian access on, and/or through [the Plaza] / [Redbridge Square] [insert property name in relevant agreement] at all times, or (iii) compliance with all applicable Enactments, Planning Law and consents.

- 3.2 The Licence is for the duration of this Agreement (and the Council will not enter into any other management agreements for [the Plaza] / [Redbridge Square] [insert property name in relevant agreement] save in so far as are required to perform its obligations under this Agreement, or except with the prior written consent of the Manager (not to be unreasonably withheld)) and is granted subject to the covenants, rights, easements, wayleaves, stipulations and other matters as are subsisting at the date of the Master Development Agreement in so far as such matters affect [the Plaza] / [Redbridge Square] [insert property name in relevant agreement] from time to time.
- 3.3 The Council and the Manager agree that the Management Plan may approve certain matters and, where a matter in clause 3.1 requires the consent of the Council and that matter has been approved under the then current Management Plan, then the Manager shall not be required to seek further approval from the Council.
- 3.4 For the avoidance of doubt, the Manager may appoint a third party to operate in accordance with the terms of the Licence under this Agreement on its behalf subject to the Council's consent (such consent not to be unreasonably withheld or delayed) (provided that the Manager shall remain primarily responsible and liable to the Council as if it shall have operated in accordance with the terms of the Licence itself).

4. RIGHTS RESERVED

- 4.1 Notwithstanding the terms of the Licence granted in clause 3, the Council shall have the right at all times throughout the Operating Period to:
 - 4.1.1 pass over [the Plaza] / [Redbridge Square] [insert property name in relevant agreement] with or without notice and with or without workmen and/or subcontractors and any vehicles, materials, plant, machinery, apparatus and equipment for any reason, including (without limitation) in order to inspect service maintain repair and alter or rebuild [the Plaza (and also the Library premises adjacent to the Plaza including the right to erect scaffolding thereon)] / [Redbridge Square] [insert property name in relevant agreement] (including but not limited to any lighting structures). The Council shall exercise such rights in a manner consistent with the Management Plan (save in the case of an emergency) and will use reasonable endeavours to provide as much notice as practicable ahead of carrying out any works and will take into account any reasonable representations made by the Manager as to the programming and carrying out of such works; and
 - 4.1.2 require the Manager to remove any structures or other items erected on [the Plaza] / [Redbridge Square] [insert property name in relevant agreement] (including but not limited to any new signage, security, security equipment/systems (including CCTV), communications, equipment/systems

(including wi-fi hotspots), bins-refuse stores and hard and soft landscaping elements (including seating), canopy of cover and/or temporary lighting where such structures or other items erected are considered by the Council (acting reasonably) to be dangerous or unlawful.

- 4.2 It is acknowledged and agreed that the Parties shall, and shall procure that their respective workmen and/or subcontractors shall, act in good faith and co-operate with each other when undertaking any activities and/or any works on [the Plaza] / [Redbridge Square] [insert property name in relevant agreement].

5. MANAGEMENT PLAN

- 5.1 The Council or the Manager may review the Management Plan from time to time and propose such additions, updates, replacements, substitutions or variations of the Management Plan to the other Party and shall record any such agreed additions, updates, replacements, substitutes or variations in writing signed by both Parties.
- 5.2 The Council and the Manager shall each act reasonably in seeking to agree any proposed addition, update, replacement, substitution or variation of the Management Plan provided that it shall be reasonable for the Council to withhold its agreement to any addition, update, replacement, substitution or variation which permits a Prohibited Use.

6. MANAGER'S OBLIGATIONS

- 6.1 The Manager covenants with the Council throughout the Operating Period (insofar as it seeks to comply with the terms of the Licence):
- 6.1.1 to comply with the terms of the Licence in a manner which is consistent with the Management Plan;
 - 6.1.2 not to prevent the access to, or the use of, [the Plaza] / [Redbridge Square] [insert property name in relevant agreement] as a public open space and to procure that there is reasonable pedestrian access on, over and through [the Plaza] / [Redbridge Square] [insert property name in relevant agreement] at all times (though the Manager may regulate the route or manner of such access and use from time to time and may make reasonable regulations in relation to such access and use);
 - 6.1.3 to make good at its own cost as soon as reasonably practicable to the reasonable satisfaction of the Council any damage caused to [the Plaza] / [Redbridge Square] [insert property name in relevant agreement] by the Manager or caused during any event or other arrangements organised by the Manager or anyone authorised by the Manager;
 - 6.1.4 to comply with all Enactments and Planning Law;
 - 6.1.5 to obtain (where required) all Requisite Consents before operating under the terms of the Licence and before commencement of any works pursuant to the Licence and provide the Council with full details thereof;
 - 6.1.6 to carry out any works pursuant to the terms of the Licence in accordance with Good Industry Practice and in a good and workmanlike manner and (where applicable) in compliance with all relevant Requisite Consents;
 - 6.1.7 not to do anything on [the Plaza] / [Redbridge Square] [insert property name in relevant agreement] which would cause a legal nuisance to the owners or occupiers of premises neighbouring [the Plaza] / [Redbridge Square] [insert property name in relevant agreement];

- 6.1.8 not to obstruct any Conduits in, under, on or over [the Plaza] / [Redbridge Square] [insert property name in relevant agreement] or discharge into such Conduits any material which is deleterious, polluting or dangerous or which might damage such Conduits; and
- 6.1.9 to pay all staff and oblige any sub-contractors or third parties to pay all staff working in London and engaged or employed in the operation of the terms of the Licence and/or performance of the obligations pursuant to this Agreement the London Living Wage and provide on request a declaration to evidence compliance with this obligation.
- 6.2 The Manager shall undertake the following activities in accordance with Good Industry Practice:
- 6.2.1 keep [the Plaza] / [Redbridge Square] [insert property name in relevant agreement] at all times clean and tidy to include (but not limited to) keeping [the Plaza] / [Redbridge Square] [insert property name in relevant agreement] free from any litter and refuse ("**Litter**"), dead particulate organic material ("**Detritus**"), writing or drawings scribbled, scratched, or sprayed illicitly on a wall or other surface ("**Graffiti**"), advertising posters or similar materials ("**Fly Posting**") and dog waste ("**Dog Fouling**") as more particularly set out in the Management Plan;
- 6.2.2 clean, inspect, repair and maintain the signage, security, security equipment/systems (including any CCTV), communications equipment/systems (including wi-fi hotspots), bins/refuse stores, and hard and soft landscaping elements (including seating) and any utility systems or installations required to operate or support the management and operation of [the Plaza] / [Redbridge Square] [insert property name in relevant agreement] pursuant to clause 3.1.4(A) ("**Operation and Maintenance of Existing Items**") as more particularly set out in the Management Plan;
- 6.2.3 clean, inspect, repair and maintain any equipment, structures, temporary lighting structure or otherwise altered, changed, added to, replaced, built, constructed, erected, installed, set-up, placed and/or affixed at [the Plaza] / [Redbridge Square] [insert property name in relevant agreement] by the Manager pursuant to clauses 3.1.4(B), 3.1.4(C), 3.1.5(A) and 3.1.5(C) ("**Operation and Maintenance of New Items**"); and
- 6.2.4 where the Manager uses [the Plaza] / [Redbridge Square] [insert property name in relevant agreement] for any activity, event or amenity pursuant to clause 3.1.5(A), to manage such activity, event or amenity in accordance with this Agreement (including (but not limited to) the Management Plan) ("**Management of Events**"),
- in each case to a standard which complies with the Key Performance Indicators.
- 6.3 The Manager may engage a third party contractor (a "**Contractor**") to comply with any or all of the obligations on the part of the Manager in this Agreement on its behalf subject to the Council's consent (such consent not to be unreasonably withheld or delayed) (provided that the Manager shall remain primarily liable to the Council in respect of such obligations), *Provided That* where such third party is already engaged to manage the Headlease Premises or a substantial part of the Headlease Premises, the Manager will consult with the Council and give due regard to representations made by the Council, but the Council's consent will not be required in relation to the engagement of such third party as a Contractor under this Agreement.

7. COUNCIL'S OBLIGATIONS

- 7.1 Subject to clause 6.1.3, the Council shall be responsible for the repair and maintenance of the surface and paving and all structures and permanent lighting now or at any time existing in, under or [the Plaza] / [Redbridge Square] [insert property name in relevant agreement] (save for any structures or temporary lighting or new lighting system which have been erected or installed by the Manager pursuant to this Agreement), including, without limitation, the Swing Bridge and the Council shall ensure that such surface and paving and structures comply with Enactments and Planning Law and the Council shall be liable for any want of repair of the same and any non-compliance of the same with Enactments and/or Planning Law.
- 7.2 If the Council has not complied with its obligation in clause 7.1, the Manager may, having given notice to the Council setting out reasonable details of the breach and allowing the Council a reasonable period (having regard to the nature of the breach) from the date of such notice to remedy the relevant breach, take all reasonable measures to remedy the breach and, if the Manager does so, then the reasonable and proper costs incurred by or on behalf of the Manager in remedying the relevant breach may, at the Manager's election, be deemed to be Gross Deductible Expenditure in respect of the Retained Premises (as defined in the Headlease) in respect of the relevant Accounting Year for the purposes of the calculation of the Principal Rent under the Headlease.
- 7.3 The Council covenants with the Manager that it shall not:
- 7.3.1 cause damage to any item or structure installed on or at [the Plaza] / [Redbridge Square] [insert property name in relevant agreement] by or on behalf of the Manager in accordance with the terms of clauses 3 or 6; or
- 7.3.2 make any alterations to [the Plaza] / [Redbridge Square] [insert property name in relevant agreement] (other than to comply with its obligations under this clause 7) or grant any rights relating to [the Plaza] / [Redbridge Square] [insert property name in relevant agreement] in addition to the rights granted to licensees or other third parties and existing as at the date of the Master Development Agreement (or any contractually required or statutory renewal thereof) that would prevent the Manager from complying with the terms of the Licence granted to it under this Agreement.
- 7.4 The Council shall as soon as reasonably practicable provide such reasonable information and assistance which the Manager may reasonably require in order to comply with its obligations under this Agreement.
- 7.5 It is acknowledged and agreed that the Council may at any time Dispose of all or any part of [the Plaza] / [Redbridge Square] [insert property name in relevant agreement] in accordance with clause 11.

8. PERFORMANCE MONITORING AND KEY PERFORMANCE INDICATORS

8.1 General Obligations

Without prejudice to clause 8.2 (Key Performance Indicators), the Council may undertake monitoring of the Manager's operations pursuant to the terms of the Licence and/or performance of its obligations under this Agreement to include (but not limited to) upon receipt of any complaint from a third party.

8.2 Key Performance Indicators

- 8.2.1 The Council shall monitor the Manager's performance of its obligations under clause 6.2 (Manager's Obligations) against the Key Performance Indicators in accordance with Schedule 2 (Key Performance Indicators).
- 8.2.2 Failure to comply with the Key Performance Indicators may lead to Performance Failure Points being allocated by the Council in accordance with Schedule 2 (Key Performance Indicators) and the subsequent termination of this Agreement by the

Council on the occurrence of a Performance Default in accordance with clause 12 (Termination).

- 8.2.3 From time to time (but not more than twice in any calendar year), the Manager may make proposals to vary the Key Performance Indicators, by way of removing redundant indicators, adding relevant indicators, amending the testing regime, amending the rectification periods and the numbers of failures that result in termination due to Performance Default. The Council shall act reasonably in considering such proposals and this Agreement shall be varied in accordance with clause 21.1 to take into account any proposals that are agreed.

9. INCOME AND FUNDING

- 9.1 The Council and the Manager agree:

9.1.1 that no charge or fee or payment of any kind shall be payable by the Council to the Manager in relation to the Costs or otherwise payable under any circumstances under this Agreement; and

9.1.2 subject to clause 9.4, that any Net Income shall be retained by the Manager and applied to defray the Costs.

- 9.2 In respect of any of the works or services provided directly by the Manager pursuant to this Agreement (other than those provided and charged for by a third party), a deemed annual fee for the provision of such works or services (which is equivalent to the fee which an external third party provider of the relevant works or services (with appropriate experience, reputation and capacity of managing and maintaining assets of a similar value, location and nature to [the Plaza] / [Redbridge Square] [insert property name in relevant agreement]) would charge from time to time for such works or services (as applicable) (a "Market Rate")) shall be accounted for by the Manager as part of the Costs incurred under this Agreement, *Provided That* such deemed annual fee shall be increased or decreased every three years as required to ensure that the deemed annual fee remains a Market Rate at that time.

- 9.3 If at any time the Net Income exceeds the Costs (a "Surplus"), then the Council and the Manager agree that such Surplus (and any interest on it) shall be held by the Manager and applied to defray future Costs as and when they are incurred.

- 9.4 If at any time the Surplus exceeds [REDACTED] and the Surplus is not reasonably likely to be applied to Costs anticipated to be incurred within the following [REDACTED], the Manager shall promptly give notice to the Council and the Council may by giving notice to the Manager call for return of the Surplus. Where the Council gives notice as contemplated by this clause 9.4, the Manager shall return the Surplus to the Council within 20 (twenty) Working Days after receipt of such notice (save that the Manager may retain any part of the Surplus which is as at the date of the payment reasonably likely to be applied to Costs which are anticipated to be incurred in the (6) six months following the date of the payment).

- 9.5 If at any time the Net Income is not sufficient to cover the Costs (a "Shortfall"), then such Shortfall shall be for the account of the Manager without any claim or recourse to the Council.

- 9.6 The amount of such Shortfall (or relevant part thereof) may, at the Manager's election, be deemed to be Gross Deductible Expenditure in respect of the Retained Premises (as defined in the Headlease) in respect of the relevant Accounting Year for the purposes of calculation of the Principal Rent under the Headlease.

- 9.7 The Manager shall provide a statement of account to the Council on an annual basis which sets out the Costs for the relevant year and the amount of any Shortfall or any Surplus as at the date of the statement.

10. INSURANCE AND LIABILITY

- 10.1 The Manager shall effect and maintain during the Operating Period the following insurances with a reputable insurance company carrying on business in the United Kingdom:
- 10.1.1 public liability insurance up to a limit in respect of each and every claim or series of claims arising out of any one event of not less than ██████████ provided that the same is available on reasonable commercial rates and terms (and disregarding the Manager's own claims record and history in that respect);
 - 10.1.2 professional indemnity insurance up to a limit in respect of each and every claim or series of claims arising out of any one event of not less than ██████████ to cover civil liability which it may incur under this Agreement provided that the same is available on reasonable commercial rates and terms (and disregarding the Manager's own claims record and history in that respect);
 - 10.1.3 property damage insurance up to a limit in respect of each and every claim or series of claims arising out of any one event of not less than ██████████ to cover all liability which it may incur under this Agreement provided that the same is available on reasonable commercial rates and terms (and disregarding the Manager's own claims record and history in that respect), *Provided That*, if in the Manager's considered opinion (acting reasonably), the full reinstatement cost of [the Plaza] / [Redbridge Square] [insert property name in relevant agreement] is of a lesser amount, then up to that lesser limit, subject to consent by the Council (such consent not to be unreasonably withheld or delayed); and
 - 10.1.4 any other insurances required by law.
- 10.2 The Manager shall, when reasonably requested by the Council, produce for inspection by the Council (but not more than once annually) evidence that the insurances referred to in clauses 10.1.1 to 10.1.4 (inclusive) are being maintained.
- 10.3 Subject to clause 10.6, the Manager's liability under or in connection with this Agreement shall be limited to ██████████ for each and every claim or series of claims arising out of any one event (and this limit shall apply however that liability arises (including a liability arising by breach of contract, arising by tort (including the tort of negligence) or arising by breach of statutory duty).
- 10.4 The Manager shall reimburse the Council for any losses, costs, claims expenses and proceedings including, but not limited to, any third party actions, claims and/or demands brought against the Council arising as a direct consequence of its or its servants' or agents' failure to exercise reasonable skill and care, fraud, negligence, misconduct and/or any breach by it of any of the obligations under this Agreement.
- 10.5 Subject to clause 10.6, the Council's liability under or in connection with this Agreement shall be limited to ██████████ (and this limit shall apply however that liability arises (including a liability arising by breach of contract, arising by tort (including the tort of negligence) or arising by breach of statutory duty).
- 10.6 Clause 10.4 or clause 10.5 (as applicable) shall not exclude or limit the Manager's or the Council's (as applicable) liability for:
- 10.6.1 death or personal injury caused by the Manager's or the Council's (as applicable) negligence; or
 - 10.6.2 the Manager's or the Council's (as applicable) fraud or fraudulent misrepresentation.
- 10.7 Neither Party shall be liable for, and each Party hereby waives, all rights (if any) in respect of any claims for loss of profits, loss of business or indirect losses or consequential damages of any kind arising from any breach by the other Party of any of its obligations contained in this Agreement.

11. ASSIGNMENT

The Manager's rights

- 11.1 Save as set out in this clause 11.2, the Manager shall not sub-contract, novate, assign, delegate or otherwise transfer in whole or in part any benefit or obligation, or the performance of any of its rights, obligations or duties under this Agreement without the prior written consent of the Council (not to be unreasonably withheld or delayed).
- 11.2 On the transfer or assignment of the whole of the Headlease Premises in accordance with the Headlease from the Manager to a transferee or assignee, the Parties acknowledge and agree that all of the Manager's rights, duties, liabilities and obligations in this Agreement shall be novated to such transferee or assignee of the whole of the Headlease Premises.
- 11.3 Where clause 11.2 applies:
- 11.3.1 the Manager shall procure that the transferee or assignee of the Headlease Premises shall enter into a novation agreement and effect the novation on the date of such transfer or assignment; and
- 11.3.2 the Council shall promptly upon a written request by the Manager do all such acts and things in order to give effect to such action.

The Council's rights

- 11.4 The Council may at any time:
- 11.4.1 assign all or any part of the benefit of this Agreement to any other public body or successor organisation or any subsidiary of the Council with immediate effect by serving written notice to that effect on the Manager; and/or
- 11.4.2 novate all or any part of its duties liabilities and obligations in this Agreement to any other public body or successor organisation or any subsidiary of the Council.
- 11.5 Where clause 11.4.2 applies:
- 11.5.1 the Council shall procure that the transferee shall enter into a novation agreement and effect the novation on the date of such novation agreement; and
- 11.5.2 the Manager shall promptly upon a written request by the Council do all such acts and things as the Council may require in order to give effect to any such actions.
- 11.6 On the Disposal of the whole of [the Plaza] / [Redbridge Square] [insert property name in relevant agreement] by the Council to a purchaser or lessee (as applicable, the Council shall procure that on the date of such Disposal such purchaser or lessee (as applicable) shall enter into a novation agreement to effect the novation of all of the Council's rights, duties, liabilities and obligations in this Agreement to the purchaser or lessee (as applicable) of the whole of [the Plaza] / [Redbridge Square] [insert property name in relevant agreement] and the Manager shall promptly upon the written request of the Council do all such acts and things as the Council may require in order to give effect to any such novation.
- 11.7 On the Disposal of part of [the Plaza] / [Redbridge Square] [insert property name in relevant agreement] only, the following shall apply:
- 11.7.1 the Council shall procure that on the date of the Disposal the purchaser or lessee (as applicable) of such part shall enter into a new management agreement with the Manager on the same terms to this Agreement (in so far as it relates to a part of [the Plaza] / [Redbridge Square] [insert property name in relevant agreement] being Disposed of) and the Manager shall promptly upon the written request of the Council do all such acts and things as the Council may require in order to give effect to any such actions; and
- 11.7.2 simultaneously the Council and the Manager shall enter into a deed of variation or equivalent to remove the Council's rights, duties, liabilities and obligations from this Agreement in relation to such part of [the Plaza] / [Redbridge Square] [insert property name in relevant agreement] that have been Disposed of and the

Manager shall promptly upon the written request of the Council do all such acts and things as the Council may require in order to give effect to any such actions.

12. TERMINATION

12.1 Subject to clause 13, the Council may terminate this Agreement by notice in writing in the following circumstances:

- 12.1.1 if the Manager has committed a material breach of the terms of the Licence and/or obligations under this Agreement (including any material breach of clause 6.2) and such breach is, of a matter of fact, not capable of remedy;
- 12.1.2 if the Manager has committed a material breach of the terms of the Licence and/or obligations under this Agreement (including any material breach of clause 6.2) and such breach is capable of remedy and the Manager has failed to remedy the breach within such reasonable period of time as may be specified in a notice from the Council requiring it to do so;
- 12.1.3 if:
 - (A) the Council receives 5 (five) or more complaints (other than complaints that the Council decides at its sole discretion are vexatious in nature) from third parties in relation to [the Plaza] / [Redbridge Square] [insert property name in relevant agreement] in any calendar year for any reason; and
 - (B) such complaints have arisen as a result of a breach by the Manager of the terms of the Licence and/or obligations pursuant to this Agreement; and
 - (C) where such breach is capable of remedy, the Manager has failed to remedy the breach within such reasonable period of time as may be specified in a notice from the Council requiring it to do so;
- 12.1.4 the occurrence of a Performance Default;
- 12.1.5 a breach by the Manager of clause 10.1 to 10.1.3 (inclusive) (Insurance and Liability);
- 12.1.6 if the Manager is a person or entity in which BL CW Holdings Limited or a member of BL CW Holdings Limited's Group does not hold a Retained Interest on giving 60 (sixty) Working Days' written notice to the Manager provided that this Agreement shall not terminate if, on the expiry of such 60 Working Day period, BL CW Holdings Limited or a member of BL CW Holdings Limited's Group holds a Retained Interest in the Manager;
- 12.1.7 the Headlease has been surrendered or otherwise determined;
- 12.1.8 any receiver or receiver manager in respect of the Manager is appointed or possession is taken by or on behalf of any creditor of any property of the Manager that is the subject of a charge;
- 12.1.9 any voluntary arrangement is made for a composition of debts or a scheme of arrangement is approved under the Insolvency Act 1986 or the Companies Act 2006 in respect of the Manager; or
- 12.1.10 an administration order is made or an administrator is appointed in respect of the Manager.

12.2 This Agreement shall either terminate:

- 12.2.1 in relation to clauses 12.1.2 or 12.1.3 on the day after the remediation period specified in the Council's notice sent in accordance with clauses 12.1.2 or 12.1.3 (as applicable) where the Manager has not remedied such breach within the specified period (to the reasonable satisfaction of the Council); or

- 12.2.2 in all other cases, twenty (20) Working Days after the date the Manager receives the termination notice.
- 12.3 On the Expiry Date or, if earlier, the Termination Date if:
- 12.3.1 there is a Surplus, then the Manager shall pay to the Council the amount of such Surplus within 20 (twenty) Working Days of the Termination Date; or
- 12.3.2 there is a Shortfall, then the provisions of clauses 9.5 and 9.6 shall apply.
- 12.4 If the Manager can provide reasonable evidence that there has been a Shortfall for three successive annual periods within the Operating Period then the Manager shall be entitled to terminate this Agreement on serving not less than six months' written notice provided that such a notice may only be served within six months of the expiry of the third annual Shortfall period in respect of which evidence of a Shortfall is produced.
- 12.5 Following any termination the Manager shall work together with the Council for a period of 4 (four) weeks following the termination to assist the Council in an orderly handover of the matters and obligations the subject of this Agreement.
- 12.6 Clause 12.4 shall survive termination of this Agreement.
13. **FORCE MAJEURE**
- 13.1 If a Party (the "Affected Party") is unable to carry out any of its obligations under this Agreement due to any circumstance of Force Majeure, this Agreement shall remain in effect but, save as otherwise provided in this Agreement, the obligations of the Affected Party insofar as they are affected by Force Majeure shall be suspended without liability, for the period during which the circumstance of Force Majeure prevails, provided that:
- 13.1.1 the Affected Party gives the other Party prompt notice describing the circumstance of Force Majeure including the nature of the occurrence, its expected duration, the actions and steps it is taking to remedy such circumstances of Force Majeure and, where reasonably practicable, continues to furnish regular reports with respect thereto during the period of Force Majeure;
- 13.1.2 the suspension of performance is of no greater scope and of no longer duration than is required by the circumstance of Force Majeure;
- 13.1.3 the Affected Party uses all reasonable efforts to mitigate the impact of the circumstance of Force Majeure and to remedy its inability to perform as quickly as possible; and
- 13.1.4 as soon as practicable after the end of the circumstance of Force Majeure the Affected Party notifies the other Party in writing of the same and the Affected Party resumes performance of its obligations under this Agreement.
- 13.2 If:
- 13.2.1 a circumstance of Force Majeure lasts for a continuous period of six (6) months and the effects of such circumstance of Force Majeure continue to prevent the Affected Party from performing any material obligations under this Agreement; and
- 13.2.2 prior to the end of that period the Parties have failed (acting reasonably and in good faith) to reach agreement on any modification to this Agreement which may be equitable having regard to the nature of a circumstance of Force Majeure,
- then either Party may immediately terminate this Agreement by giving written notice to the other Party (a notice of Termination for Force Majeure) and, subject to clause 12.3 (Termination) no compensation shall be payable by either Party to the other.

13.3 Neither Party shall be liable for any breach of this Agreement caused by Force Majeure provided that this clause 13.3 (Force Majeure) shall not apply to any obligation to make payment hereunder.

14. OPERATING PERIOD AND RENEWAL OF THIS AGREEMENT

14.1 This Agreement and the rights and obligations of the Parties shall take effect on the Commencement Date and will remain in full force and effect until the earlier of the Expiry Date and the Termination Date (the "Operating Period").

14.2 Not less than four (4) months prior to the Expiry Date, subject to clause 14.3, the Council shall be entitled to give written notice (a "Renewal Notice") to the Manager that it wishes to extend the Expiry Date of this Agreement to a further later date (and the Council shall confirm such extension in the Renewal Notice). The issue of a Renewal Notice under this clause 14.2 shall not affect the nature or extent of either Party's obligations under this Agreement.

14.3 The Council shall not be entitled to issue a Renewal Notice if the Headlease has been surrendered or otherwise determined.

14.4 If the Council gives the Renewal Notice to the Manager, and the Manager accepts the renewal, then (subject to clause 14.5) this Agreement shall continue in full force and effect on its existing terms (as may be varied by the Parties before the date of the Renewal Notice) until the earlier of the Expiry Date and the Termination Date.

14.5 To the extent that the Council proposes changes to the Agreement in the Renewal Notice, then the Parties shall negotiate in good faith to agree and record such changes in writing and signed by both Parties prior to the Expiry Date and this Agreement shall continue in full force and effect on its existing terms (as may be varied by the Parties before or after the date of the Renewal Notice) until the earlier of the Expiry Date and the Termination Date.

14.6 In the event of any dispute arising pursuant to clause 14.5, the Council may chose to withdraw such changes, and in such case clause 14.4 shall apply, or the matter shall be dealt with pursuant to clause 16 (Disputes).

14.7 Subject to clause 9, either party shall be obliged to pay any amounts to the other party for or in connection with the extension of the Expiry Date of this Agreement.

14.8 It is acknowledged and agreed that the Council may issue further Renewal Notices to the Manager to further extend the Agreement beyond the Expiry Date and the process as set out in clauses 14.1 to 14.7 (inclusive) above shall in such cases be repeated.

15. NO WARRANTY

Nothing in this Agreement implies or is to be treated as a warranty (either express or implied) by the Council that [the Plaza] / [Redbridge Square] [insert property name in relevant agreement] is fit for the purpose of compliance with the terms of the Licence.

16. DISPUTES

16.1 In the event of any dispute between any parties ("Dispute") in relation to any matters under this Agreement (save as to matters of construction or interpretation) and if any party serves notice of the Dispute ("Dispute Notice") on the other party then the Dispute shall first be considered by chief executives (or officers of similar seniority) of the parties with a view to trying to resolve the Dispute but if the Dispute has still not been resolved within 20 Working Days of the date of service of the relevant Dispute Notice then the Dispute shall be referred on the application of any party to the Dispute to the Expert for determination in accordance with the remainder of this clause.

16.2 The Expert, being:

16.2.1 a partner or director for at least 10 years in an independent major national firm of surveyors with expertise in developing, leasing, investment and/or management (as appropriate) of large mixed-use investment properties; or

16.2.2 (where the Dispute in question is a legal, architectural or accounting matter) a partner for at least 10 years in a major London firm of solicitors or architects or chartered accountants (as appropriate) with expertise in matters similar to the Dispute in question,

shall be appointed by the parties or (in default of agreement between the parties as to the identity of the Expert within five working days of the Dispute Notice) shall be appointed by the President (or failing him the next most senior officer available and willing to act) of the Royal Institution of Chartered Surveyors, the Law Society, RIBA or the Institute of Chartered Accountants in England and Wales (as appropriate in the context of the nature of the Dispute).

16.3 The Expert shall be instructed:

16.3.1 to provide an opportunity for the parties to make written submissions and counter-submissions as to the Dispute, although the Expert shall not be in any way fettered by them; and

16.3.2 to serve its written determination or opinion, as the case may be, on the parties at the same time.

16.4 The Expert shall act as an expert not an arbitrator and its decision shall be final and binding on the parties (save in the case of manifest or proven error, which shall be rectified forthwith).

16.5 The parties shall procure that the opinion of the Expert is fully and promptly carried into effect by both parties.

16.6 The costs of the Expert shall be borne as the Expert shall direct or, in the absence of such direction, equally between the parties.

17. NOTICES

17.1 Any notice under this Agreement:

17.1.1 must be in writing, addressed to the relevant party at a correct address; and

17.1.2 may be served by:

(A) post or personal delivery (but not by facsimile, e-mail, other electronic means of transmission, any document exchange nor by any other means); or

(B) an agent of the serving party but not on an agent of the party to be served.

17.2 An addressee's correct address is:

17.2.1 the registered office of a corporate addressee; or

17.2.2 an address for service within the United Kingdom as last notified by a foreign party to the serving party, if the addressee is a foreign party;

17.3 Without prejudice to clause 17.2, the following are the correct address for service of notice:

17.3.1 in relation to the Council: The Mayor And Burgesses of the London Borough of Southwark of 160 Tooley Street, London SE1 2QH; and

17.3.2 in relation to the Manager: [BL CW Holdings Limited whose registered office is at York House, 45 Seymour Street, London W1H 7LX].

17.4 For the purpose of calculating any notice period associated with the service of a notice, the period begins on the date the notice is given to the party to be served.

17.5 A notice is given:

17.5.1 by post, on the date of the second (or, if earlier receipt is proved, the first) day after the date when the notice is posted; and

17.5.2 by personal delivery, on the date when the notice is delivered,
to a correct address of the party to be served.

17.6 In this Agreement, any reference to giving notice is synonymous with notifying and vice versa; and "give", "send", "serve" and "deliver" are synonymous.

17.7 A foreign party agrees to maintain and keep each other party notified of a correct address for the purposes of clause 17.2.2 at all times.

18. COUNCIL POWERS

18.1 This clause 18 applies for so long as this Agreement is vested in The Mayor and Burgesses of the London Borough of Southwark.

18.2 Save as permitted by law, nothing contained or implied in this Agreement shall prejudice or affect the rights, powers, duties and obligations of the Council in the exercise of its functions as a local planning, highway or buildings regulation authority or as a local authority under any other statutory provision (but not, for the avoidance of doubt, in its capacity as landowner) and the rights, powers, duties and obligations of the Council in those capacities under all public and private statutes, bye-laws, orders and regulations may be as fully and effectually exercised in relation to [the Plaza] / [Redbridge Square] [insert property name in relevant agreement] as if it were not the owner of any interest in them.

18.3 Notwithstanding any other provision of this Agreement, the parties shall not be obliged to do or omit to do any act or thing the doing or omission of which would be unlawful or ultra vires.

19. VALUE ADDED TAX

19.1 All sums or other consideration set out in this Agreement or otherwise payable or provided by any party to any other party pursuant to this Agreement shall be deemed to be exclusive of any VAT which is chargeable on the supply or supplies for which such sums or other consideration (or any part thereof) are the whole or part of the consideration for VAT purposes.

19.2 Where, pursuant to the terms of this Agreement, any party (the "Supplier") makes a supply to any other party (the "Recipient") for VAT purposes and VAT is or becomes chargeable on such supply, the Recipient shall, subject to the receipt by the Recipient of a valid VAT invoice in respect of such supply from the Supplier, pay to the Supplier (in addition to and at the same time as any other consideration for that supply) a sum equal to the amount of such VAT.

19.3 If one party ("Party A") is required by the terms of this Agreement to reimburse another party ("Party B") for any cost or expense, Party A shall reimburse Party B for the full amount of such cost or expense, including any part of it which represents VAT (which is not otherwise recoverable from HMRC by Party B).

20. EXCLUSION OF THIRD PARTY RIGHTS

The parties confirm that no term of this Agreement is enforceable under the Contracts (Rights of Third Parties) Act 1999 by a person who is not a party to it.

21. VARIATIONS AND WAIVER

- 21.1 No variation or alteration of any of the provisions of this Agreement shall be effective unless it is in writing and signed by both Parties.
- 21.2 Failure by either Party to enforce at any time or for any period any one or more of the terms or conditions of this Agreement shall not be a waiver of them or of the right at any time subsequently to enforce all terms and conditions of this Agreement, nor shall such failure create an estoppel.
22. **COUNTERPARTS**
- This Contract may be executed in any number of counterparts, all of which when taken together shall constitute one and the same instrument.
23. **LAW, JURISDICTION AND SEVERANCE**
- 23.1 This Agreement and any dispute or claim arising out of or in connection with it or its subject matter, existence, negotiation, validity, termination or enforceability (including non-contractual disputes or claims) shall be governed by and construed in accordance with English law and within the exclusive jurisdiction of the English courts, to which the parties irrevocably submit.
- 23.2 Each party agrees that any claim form or other document to be served under the Civil Procedure Rules may be served on it by being delivered to or left at a correct address for the purposes of clause 17.2.
- 23.3 If any provision or word of this Agreement is void or prohibited under any Enactment due to any applicable law, it shall be deemed to be deleted and the remaining provisions of this Agreement shall continue in force.

SCHEDULE 1 – MANAGEMENT PLAN

SCHEDULE 2 – KEY PERFORMANCE INDICATORS

1. INTRODUCTION

- 1.1 There are 8 (eight) key performance indicators in relation to the Manager's performance of its obligations in clause 6.2 (Manager's Obligations) of this Agreement as set out below:
- 1.1.1 Litter;
 - 1.1.2 Detritus;
 - 1.1.3 Graffiti;
 - 1.1.4 Fly Posting;
 - 1.1.5 Dog Fouling;
 - 1.1.6 Operation and Maintenance of Existing Items;
 - 1.1.7 Operation and Maintenance of New Items;
 - 1.1.8 Management of Events,
- (each one a "Key Performance Indicator").
- 1.2 Without prejudice to the Council's right to inspect [the Plaza] / [Redbridge Square] [insert property name in relevant agreement] upon receipt of a complaint from a third party, the Council will undertake up to 4 (four) surveys per calendar year at [the Plaza] / [Redbridge Square] [insert property name in relevant agreement] without prior notification to the Manager to monitor the Manager's achievement of the Key Performance Indicators. The surveyors shall allocate a Grade to each Key Performance Indicator (pursuant to Tables 1a, 1b and 2 below) to determine whether an Acceptable Standard for each Key Performance Indicator at [the Plaza] / [Redbridge Square] [insert property name in relevant agreement] has been achieved.
- 1.3 Following each survey, where an Acceptable Standard has not been achieved (a "Performance Failure") the Council shall notify the Manager of such Performance Failure(s) and the Manager shall have the opportunity to rectify the Performance Failure within the Rectification Period.
- 1.4 Where the Performance Failure has not been rectified within the Rectification Period, Performance Failure Points shall be allocated to the Manager in relation to such Performance Failure (as more particularly set out in Table 2) and the accumulation of Performance Failure Points may enable the Council to terminate this Agreement (as more particularly set out in paragraph 4 (Termination Right) below).

2. ACCEPTABLE STANDARD TO BE ACHIEVED

- 2.1 The Council's surveyors will grade each Key Performance Indicator in accordance with Tables 1a and 1b.

3. KEY PERFORMANCE INDICATOR TABLE

- 3.1 Table 2 sets out the Performance Failure, Rectification Period and Performance Failure Points for each Key Performance Indicator.
- 3.2 Subject to clause 3.3, a maximum of 8 (eight) Performance Failure Points for each survey at [the Plaza] / [Redbridge Square] [insert property name in relevant agreement] can be allocated to the Manager and, where 4 (four) surveys are undertaken in a calendar year, a maximum of 64 (sixty four) Performance Failure Points across both sites in any calendar year can be allocated to the Manager.
- 3.3 An unlimited number of surveys may be performed by the Council's assessors during and/or following an activity, event or amenity to Grade the Key Performance Indicator

"Management of Event" and, in which case, the maximum number of Performance Failure Points allocated to the Manager may be more than 48 (forty eight) Performance Failure Points in any calendar year.

4. TERMINATION RIGHT

4.1 The following shall constitute a performance default:

4.1.1 Accumulation of 3 (three) or more Performance Failure Points (incurred where relevant Performance Failures have not been rectified within the relevant Rectification Period) at [the Plaza] / [Redbridge Square] [insert property name in relevant agreement] in any 1 (one) survey; or

4.1.2 Accumulation of 5 (five) or more Performance Failure Points (incurred where relevant Performance Failures have not been rectified within the relevant Rectification Period) at [the Plaza] / [Redbridge Square] [insert property name in relevant agreement] in any 12 (twelve) calendar month period; or

4.1.3 Accumulation of 7 (seven) or more Performance Failure Points (incurred where relevant Performance Failures have not been rectified within the relevant Rectification Period) across the Plaza and Redbridge Square in any 12 (twelve) calendar month period,

each a "Performance Default".

4.2 At any time following the occurrence of a Performance Default, the Council may issue a notice to the Manager to terminate this Agreement and, in which case, clause 12 (Termination) of this Agreement shall apply.

Table 1a - Acceptable Standard for Litter, Detritus, Graffiti, Fly Posting and Dog Fouling

GRADE	DESCRIPTION	ACCEPTABLE LEVEL FOR EACH KEY PERFORMANCE INDICATOR				
		LITTER	DETRITUS	GRAFFITI	FLY POSTING	DOG FOULING
A	None of the issues present at [the Plaza] / [Redbridge Square] [insert property name in relevant agreement]	Acceptable Standard	Acceptable Standard	Acceptable Standard	Acceptable Standard	Acceptable Standard
B+	Not formally defined	Acceptable Standard	Acceptable Standard	Acceptable Standard	Acceptable Standard	Unacceptable
B	Predominantly free except for some instances of this issue at [the Plaza] / [Redbridge Square] [insert property name in relevant agreement]	Acceptable Standard	Acceptable Standard	Acceptable Standard	Acceptable Standard	Unacceptable
B-	Not formally defined	Unacceptable	Unacceptable	Unacceptable	Unacceptable	Unacceptable
C	Widespread distribution of this issue with minor accumulations at [the Plaza] / [Redbridge Square] [insert property name in relevant agreement]	Unacceptable	Unacceptable	Unacceptable	Unacceptable	Unacceptable
C-	Not formally defined at [the Plaza] / [Redbridge Square] [insert property name in relevant agreement]	Unacceptable	Unacceptable	Unacceptable	Unacceptable	Unacceptable
D	Extensive distribution of this issue with significant accumulations at [the Plaza] / [Redbridge Square] [insert	Unacceptable	Unacceptable	Unacceptable	Unacceptable	Unacceptable

	property name in relevant agreement]					
--	--------------------------------------	--	--	--	--	--

Table 1b – Acceptable Standard for Operation and Maintenance of Existing Items, Operation and Maintenance of New Items and Management of Events

GRADE	DESCRIPTION	ACCEPTABLE LEVEL
OPERATION AND MAINTENANCE OF EXISTING ITEMS		
A	Items installed pursuant to this Agreement is operated and maintained to a good mechanical and visual condition and/or is safe to the public	Acceptable
B	Items are not operated and maintained to a good mechanical and visual condition and/or is not safe to the public	Unacceptable
OPERATION AND MAINTENANCE OF EXISTING ITEMS		
A	Items installed pursuant to this Agreement is operated and maintained to a good mechanical and visual condition and/or is safe to the public	Acceptable
B	Items are not operated and maintained to a good mechanical and visual condition and/or is not safe to the public	Unacceptable
MANAGEMENT OF EVENTS		
A	The activity, event or amenity has been managed in accordance with this Agreement (including (but not limited to the Management Plan)) and bins have been emptied and site cleaned up promptly after any such activity, event or amenity at [the Plaza] / [Redbridge Square] [insert property name in relevant agreement]	Acceptable

B	The activity, event or amenity has not been managed in accordance with this Agreement (including (but not limited to the Management Plan)) or bins have not been emptied or the site have not been cleaned up promptly after any such activity, event or amenity at [the Plaza] / [Redbridge Square] [insert property name in relevant agreement]	Unacceptable
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Table 3 Key Performance Indicator Table

KEY PERFORMANCE INDICATOR	PERFORMANCE FAILURE	FREQUENCY OF ASSESSMENT	RECTIFICATION PERIOD	PERFORMANCE FAILURE POINTS
LITTER	Failure to achieve an Acceptable Grade (i.e. Grade A, B+ or B in accordance with Table 1 a above.)	Every 3 months	24 hours from receipt of the Council's notice	1 point per Performance Failure
DETRITUS	Failure to achieve an Acceptable Grade (i.e. Grade A, B+ or B in accordance with Table 1 a above.)	Every 3 months at [the Plaza] / [Redbridge Square] [insert property name in relevant agreement]	24 hours from receipt of the Council's notice	1 point per Performance Failure
GRAFFITI	Failure to achieve an Acceptable Grade (i.e. Grade A, B+ or B in accordance with Table 1 a above.)	Every 3 months at [the Plaza] / [Redbridge Square] [insert property name in relevant agreement]	24 hours from receipt of the Council's notice	1 point per Performance Failure
FLY POSTING	Failure to achieve an Acceptable Grade (i.e. Grade A, B+ or B in accordance with Table 1 a above.)	Every 3 months at [the Plaza] / [Redbridge Square] [insert property name in relevant agreement]	24 hours from receipt of the Council's notice	1 point per Performance Failure

DOG FOULING	Failure to achieve an Acceptable Grade (i.e. Grade A in accordance with Table 1 a above.)	Every 3 months at [the Plaza] / [Redbridge Square] [insert property name in relevant agreement]	24 hours from receipt of the Council's notice	1 point per Performance Failure
OPERATION AND MAINTENANCE OF EXISTING ITEMS	Failure to achieve an Acceptable Grade (i.e. Grade A in accordance with Table 1 b above.)	Every 3 months at [the Plaza] / [Redbridge Square] [insert property name in relevant agreement]	24 hours from receipt of the Council's notice	1 point per Performance Failure
OPERATION AND MAINTENANCE OF NEW ITEMS	Failure to achieve an Acceptable Grade (i.e. Grade A in accordance with Table 1 b above.)	Every 3 months at [the Plaza] / [Redbridge Square] [insert property name in relevant agreement]	24 hours from receipt of the Council's notice	1 point per Performance Failure
MANAGEMENT OF EVENTS	Failure to achieve an Acceptable Grade (i.e. Grade A in accordance with Table 1 b above.)	Every 3 months at [the Plaza] / [Redbridge Square] [insert property name in relevant agreement]	24 hours from receipt of the Council's notice	1 point per Performance Failure

SCHEDULE 3 – PLANS
PART 1 - PLAZA

PART 2 – REDBRIDGE SQUARE

PART 3 – SWING BRIDGE

IN WITNESS whereof this deed has been executed by the parties to it and is intended to be and is hereby delivered on the date first above written.

**The Common Seal of The MAYOR
AND BURGESSES OF THE LONDON
BOROUGH OF SOUTHWARK** was
hereunto affixed in the presence of :

Authorised Signatory

EXECUTED as a Deed
(but not delivered until dated) by
[BL CW HOLDINGS LIMITED]
acting by two Directors/a Director and
the Secretary:-

)
)
)
)
)

Director

Director/Secretary



HERBERT
SMITH
FREEHILLS

..... 20[•]

BL CW HOLDINGS LIMITED

and

**[BL CW HOLDINGS 2 LIMITED, THE MAYOR AND BURGESSES
OF THE LONDON BOROUGH OF SOUTHWARK]**

**HEADLEASE
of
Various parcels of land at Canada Water
in the London
Borough of Southwark**

[REDACTED]

Herbert Smith Freehills LLP

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LAND REGISTRY PRESCRIBED CLAUSES

LR1. Date of lease	[•]
LR2. Title number(s)	<p>LR2.1 Landlord's title number <i>Land to be demised:</i> TGL147500, TGL93274, TGL185589, TGL359834, TGL106589, TGL128775</p> <p>LR2.2 Other title numbers:</p>
LR3. Parties to this lease	<p>Landlord BL CW HOLDINGS LIMITED whose registered office is at York House, 45 Seymour Street, London, W1H 7LX (Co. Regn. No. 10398435)</p> <p>Tenant [BL CW HOLDINGS 2 LIMITED whose registered office is at York House, 45 Seymour Street, London W1H 7LX (Co Regn. No [xx])]</p> <p>OR</p> <p>THE MAYOR AND BURGESSES OF THE LONDON BOROUGH OF SOUTHWARK of 160 Tooley Street, London SE1 2QH</p>
LR4. Property	<p>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.</p> <p>The premises as defined as the "Premises" in clause 1 of this lease.</p>
LR5. Prescribed statements etc.	None
LR6. Term for which the Property is leased	The term as defined as the "Term" in clause 1 of this lease.
LR7. Premium	None
LR8. Prohibitions or restrictions on disposing of this lease	This lease contains a provision that prohibits or restricts dispositions.
LR9. Rights of acquisition etc.	<p>LR9.1 Tenant's contractual rights to renew this lease, to acquire the reversion or another lease of the Property, or to acquire an interest in other land</p> <p>None</p> <p>LR9.2 Tenant's covenant to (or offer to) surrender this lease</p> <p>None</p> <p>LR9.3 Landlord's contractual rights to acquire this lease</p> <p>None</p>

LR10. Restrictive covenants given in this lease by the Landlord in respect of land other than the Property	None
LR11. Easements	<p>LR11.1 Easements granted by this lease for the benefit of the Property</p> <p>The easements as specified in Part 3 of schedule 1 to this lease.</p> <p>LR11.2 Easements granted or reserved by this lease over the Property for the benefit of other property</p> <p>The easements as specified in Part 2 of schedule 1 to this lease.</p>
LR12. Estate rent charge burdening the Property	None
LR13. Application for standard form of restriction	The restriction as specified in clause 4.1.9 of this lease – standard form L.
LR14. Declaration of trust where there is more than one person comprising the Tenant	Not applicable

THIS LEASE is made on the date and between the parties specified in the Land Registry Prescribed Clauses

1. DEFINITIONS

The following expressions have the respective specified meanings:

"1995 Act" means the Landlord and Tenant (Covenants) Act 1995;

"Adjoining Headlease" means the lease under which the Landlord holds the Adjoining Headlease Premises dated [●] and made between (1) The Mayor and Burgesses of the London Borough of Southwark and (2) BL CW Holdings Ltd (as varied and supplemented from time to time);

"Adjoining Headlease Premises" means the land at Canada Water in the London Borough of Southwark which is demised by and more particularly described in the Adjoining Headlease;

"Adjoining Property" means the Landlord's Adjoining Property and the Premises Adjoining Property;

"Building" means the building or buildings from time to time erected or constructed on the Premises, including any replacement building;

"Conduits" means any pipe, pipeline, tube, drain, culvert, sewer, flue, duct, gutter, wire, cable, optic fibre, conduit, channel and other conducting and service media and systems of any description, function or purpose for the passage or transmission of any services or supplies, including all related structures, plant, machinery, apparatus valves, meters, pumps, switchgear and similar apparatus and any other apparatus ancillary thereto;

"Council" means The Mayor and Burgesses of the London Borough of Southwark (being the Landlord/Tenant at the date of this lease)¹ or any Statutory Successor;

"Disposition" means the sale and purchase of the freehold reversion immediately expectant on the determination of this lease or any part of it from time to time, the grant of any tenancy of the reversion (whether mediately or immediately) expectant on the determination of this lease or any part of it from time to time, or the assignment of the right to receive the rent reserved by this lease and **"Dispose"** shall be construed accordingly;

"Enactment" means all Parliamentary and subordinate legislation (including all regulations, directives, schemes and rules) and bye-laws in force from time to time;

"Estate" means the land and buildings known as the Canada Water estate shown edged [blue] on Plan [●] together with such other land as the Landlord may from time to time reasonably specify by (and with effect from the date of) notice to the Tenant;

"Group Company" means any company which is a subsidiary of the other or both are subsidiaries of a third company within the meaning of section 1159 of the Companies Act 2006 and **"Group Companies"** shall be construed accordingly.

"Insured Risks" means fire, lightning, explosion, riot, civil commotion, strikes, labour and political disturbances, malicious damage, aircraft and aerial devices (other than hostile aircraft and devices) and articles accidentally dropped from them, storm, tempest, flood, bursting or overflowing of water tanks and pipes, impact, earthquake, accidental damage to underground water, oil and gas pipes or electricity wires and cables, subsidence, landslip and heave and acts of terrorism, and such other property risks as the Tenant may reasonably from time to time insure, subject to any condition, exclusion or limitation which may be imposed by the Tenant's insurers but does not include any excess;

"Landlord's Adjoining Property" means any land adjoining or neighbouring the Estate owned by the Landlord from time to time and any building erected on it from time to time;

"Master Development Agreement" means the master development agreement relating to the Canada Water development dated [●] 2018 and made between (1) The Mayor and

Burgesses of the London Borough of Southwark (2) BL CW Holdings Limited (3) BL CW Developments Limited and (4) The British Land Company PLC;

"**Planning Law**" means every Enactment and, to the extent they relate to the Premises, planning permission, statutory consent and agreement made under any Enactment relating to the use, development and occupation of land;

"**Plans**" means the plans annexed to this lease at Appendix 1 and "**Premises Plan**", and "**Estate Plan**" means each of them so marked;

"**Pre-emption Land**" means the interest the subject of any Disposal or proposed Disposal;

"**Premises**" means the land at Canada Water with HM Land Registry title numbers TGL147500, TGL359834, TGL128775, TGL93274, TGL185589 and TGL106589 more particularly described in Schedule 1;

"**Premises Adjoining Property**" means the Estate excluding the Premises (and including, for the avoidance of doubt, the Adjoining Headlease Premises) from time to time and any building erected on it from time to time;

"**Statutory Successor**" means any successor authority which takes on the competence and responsibilities of The Mayor and Burgesses of the London Borough of Southwark and in which the assets (or a substantial part of the assets as shall include (but not exclusively comprise) the freehold reversion immediately expectant on the determination of this lease or any part of it) of The Mayor and Burgesses of the London Borough of Southwark shall from time to time become vested;

"**Stipulated Rate**" means a yearly rate of interest, calculated on a daily basis (both before and after any judgement), [four] per cent above the base rate of [Barclays Bank Plc] or of such other UK bank as the Landlord may reasonably nominate at any time;

"**Tenant's Mortgagee**" means any mortgagee or chargee of this lease, notice of whose mortgage or charge has been given to the Landlord;

"**Tenant's obligations**" means every tenant covenant, as defined by the 1995 Act, of this lease and of every collateral agreement, as so defined;

"**Term**" means [500 years and 5 days from and including the Term Commencement Date];

"**Term Commencement Date**" means *[the date of this lease]*;

"**VAT**" means Value Added Tax as referred to in the Value Added Tax Act 1994 (or any tax of a similar nature which may be substituted for, or levied in addition to, it); and

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

2. INTERPRETATION

2.1 Where a party is more than one person, their obligations are joint and several.

2.2 An obligation:

2.2.1 not to do or omit anything is also an obligation not to permit or suffer it being done or omitted by anyone deriving title from or tolerated by the person owing the obligation or by its or their employees or agents and to prevent or, as appropriate, to require it to be done;

2.2.2 to do or not omit anything is also an obligation to procure it; and

2.2.3 to make any payment or deposit requires it to be made so that the payee receives full value in cleared sterling funds on the date the payment is due or the deposit is made.

2.3 References in this lease to:

- 2.3.1 the Landlord means the person for the time being entitled to the immediate reversion or interest expectant on the Term;
- 2.3.2 the Tenant means the person for the time being entitled to the Term;
- 2.3.3 any clause or schedule are to those of this lease and references to any paragraph or Part are to those of the clause or schedule in which the reference appears;
- 2.3.4 a person entering the Premises or the Adjoining Property extend to anyone authorised by that person and to remaining on the Premises or the Adjoining Property (as the case may be) with any plant, equipment and materials;
- 2.3.5 a demand means a written one;
- 2.3.6 any consent, approval or agreement by the Landlord in connection with any proposed dealing with the Premises mean one delivered absolutely by the Landlord as a deed and, in connection with any other matter, mean one signed on the Landlord's behalf and, in every case, before the act requiring it and any statement that the consent, approval or agreement will not be unreasonably withheld also means that it will not be unreasonably delayed;
- 2.3.7 the Premises, the Adjoining Property, any Building and the Estate extend, where the context permits, to any part of them;
- 2.3.8 a specific Enactment includes every modification, consolidation and re-enactment and extension of it;
- 2.3.9 the expiry of this lease mean the date when the tenancy constituted by it terminates and references to the last year of this lease mean the year ending on the expiry of this lease;
- 2.3.10 any payment being due under this lease means that it is exclusive of any VAT and that the Landlord or the Tenant (as applicable) shall upon payment issue to the other a validly addressed VAT invoice or credit note if and when it is statutorily required to do so;
- 2.3.11 anything which is stated to include anything else does not, by the inclusion, limit the generality of the matter referred to;
- 2.3.12 any act, default or omission by the Tenant include any act, default or omission by anyone who claims through the Tenant or any of their employees, agents or visitors; and
- 2.3.13 "land" has the meaning given by section 205 of the Law of Property Act 1925.

2.4 Clause and paragraph headings do not affect the construction of this lease.

3. DEMISE

The Landlord lets, with full title guarantee, the Premises to the Tenant for the Term together with the rights specified in [Part 3 of schedule 1] until the expiry of this lease, except and reserved to the Landlord, and anyone authorised by it, the rights specified in [Part 2 of schedule 1] and subject to all rights, obligations and other matters affecting the Premises.

4. TENANT'S OBLIGATIONS

The Tenant agrees with the Landlord:

4.1 Rent

To pay rent of £1 per annum, if demanded, as it falls due without appropriation, deduction or set-off and to such bank as the Landlord may nominate from time to time.

4.2 VAT

To pay the Landlord the equivalent of any VAT which the Landlord incurs on any amount for which the Tenant is required to reimburse or indemnify the Landlord except to the extent the Landlord lawfully obtains, or is lawfully entitled to claim, credit for such VAT, and all such VAT is payable at the same time as the sums to which it relates.

4.3 Outgoings

To pay all present and future rates, taxes, levies, costs, charges, impositions and other outgoings of whatever nature assessed on, or reasonably attributable to, the Premises, their use and occupation or on their owner or occupier until the expiry of this lease except any tax payable by the Landlord on any dealing with the reversion to this lease or on the Landlord's receipt of income (save that this exception does not apply to VAT payable under clause 4.2).

4.4 Interest

To pay the Landlord interest on demand at the Stipulated Rate on money due to the Landlord under the Tenant's obligations which is not received within [21] days after the due date or (in the case of money due only on demand) date of demand, for the period commencing on the due payment date and ending when the debt is paid.

4.5 Compliance with Enactments

To comply with all Enactments relating to the Premises and the use and occupation of them and to anything which the Tenant does in connection with this lease (whether the requirement is imposed upon the owner or occupier) and not to do or omit anything which imposes a liability on the Landlord.

4.6 Preserving rights

To preserve all easements and other rights belonging to the Premises and not to give any acknowledgement that they are enjoyed by consent and not to permit any encroachment upon the Premises.

4.7 User

Not to use the Premises or exercise any right granted by this lease for any illegal purpose.

4.8 Dealings with the lease

4.8.1 Not to assign any part of the Premises.

4.8.2 Not to underlet any part of the Premises.

4.8.3 Not to underlet the whole of the Premises save for the purposes of granting the Adjoining Headlease.

4.8.4 Not to assign the whole of the Premises save where:

- (A) clause 16.1 of the Master Development Agreement applies and has been complied with;
- (B) the assignee enters into a direct deed of covenant with the Landlord on or before completion of the assignment to comply with the Tenant's obligations, in such form as the Landlord shall reasonably require;
- (C) the assignee enters into direct deeds of novation and apportionment with the Landlord on or before completion of the assignment to comply with

the terms of the Collateral Agreements insofar as and to the extent that they relate to the Premises, in each case in such form as the Landlord shall reasonably require; and

- (D) the Tenant simultaneously assigns to the same assignee (and the same assignee simultaneously takes an assignment of) the whole of the Adjoining Headlease Premises in accordance with all other relevant requirements of the Adjoining Headlease which apply to any such assignment;].

4.9 Notice of dealings with the lease

Within one month after any dealing with or devolution of any estate or interest in or derived out of this lease, to give the Landlord notice of the relevant transaction with a certified copy of the relevant document and pay the Landlord's solicitor's reasonable registration fee.

4.10 Obligations affecting the reversion

To comply, by way of indemnity only, with all obligations affecting the Premises and not to interfere with any rights which benefit them including, in each case, those contained or referred to in the documents referred to in schedule 3.

4.11 Pre-emption right²

4.11.1 The Tenant shall not at any time assign or transfer any part of the Premises to any third party (other than the Landlord) or otherwise assign or transfer the Pre-emption Land without having first offered to assign or transfer the Pre-emption Land to the Landlord in accordance with this clause 4.11.

4.11.2 If the Tenant receives an offer for any assignment or transfer from a third party on terms which are reasonably satisfactory to the Tenant or otherwise wishes to assign or transfer the Pre-emption Land, the Tenant shall give notice to the Landlord of such offer (if applicable), together with full details of the price and terms which the third party proposes (the "Offer Notice").

4.11.3 If, within three months after the date of service of an Offer Notice, the Landlord serves a counter-notice on the Tenant confirming that it wishes to acquire the Pre-emption Land (the "Acceptance Notice"), (subject to clause 4.11.8) the Tenant shall proceed to assign or transfer the Pre-emption Land to the Landlord at the price and on the terms contained in the Offer Notice or at the price or on such terms as are otherwise agreed by the Tenant and the Landlord.

4.11.4 If no Acceptance Notice is received by the Tenant within three months after the date of service of the Offer Notice, the Tenant shall be entitled to sell its interest in the Pre-emption Land to any third party within six months after the date of service of the Offer Notice at [REDACTED] of the price and on terms not substantially less advantageous to the Tenant than those contained in the Offer Notice and, if the Tenant shall not sell the Pre-emption Land to the third party within such [REDACTED] period, the provisions of this clause 4.11 shall again apply.

4.11.5 Any assignment or transfer to the Landlord shall be on the following terms:

- (A) the assignment or transfer is to be subject to the edition of the Standard Commercial Property Conditions of Sale current at the date when the contract for the assignment or transfer is made, so far as they are applicable to and not inconsistent with or varied expressly or impliedly, the these terms;

- (B) the assignment or transfer is to be completed on the first working day after the expiry of three months from the date of the Acceptance Notice (or on such alternative date as agreed by the Landlord and the Tenant) and shall be made by the Landlord with full title guarantee as legal and beneficial owner of the Pre-emption Land;
 - (C) the assignment shall take effect subject to and with the benefit of the entries on the official copy entries for the Pre-emption Land as at the date of the assignment or transfer; and
 - (D) completion of the assignment or transfer is not to prejudice the accrued rights of the parties.
- 4.11.6 Time is of the essence in respect of all periods referred to in clause 4.11.
- 4.11.7 Any offer to the Landlord within this clause 4.11 will be deemed to extend to all Group Companies of the Landlord and any Group Company of the Landlord may accept the Tenant's offer by serving an Acceptance Notice.
- 4.11.8 On any assignment or transfer by the Tenant, to procure that the assignee or transferee enters into a direct deed of covenant with the Landlord to comply, for the period from and including the date of the relevant assignment or transfer with this clause 4.11.
- 4.11.9 That the Tenant consents to the entry of the following restriction against title number [to be attributed to this lease] and the Landlord shall provide the Tenant with all reasonable assistance to permit the entry of the following title restriction:

No disposition of the registered estate (other than a charge) by the proprietor of the registered estate, or by the proprietor of any registered charge, not being a charge registered before the entry of this restriction, is to be registered without a certificate signed by a conveyancer that the provisions of clause [4.11.8] of a lease dated [•] made between (1) BL CW Holdings Limited and (2) BL CW Holdings 2 Limited have been complied with or that they do not apply.

5. LANDLORD'S OBLIGATIONS

The Landlord agrees with the Tenant:

5.1 Quiet enjoyment

That the Tenant may peaceably hold and enjoy the Premises without any interruption by the Landlord or any person rightfully claiming from or in trust for it.

6. OTHER AGREEMENTS AND DECLARATIONS

6.1 Forfeiture protection

6.1.1 The Landlord shall not exercise any right of forfeiture or re-entry at common law.

6.1.2 Without prejudice to Clause 6.1.1, the Landlord may not exercise any right of forfeiture or re-entry at law unless it has first given to the Tenant and any Tenant's Mortgagee (insofar as the Landlord is aware of the identity of any such Tenant's Mortgagee at the time of such notice) not less than an initial 60 Working Days' notice (the "Initial Notice") and then a further 60 Working Days' notice following the Initial Notice (the "Second Notice") of that intention and specifying the grounds for so doing.

- 6.1.3 [Any right of forfeiture or re-entry of the Landlord at law shall be overridden if the breach of condition is capable of remedy and within the period of 90 Working Days after the date of the Second Notice any Tenant's Mortgagee:
- (A) gives notice to the Landlord requiring it not to re-enter the Premises or forfeit this lease;
 - (B) acknowledges to the Landlord by a direct deed of covenant in a form reasonably required by the Landlord that the relevant Tenant's Mortgagee is assuming the Tenant's obligations;
 - (C) takes substantive steps acceptable to the Landlord (acting reasonably) towards remedying breach of the condition with reasonable speed; and
 - (D) pays to the Landlord any monies which have become due under this lease and are then unpaid.]

6.1.4 [Clause 6.1.3 operates without prejudice to any other rights and remedies against forfeiture which the Tenant and any Tenant's Mortgagee may have at law.]

6.1.5 Time shall be of the essence in respect of all matters referred to in this clause 6.1.

6.2 No implied rights

6.2.1 Neither the Tenant nor the Premises is, or will be, entitled to any type of right over any land of the Landlord and, if anything is enjoyed over such land in the future, it will be enjoyed by revocable consent.

6.2.2 Clause 6.2.1 does not apply to any right described in Part 3 of schedule 1.

6.2.3 The Tenant may not enforce, or prevent the release or modification of, any type of right or obligation attaching to the Landlord's interest in any land so as to prevent or restrict its development or use.

6.2.4 Any provision of this lease which would, apart from this provision, be in conflict with this clause takes effect subject to it.

6.3 Service of notices

6.3.1 Any notice under this lease:

- (A) must be in writing, addressed to the relevant party at a correct address; and
- (B) may be served by:
 - (1) post or personal delivery (but not by facsimile, e-mail, other electronic means of transmission, any document exchange nor by any other means);
 - (2) an agent of the serving party but not on an agent of the party to be served.

6.3.2 An addressee's correct address is any of:

- (A) the registered office of a corporate addressee; and
- (B) an address for service within the United Kingdom as last notified by a foreign party to the serving party, if the addressee is a foreign party.

6.3.3 For the purpose of calculating any notice period associated with the service of a notice, the period begins on the date the notice is given to the party to be served.

6.3.4 A notice is given:

(A) by post, on the date of the second (or, if earlier receipt is proved, the first) day after the date when the notice is posted; and

(B) by personal delivery, on the date when the notice is delivered, to a correct address of the party to be served.

6.3.5 In this lease any reference to giving notice is synonymous with notifying and vice versa; and "give", "send", "serve" and "deliver" are synonymous.

6.3.6 A foreign party agrees to maintain and keep the other party notified of a correct address for the purposes of clause 6.3.2(B) at all times.

6.4 No warranty as to use

There is no warranty by the Landlord (and no exercise of any of the Landlord's powers under this lease constitutes a warranty) that the Premises are authorised under Planning Law to be used, or are otherwise fit, for any specific purpose.

6.5 Overriding lease

If, before the expiry of this lease, the Landlord grants a tenancy of the reversion immediately expectant on the determination of this lease, whether under section 19 of the 1995 Act or otherwise, any obligation of the Tenant to obtain the consent of the Landlord under this lease to any dealing with it includes an obligation to obtain the consent of the lessor under such tenancy to that dealing.

6.6 Exclusion of Third Party Rights

The parties confirm that no term of this lease [(other than clause 6.1 which is capable of being enforced by any Tenant's Mortgagee)] is enforceable under the Contracts (Rights of Third Parties) Act 1999 by a person who is not a party to it.

6.7 No Compensation

Any statutory right of the Tenant to claim compensation from the Landlord on vacating the Premises is excluded to the extent allowed by law.

6.8 Rights and Easements

The operation of section 62 of the Law of Property Act 1925 is excluded from this lease and the only rights granted to the Tenant are those set out in this lease and (subject to clause 6.12) the Tenant is not entitled to any other rights affecting any adjoining property.

6.9 Limitation of Landlord's liability

If a person who is the Landlord of this lease assigns the reversionary interest in the Premises, either by transfer, by the grant of a term of years in reversion to this lease or by operation of law (and notwithstanding that the assignment operates in equity only pending registration at HM Land Registry), that person:

(A) is released from the Landlord's obligations under this lease; and

(B) ceases to be entitled to the benefit of the Tenant's obligations;

as from the assignment except in respect of any antecedent breach.

6.10 Law, Jurisdiction and Severance

- 6.10.1 This lease and any dispute or claim arising out of or in connection with it or its subject matter, existence, negotiation, validity, termination or enforceability (including non-contractual disputes or claims) shall be governed by and construed in accordance with English law and within the exclusive jurisdiction of the English courts, to which the parties irrevocably submit.
- 6.10.2 Each party agrees that any claim form or other document to be served under the Civil Procedure Rules may be served on it by being delivered to or left at a correct address for the purposes of clause 6.3.2.
- 6.10.3 If any provision of this lease is void or prohibited under any Enactment due to any applicable law, it shall be deemed to be deleted and the remaining provisions of this lease shall continue in force.

6.11 [Council as Tenant

- 6.11.1 This clause 6.11 applies for so long as the Council is the Tenant.
- 6.11.2 Save as permitted by law, nothing contained or implied in this lease shall prejudice or affect the rights, powers, duties and obligations of the Council in the exercise of its functions as a local planning, highway or buildings regulation authority or as a local authority under any other statutory provision or its rights as a landowner and the rights, powers, duties and obligations of the Council under all public and private statutes, bye-laws, orders and regulations may be as fully and effectually exercised in relation to the Premises as if it were not the owner of any interest in them.
- 6.11.3 Notwithstanding any other provision of this lease, the Council shall not be obliged to do or omit to do any act or thing the doing or omission of which would be unlawful or ultra vires.^{3]}

6.12 Further assurances

- 6.12.1 The Landlord and the Tenant each agree and acknowledge that, at the date of this lease, the Initial Development has not yet commenced and that the provisions of this lease (including the rights granted and reserved by this lease and the Plans) may need to be varied and/or supplemented to grant the Landlord or the Tenant or both of them or any other person claiming through or deriving title from either of them further rights and/or oblige them to do such further acts and things for all purposes in connection with the delivery of the Initial Development.
- 6.12.2 In the event that the Landlord or the Tenant reasonably requests the other to agree any variation of this lease and/or grant of any additional rights granted or reserved or enter into any additional obligations pursuant to Clause 6.12.1, the Landlord and the Tenant shall each use their reasonable endeavours to agree the terms of and to document such variation and/or additional rights or obligations at the proper and reasonable cost of the requesting party.
- 6.12.3 Notwithstanding Clauses 6.12.1 and 6.12.2, the Landlord and the Tenant each agree, at any time and at the request and proper and reasonable cost of the other, to grant any rights (including in relation to management, access, servicing, planning and the carrying out of works) for the benefit of the Adjoining Property or the Premises (as applicable) where reasonably required by the Landlord or the Tenant respectively or any person claiming through or deriving title from them.

■ [REDACTED]

- 6.12.4 The Landlord and the Tenant each agree (at the other's proper and reasonable cost but subject to clause 6.12.5) to do all such further acts and things and execute or procure the execution of all such other documents as the other party may reasonably require for the purpose of giving full effect to the provisions of this lease.
- 6.12.5 The Landlord and the Tenant each agree that they shall act in good faith towards one another in relation to all matters the subject of this lease and shall not, as a term of granting any consent, approval, easement or other act or thing which the other party may reasonably require for the benefit of (in the case of Landlord) the Adjoining Property or (in the case of the Tenant) the Premises, require the payment of any substantial fine, ransom payment, special premium or other substantial consideration or collateral advantage, but shall instead be entitled to require payment of fair compensation together with any relevant professional fees properly and reasonably incurred.

IN WITNESS whereof this deed has been executed by the parties hereto and is intended to be and is hereby delivered on the date first above written.

SCHEDULE 1

PART 1

(THE PREMISES)

All those premises [shaded] on the Premises Plan being Surrey Quays Leisure Park, Redriff Road, London, together with all buildings, erections and structures now or at any time erected or constructed on them and all additions, alterations and improvements to them and any Conduits at any time exclusively serving them, which form part of the land registered at HM Land Registry at the date of this lease under title number TGL147500; and

All those premises [shaded] on the Premises Plan being land at Quebec Way, Canada Water together with all buildings, erections and structures now or at any time erected or constructed on them and all additions, alterations and improvements to them and any Conduits at any time exclusively serving them, which form part of the land registered at HM Land Registry at the date of this lease under title number TGL359834 and TGL128775; and

All those premises [shaded] on the Premises Plan comprising the Dock Manager's Offices Surrey Quays Road, London together with all buildings, erections and structures now or at any time erected or constructed on them and all additions, alterations and improvements to them and any Conduits at any time exclusively serving them, which form part of the land registered at HM Land Registry at the date of this lease under title number TGL93274; and

All those premises [shaded] on the Premises Plan being land lying to the north east side of Lower Road, Rotherhithe together with all buildings, erections and structures now or at any time erected or constructed on them and all additions, alterations and improvements to them and any Conduits at any time exclusively serving them, which form part of the land registered at HM Land Registry at the date of this lease under title number TGL185589; and

All those premises [shaded] on the Premises Plan being land lying to the north east of Surrey Quays Road together with all buildings, erections and structures now or at any time erected or constructed on them and all additions, alterations and improvements to them and any Conduits at any time exclusively serving them, which form part of the land registered at HM Land Registry at the date of this lease under title number TGL106589; and

PART 2

(EXCEPTIONS AND RESERVATIONS)

The following rights are excepted and reserved out of the Premises to (save where otherwise specifically provided) the Landlord, any superior landlord (being a person entitled to any tenancy of the reversion (whether mediately or immediately) expectant on the determination of this lease or any part of it from time to time or the assignment of the right to receive the rent reserved by this lease), any tenants or occupiers of the Adjoining Property and all other persons authorised by the Landlord or by such tenants or occupiers or having the like rights:

1. The free and uninterrupted passage and running of water, soil, sewage, gas, air, smoke, electricity, light, information, telecommunications and other transmissions, services or supplies through any Conduits which are now or may at any time be in, on, under or passing through or over the Premises (but not so as to overload the same) and the right to connect into such Conduits for the benefit of the Adjoining Property.
2. The right at any time on reasonable prior notice (except in the case of emergency) to enter and remain upon any part of the Premises not covered by Buildings or other structures and immediately adjoining or adjacent to any part of the Adjoining Property for the purpose of carrying out any repairs or other work on or redevelopment or alterations to the Adjoining Property or any repairs or other work which the Landlord must or may carry out under this lease or otherwise, the Landlord remaining on the Premises only so long as is reasonably necessary to carry out such works and making good as soon as reasonably practicable any damage caused in the exercise of such rights.
3. The right to deal in any manner whatsoever with the Adjoining Property and to erect, maintain, redevelop, rebuild or alter any buildings or structures whatsoever on the Adjoining Property notwithstanding that the rights of light or air on the Premises may be diminished or affected.
4. The right to support, shelter and protection for the Adjoining Property as the same is now or at any time enjoyed from the Premises.

PART 3
(RIGHTS GRANTED)

The following rights (in common with all others for the time being authorised by the Landlord or otherwise entitled) for (save where otherwise specifically provided) the Tenant and any permitted undertenant and occupier of the Premises and those claiming through, deriving title from, and authorised by them:

1. The right of free and uninterrupted passage and running of water, surface water, drainage, sewage, soil, gas, air, smoke, electricity, light, information telecommunications and other transmissions, services and supplies to and from the Premises and the Adjoining Property in and through any Conduits and infrastructure now or at any time to be constructed or installed in or under the Adjoining Property to the extent that the same are not or do not become adopted and serve or are capable of serving the Estate and/or the Premises.
2. The right to connect into any Conduits and infrastructure now or at any time to be constructed or installed in or under the Adjoining Property and serving the Estate and/or the Premises and to lay new Conduits and infrastructure in the Premises and the Adjoining Property serving the Estate and/or the Premises and thereafter to inspect, repair, renew, replace, clean and maintain the same, the persons exercising such rights causing any such works to be carried out causing as little damage as reasonably practicable and making good as soon as reasonably practicable and to the reasonable satisfaction of the Landlord any damage so caused to the Adjoining Property provided that the Landlord may re-route or alter any such Conduits and infrastructure within the Adjoining Property, the Landlord (a) exercising all reasonable endeavours to minimise any disruption caused and (b) ensuring that the suitability and capacity of the conduits and the infrastructure is not materially adversely affected.
3. The right for the Tenant to carry out (or procure the carrying out of) development and any works required to repair, rebuild, alter, renew or reinstate the Premises or any Building and (so far as it is on or relates to the Premises) the Initial Development or any Subsequent Development following damage or destruction in each case notwithstanding any rights of light or air or other rights and easements in favour of the Adjoining Property may be diminished or affected.
4. The right (to the extent that such works cannot reasonably be carried out from within the Premises and subject to obtaining necessary consents of any other owners and occupiers) on reasonable notice to the Landlord (except in the case of emergency) to enter and remain on any part of the Adjoining Property which remains unbuilt upon and is immediately adjoining or adjacent to any part of the Premises with or without vehicles and/or equipment for the purposes of:
 - 4.1.1 inspecting, repairing, renewing, replacing, cleaning and maintaining any Conduits and infrastructure serving the Estate and/or the Premises;
 - 4.1.2 carrying out development and any works required to repair, rebuild, or reinstate the Premises or any Building and (so far as it is on or relates to the Premises) the Initial Development or any Subsequent Development following damage or destruction;
 - 4.1.3 carrying out any works required or permitted under this lease and exercising and performing any other Tenant's rights and obligations contained in this lease or as may be required by any Enactment;the persons exercising this right causing such works to be carried out causing as little damage as reasonably practicable and making good as soon as reasonably

practicable and to the reasonable satisfaction of the Landlord any damage so caused to the Adjoining Property.

5. The right of escape in the case of emergency (including practice for emergency) from the Premises over, along or through such routes within the Adjoining Property as are required to satisfy the proper requirements of any relevant competent statutory body.
6. The right of support, shelter and protection for the Premises as the same is now or at any time enjoyed from any Adjoining Property.

**SCHEDULE 2
(COVENANTS ETC.)**



APPENDIX 1
(PLANS)

**EXECUTED AS A DEED by
BL CW HOLDINGS LIMITED**
acting by
[names of two of its directors or
a director and its secretary]

)
)
)
)
)

.....
Director

.....
[Director/Secretary]

**EXECUTED AS A DEED by
BL CW HOLDINGS 2 LIMITED**
acting by
[names of two of its directors or
a director and its secretary]

)
)
)
)
)

.....
Director

.....
[Director/Secretary]

British Land Supplier Code of Conduct

March 2018

1. The Code

- 1.1. This Code of Conduct (“**this Code**”) sets out the obligations on British Land’s suppliers in relation to social, environmental and ethical compliance.
- 1.2. This Code is designed to promote safe and fair working conditions and the responsible management of social, ethical and environmental issues in British Land’s supply chain.
- 1.3. Where appropriate to individual contracts, the requirements below will be adapted and specific requirements established.

2. General Requirements

- 2.1. The phrase “Supplier” in this Code shall, where relevant, also include contractors, subcontractors and agents of the Supplier. All references to “British Land” include the relevant contracting entity and all other British Land group companies that benefit from the goods and services being provided.
- 2.2. The Supplier shall comply with all relevant laws, regulations and standards in all of the countries in which it operates.
- 2.3. The Supplier is encouraged to take all reasonable endeavours to promote this Code to its suppliers and subcontractors.

3. Monitoring, Corrective Action and Reporting

- 3.1. The Supplier is expected to identify, correct and monitor the continued compliance of any activities that fall below the standards of this Code.
- 3.2. The Supplier shall immediately report to the Head of Procurement at British Land any serious breaches of this Code and, together with British Land, agree a schedule for corrective action.
- 3.3. A breach of this Code may be considered to be a material breach of contract with British Land and British Land accordingly reserves all its legal rights and remedies in respect of any such breach.
- 3.4. British Land may report the progress (or extent thereof) of the Supplier’s compliance with this Code in the annual British Land Sustainability Report and the Supplier agrees to such disclosure.

- 3.5. The Supplier shall provide British Land with reasonable access to all relevant information and premises for the purposes of assessing performance against this Code and use reasonable endeavours to ensure that sub-tier suppliers do the same. Audits may be conducted by prior appointment by British Land or an independent third party on behalf of British Land.

4. Principles

4.1. Health and Safety

- 4.1.1. The Supplier shall provide a healthy and safe working environment for employees, contractors, partners or others who may be affected by the Supplier's activities, in accordance with international standards and national laws.
- 4.1.2. The Supplier shall put in place mechanisms to ensure that health and safety obligations are communicated and applied to parties under its control.
- 4.1.3. The Supplier shall ensure it meets general principles of health and safety risk prevention. General principles include identifying, minimising and preventing hazards, using competent and trained people, providing and maintaining safe equipment and tools, including personal protective equipment as required.
- 4.1.4. The Supplier shall have mechanisms and shall implement them to ensure that all its employees are competent to carry out the health and safety aspects of their responsibilities and duties. This shall include the nomination and training of persons at an appropriate level (in particular executives), who are responsible for discharging the Supplier's health and safety obligations.
- 4.1.5. The Supplier shall ensure facilities and amenities, including employee accommodation where provided by the Supplier, shall be hygienic, safe and meet the basic needs of employees.
- 4.1.6. The Supplier shall have systems and training to prepare for and respond to accidents, health problems and foreseeable emergency situations. The Supplier shall have means and procedures in place for recording, investigating and implementing learning points from accidents and emergency situations.

4.2. Child Labour

- 4.2.1. The Supplier shall strictly prohibit child labour. No person shall be employed who is below the minimum legal age for employment.
- 4.2.2. The minimum age for employment shall be the age for completing compulsory education in the relevant country or not less than 15 years of age (or not less than 14 years, in countries where educational facilities are insufficiently developed, in accordance with international principles), whichever is higher.
- 4.2.3. Children (persons under the age of 18) shall not be employed for any hazardous or night work, or work that is inconsistent with the child's personal development.

- 4.2.4. In the event that the Supplier discovers a child is employed, the best interests of the child shall be the primary consideration. The Supplier shall contribute, support and/or develop policies and programmes that assist any child found to be performing child labour.

4.3. Forced Labour

- 4.3.1. The Supplier shall not use any form of forced, bonded or compulsory labour, slavery or human trafficking.
- 4.3.2. The Supplier's employees shall be entitled to leave work or terminate their employment with reasonable notice. Employees shall be free to leave work after such reasonable notice period expires. All employment shall be voluntary. The Supplier shall provide each of its employees with an employment contract which contains such a reasonable notice period.
- 4.3.3. The Supplier shall not require employees to lodge deposits of money, withhold payment, place debt upon employees or require employees to surrender any government-issued identification, passports, or work permits as a condition of employment.

4.4. Working Hours

- 4.4.1. The Supplier shall ensure working hours of the Supplier's employees do not exceed the maximum set by local law and each employee's working week does not exceed 60 hours per week including overtime.
- 4.4.2. The Supplier shall allow each of its employees at least one day off following every six consecutive working days.
- 4.4.3. The Supplier shall grant its employees the right to paid vacation.
- 4.4.4. In exceptional circumstances (which may include emergency situations, but shall not include anticipated peaks in production requirements) when these hours might be exceeded by the Supplier's employees, working hours shall in any event not be excessive. The Supplier shall be considerate to the type of work performed and the acceptable working hours for the role concerned.
- 4.4.5. The Supplier shall not operate exclusive zero hours contracts.

4.5. Payment

- 4.5.1. The Supplier shall ensure its employees understand their employment conditions and give employees fair and reasonable pay as well as any legally entitled or agreed benefits.
- 4.5.2. The Supplier is encouraged to pay the voluntary Living Wage Foundation rate to all direct employees and promote the Living Wage Foundation rate further down its supply chain.

- 4.5.3. The Supplier shall not use deductions from wages as a disciplinary measure. Employees must be paid in a timely manner and the Supplier must clearly convey to its employees the basis on which they are paid.
- 4.5.4. The Supplier is encouraged to adopt prompt payment for its subcontractors, in line with the Prompt Payment Code (PPC) principles.

4.6. Disciplinary Practices

- 4.6.1. The Supplier will treat all employees with respect and dignity. The Supplier shall prohibit physical or verbal abuse or other harassment and any threats or other forms of intimidation.

4.7. Discrimination

- 4.7.1. The Supplier shall not engage in or support any form of discrimination in hiring, employment terms, remuneration, access to training, promotion, termination, retirement procedures or decisions including but not limited to: race, colour, age, veteran status, gender identification, sexual orientation, pregnancy, ethnicity, disability, religion, political affiliation, nationality, indigenous status, medical condition, HIV status, social origin, social or marital status and union membership.
- 4.7.2. The Supplier shall ensure no form of discrimination is present at any stage of employment, from the selection of suitable applicants, their interview and assessment, to the terms of their employment, payment and grounds for dismissal.
- 4.7.3. The Supplier should also apply a high standard of engagement as per clauses 4.7.1 and 4.7.2 when liaising with subcontractors, customers and when providing goods or services on any British Land asset; ensuring they observe the same requirements, therefore influencing across the supply chain.

4.8. Freedom of Association and Right to Collective Bargaining

- 4.8.1. The Supplier shall respect the rights of employees to join or not to join trade unions or similar representative bodies and the rights of employees to collective bargaining to the extent permitted by applicable law. The Supplier shall allow open communication and direct engagement between its employees and management in building employee relations and for the resolution of any issues.

4.9. Conflict of Interest

- 4.9.1. The Supplier must avoid all conflicts of interest or situations that may be interpreted as a conflict of interest. The Supplier must promptly report to British Land any instances involving actual or apparent conflicts of interest between the Supplier's interests and those of British Land, such as a direct personal or financial interest in a business decision or supplier selection. Likewise, the Supplier shall not, without prior written notification, enter into any business relationship with any director, employee, or representative of British Land that may create a conflict with their fiduciary obligations or the interests of British Land.

4.10. Anti-bribery, Corruption and Individual Conduct

4.10.1. The Supplier shall not tolerate or enter into any bribery, including improper offers or payments to or from employees, customers, suppliers, organisations or individuals.

4.10.2. The Supplier shall:

- have an anti-bribery policy that sets out the principle of zero tolerance to any form of bribery or corruption within their organisation, including facilitation payments;
- not give, promise, receive or request any bribes (financial or other advantage), including but not limited to relations with public officials;
- ensure its employees, contractors and subcontractors are aware of its anti-bribery policy and how to comply with its requirements.

4.11. Fraud and Money Laundering

4.11.1. The Supplier shall:

- act in accordance with all applicable international standards and laws on fraud and money laundering;
- not do or omit to do anything likely to cause any party to be in breach of any such international standards and laws;
- maintain an effective anti-fraud and (where appropriate) an anti-money laundering compliance programme, designed to ensure compliance with the law including the monitoring of compliance and detection of violations.

4.12. Responsible Sourcing of Minerals

4.12.1. The Supplier shall have a clear policy or procedure in place to avoid knowingly purchasing conflict minerals.

4.12.2. The Supplier shall source all timber from sources certified by the Forest Stewardship Council or Programme for the Endorsement of Forest Certification.

4.12.3. In particular, the Supplier shall have a policy or procedure to reasonably assure that the tin, tantalum, tungsten and gold in the products it manufactures does not directly or indirectly finance or benefit armed groups that are perpetrators of serious human rights abuses. The Supplier shall exercise due diligence on the source and chain of custody of these minerals and make their due diligence measure available upon British Land's request.

4.13. Environment

4.13.1. The Supplier shall comply with relevant legislation and international standards, and, in countries where environmental legislation is not evident or enforced, ensure reasonable practices for managing environmental impacts are in place.

4.13.2. The Supplier shall implement an internal environmental management system to the extent applicable to the Supplier's business.

4.13.3. The Supplier shall obtain, maintain and keep current all necessary environmental permits (e.g. waste management, transportation), approvals and registrations.

- 4.13.4. The Supplier shall respect all applicable laws, regulations and customer requirements regarding prohibition or restriction of specific substances. Hazardous chemicals and other materials included in products, especially those included in the substances of Very High Concern list of the REACH (Registration, Evaluation, Authorisation and restriction of Chemicals) regulation, must be identified and managed by the Supplier to ensure their safe use, recycling or re-use and disposal. The use of such chemicals and materials by the Supplier must be avoided (and, if not possible to avoid, minimised). Where required, the Supplier must deliver electrical or electronic equipment in line with all relevant European Union regulations such as but not limited to RoHS (Restriction of Hazardous Substances) and REACH.
- 4.13.5. The Supplier shall identify, minimise, monitor, control and treat all hazardous air pollutants and all emissions should be avoided in accordance with international standards and applicable laws.
- 4.13.6. The Supplier shall promote recycling and reduce wastage in materials sourcing, handling, transport and disposal.
- 4.13.7. The Supplier shall seek to promote energy and carbon efficiency where appropriate.

4.14. Community Engagement

- 4.14.1. The Supplier is encouraged to support local community initiatives around our places, where appropriate to its organisation.
- 4.14.2. The Supplier at any key British Land property shall support the delivery of British Land's Local Charter, available on our website: www.britishland.com/policies
- 4.14.3. The Supplier shall seek to develop positive relationships within its local communities.
- 4.14.4. The Supplier shall plan to minimise disruption from its activities and is encouraged to contribute to the sustainability and development of the communities in which it operates.
- 4.14.5. The Supplier shall take a proactive approach in offering local communities and local businesses opportunities to work and engage where appropriate.
- 4.14.6. The Supplier is encouraged to work with British Land's nominated community partners, such as charities and schools. More details can be found on our website: www.britishland.com/community

4.15. Apprenticeships

- 4.15.1. The Supplier shall seek to participate in apprenticeship programmes that comply with applicable laws and regulations.

4.16. Whistleblowing

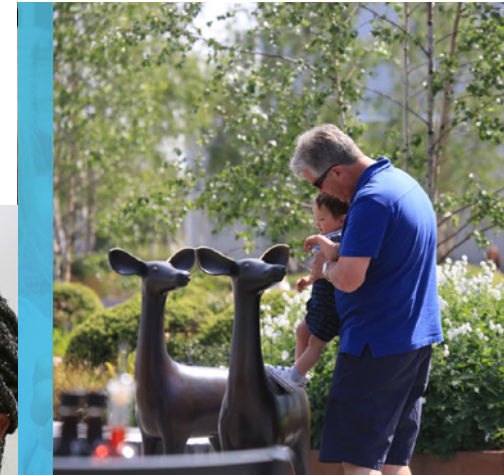
- 4.16.1. The Supplier shall adopt an internal anonymous complaint, workplace grievances and whistleblowing procedure to the highest ethical standards in line with applicable laws and regulations.

4.17. Privacy

- 4.17.1. The Supplier shall comply with all applicable data privacy laws in relation to its use, processing and storage of personal data.

5. Compliance

- 5.1. The Supplier acknowledges, agrees and assumes entire and sole responsibility for full compliance with this Code.
- 5.2. British Land is exempt from any monitoring duty or from ensuring the Supplier's compliance to this Code.
- 5.3. Should any paragraphs of this Code conflict with any of the Supplier's contractual terms and the contractual terms are more explicit than this Code, the Supplier must abide by the more explicit contractual terms.



Sustainability Accounts 2017

Places People Prefer



THE QUEEN'S AWARDS
FOR ENTERPRISE
SUSTAINABLE DEVELOPMENT
2016

The Queen's Award for Enterprise

British Land was awarded the UK's highest accolade for business success, for our continued economic, social and environmental achievements over five years

Welcome to our Sustainability Accounts 2017

Here you can find sustainability performance data requested by our stakeholders and investor indices.

For the primary reporting on our sustainability progress, see our Annual Report and Accounts 2017:

www.britishland.com/annualreport

We integrate economic, social and environmental information into our Annual Report and Accounts, in line with the International Integrated Reporting Framework. This reflects how sustainability is integrated into our placemaking strategy, governance and business operations.

For more on our sustainability strategy, including progress on our 2020 targets:

www.britishland.com/sustainability

Our Sustainability Accounts 2017

- **Performance data:** Material data on each of our 2020 sustainability strategy focus areas: Wellbeing, Community, Futureproofing, and Skills and opportunity.
- **Reporting criteria:** Detail on how performance data has been calculated.
- **EPRA Index:** We report in line with the latest European Public Real Estate Association (EPRA) Best Practice Recommendations on Sustainability Reporting.
- **Independent Assurance:** Where you see **(A)** PwC has independently assured 2017 total data, in accordance with ISAE 3000 (Revised) and ISAE 3410. We have been getting selected data independently assured for a decade (see earlier Reports).

Our 2020 sustainability strategy

Aligned to the corporate strategy, our 2020 sustainability strategy is built around four focus areas, which address major social, economic and environmental trends to create value for our stakeholders and the business.

We have prioritised our reporting based on what's most material to our stakeholders and business.

Customer orientation



Wellbeing

Create places that promote health, improve productivity and increase enjoyment

Occupiers and shoppers

Right places



Community

Make a positive contribution locally and act so our places are considered part of their local community

Local people

Capital efficiency



Futureproofing

Protect asset value and generate income through energy generation and efficiency, materials innovation and flood risk reduction

Investors

Expert people



Skills and opportunity

Develop skills and opportunities to help local people and businesses grow

Local authorities and suppliers

Positive outcomes for our stakeholders

- Dividends and long term capital growth for shareholders
- Enjoyable, convenient experiences which promote wellbeing for the users of our properties
- Improving sales performance and productivity for our occupiers
- Attractive sustainable environments, events, jobs and skills development for our local communities
- Profitable, collaborative business for our suppliers
- Enjoyable, challenging, rewarding work for our employees

Performance data 2017

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Water use	24
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Physical risks	29
Skills and opportunity	30
Apprentices	30
Procurement	31
Supplier workforce	32
Group employment	33

Performance overview

Data covers up to 97% of our multi-let managed portfolio by value (71% of assets under management) and 100% of development projects, except for EPC and flood risk data, where the scope covers 100% of assets under management. Please see the scope column for indicator specific reporting coverage. Selected data has been independently assured for a decade.

'2017' refers to our financial year from 1 April 2016 to 31 March 2017. The same approach applies for previous years.

Where accuracy improvements have been made, some earlier data has been restated: [Reporting Criteria](#).



Trend



↑ Positive

→ Neutral

↓ Negative

Fig. 1 Overview

Focus	Performance indicator	2020 target	Trend	2017	2016	2015	Scope
 Wellbeing	Deliver a WELL certified commercial office to shell and core, and set corporate policy for future developments	Deliver	↑	On track	Target established		-
	Develop and pilot retail wellbeing specification	Deliver	↑	On track	Target established		-
	Increase the sense of wellbeing for shoppers, retailers and occupiers at our places	Increase	↑	On track	Baseline established		-
	Define and trial a methodology for measuring productivity in offices	Deliver	↑	On track	Target established		-
	Research and publish on how development design impacts public health outcomes	Deliver	↑	On track	Target established		-
 Community	Implement our Local Charter at all staffed assets and major developments	100%	n/a	nr	nr	nr	-
	British Land employee volunteering	90%	↑	90%	84%	83%	-
	British Land employee skills-based volunteering	20%	→	16%	16%	10%	-
	Community programme beneficiaries	n/a	↑	35,600	29,482	18,791	-

Focus	Performance indicator	2020 target	Trend	2017	2016	2015	Scope	
 Futureproofing	Developments on track to achieve BREEAM Excellent for offices and Excellent or Very Good for retail	100%	↑	93%	82%	94%	13/13	
	Carbon (Scope 1 and 2) intensity reduction versus 2009 (index scored)	55%	↑	44% (56/100)	40% (60/100)	39% (61/100)	67/73	
	Landlord energy intensity reduction versus 2009 (index scored)	55%	↓	35% (65/100)	38% (62/100)	40% (60/100)	67/73	
	Landlord embodied carbon intensity reduction per m ² for projects over £50m versus 2015	15%	n/a	nr	nr	nr	-	
	Waste diverted from landfill: managed properties and developments	100%	→	98%	98%	95%	104/121	
	Energy Performance Certificates rated F or G	n/a	↓	4%	3%	3%	2296/2389	
	On site renewable energy income	n/a	↑	£89,000	£39,000	£7,000	3/3	
	Portfolio at high risk of flood (by value)	n/a	↑	3%	5%	8%	252/259	
 Skills and opportunity	Tier 1 and 2 contracts that are Supply Chain Charter compliant (for prioritised contracts)	100%	n/a	nr	nr	nr	-	
	Tier 2 supply chain spend within 25 miles	Managed properties	n/a	↓	63%	81%	nr	94/104
		Developments	n/a	→	60%	60%	nr	7/7
	Prioritised supplier workforce who are apprentices – pilot study	Tier 1 suppliers	3%	↑	1.7%	nr	n/a	-
		Tier 2 development suppliers	3%	↑	3.1%	nr	n/a	-
	Employees paid Living Wage Foundation wage	100%	→	100%	100%	nr	-	
	Supplier workforce paid Living Wage Foundation wage: managed properties	n/a	→	72%	72%	nr	98/104	
	Supplier workforce living within 25 miles of our places	n/a	↑	70%	67%	nr	105/112	

Wellbeing

Sense of wellbeing

Fig. 2 Shopper, retailer and occupier wellbeing scores

	2017	2016
Retail		
Shopper perception of wellbeing [%]	84%	80%
Shopper rating of facilities [%]	58%	50%
Retailer sense of belonging at our places (average score out of 10)	7.7	nr
Retailer satisfaction with public realm (average score out of 10)	7.8	nr
Retailer satisfaction with enlivenment (average score out of 10)	7.4	nr
Retailer satisfaction with customer service and hospitality from our centre teams (average score out of 10)	8.6	nr
Offices		
Occupier sense of memorable experience at our places (average score out of 10)	8.2	nr
Occupier perception of productivity [%]	74%	nr
Occupier sense of pride in office space [%]	89%	nr

Biodiversity

Fig. 3 Biodiversity - developments

	2017	2016	2015
Sites with net improvements in biodiversity, achieved or on track [%]	87%	83%	96%
Habitats protected, restored or created (m ²)	1,376	1,572	9,908
<i>Scope (development projects)</i>	<i>15/15</i>	<i>18/26</i>	<i>9/9</i>

Health and safety

Fig. 4 Accidents - managed portfolio and corporate

(A) Assurance covers total 2017 data and RIDDOR Accident Frequency Rate.

	Reportable fatal, non-fatal lost day or RIDDOR accidents at our managed properties									Accident Frequency Rate (RIDDOR)		
	2017			2016			2015			2017	2016	2015
	Fatalities	Incidents	Dangerous occurrences	Fatalities	Incidents	Dangerous occurrences	Fatalities	Incidents	Dangerous occurrences			
Managed portfolio												
Offices	0	8	0	0	6	1	0	2	1	23.51	18.85	7.50
Retail	0	20	0	0	23	0	0	19	3	0.01	0.01	0.01
Residential	0	0	0	0	0	0	0	0	0	n/a	n/a	n/a
Sub-total	0	28	0	0	29	1	0	21	4	n/a	n/a	n/a
<i>Scope (managed properties)</i>	112/112	112/112	112/112	107/107	107/107	107/107	115/130	115/130	115/130	104/104	101/101	104/104
Corporate												
Group offices	0	0	0	0	0	0	0	0	0	0	0	0
Overall												
Total	0	28	0	0	29	1	0	21	4	n/a	n/a	n/a

Fig. 5 Accidents - developments

(A) Assurance covers 2017 data only.

	2017	2016	2015
Lost-day accident rate (number of incidents per 100,000 hours worked)	0.00	0.09	0.05
Accident frequency rate (number of RIDDOR accidents per 100,000 hours worked)	0.08	0.14	0.19
Total job-related fatal accidents	0	0	1
Total job-related lost-day or reportable non-fatal accidents	2	3	7
<i>Scope (development projects)</i>	39/44	39/42	42/47

Health and safety continued

Fig. 6 Health and safety - compliance

	2017	2016	2015
Managed portfolio (OHSAS 18001)			
Proportion subject to health and safety review	100%	100%	87%
Proportion with 90% of all identified risks deemed to be under control at annual risk assessment	95%	94%	95%
Proportion of uncontrolled risks resolved within documented timeframe	99.4%	99.6%	99%
<i>Scope (managed properties)</i>	112/112	107/107	115/130
Developments			
Total health and safety incidents of non-compliance	0	1	1
<i>Scope (development projects)</i>	39/44	39/42	42/47
Corporate (OHSAS 18001)			
Proportion of uncontrolled risks resolved within documented timeframe at British Land offices	100%	86%	99%
Proportion of uncontrolled risks resolved within documented timeframe at Broadgate Estates offices	100%	83%	nr

Health and safety continued

Fig. 7 Lost working days

	Working days lost through sickness			Working days lost		
	2017	2016	2015	2017	2016	2015
British Land						
Male	79	128	88	0.1%	0.4%	0.3%
Female	788	452	208	1%	2%	1%
All	867	580	296	1%	1%	1%
Broadgate Estates						
Male	646	616	677	1%	1%	2%
Female	572	689	535	1%	2%	2%
All	1,217	1,305	1,212	1%	1%	2%
Group total	2,084	1,884	1,508	1%	1%	1%

Community

Volunteering

Fig. 8 British Land employee and key supplier volunteering

	2017	2016	2015
British Land employees			
Volunteering (%)	90%	84%	83%
Volunteering (hours)	2,726	2,658	2,883
Skills-based volunteering (%)	16%	16%	10%
Time spent supporting charitable and community causes (Average number of hours)	11.7	10.1	10.5
Key suppliers			
Volunteering (hours)	5,351	5,439	2,560

Contributions and investment

Fig. 9 Community investment (LBG)

	Direct community investment (£)			Leveraged community investment (£)		
	2017	2016	2015	2017	2016	2015
Cash	1,351,303	1,371,044	1,287,500	922,302	1,901,936	849,783
British Land employee time (direct) / Key supplier workforce time (leveraged)	250,596	251,470	236,016	149,312	153,642	71,361
In-kind	42,055	57,488	33,154	-	-	-
Management costs	447,225	605,579	528,392	-	-	-
Total	2,091,179	2,285,581	2,085,062	1,071,614	2,055,578	921,144

Contributions and investment continued

Fig. 10 Community programme beneficiaries

	No. of individual beneficiaries		
	2017	2016	2015
Education	20,742	14,513	8,043
Employment and training	758	452	483
Wellbeing, culture and leisure	14,100	14,517	10,265
Total	35,600	29,482	18,791

Fig. 11 Community contributions through planning and development

	£m		
	2017	2016	2015
Community contributions through planning and development	17	32	12
<i>Scope (development projects)</i>	<i>30/31</i>	<i>41/41</i>	<i>26/26</i>

Considerate constructors

Fig. 12 Considerate Constructors Scheme

	2017	2016	2015
Average scores (out of 50)	36.7	37.3	38.9
<i>Scope (development projects)</i>	<i>32/44</i>	<i>25/25</i>	<i>18/18</i>

Futureproofing

Building certifications

Fig. 13 Sustainability ratings

(A) Assurance covers total proportion of 2017 data by value and floor area. Assurance excludes Energy Performance Certificates.

	2017		2016	
Developments - Sustainability ratings (on track to achieve)	Total floor area (m ²)	Proportion (by floor area)	Total floor area (m ²)	Proportion (by floor area)
BREEAM Outstanding	-	-	-	-
BREEAM Excellent	116,309	49%	286,894	65%
BREEAM Very Good	31,709	13%	33,283	8%
BREEAM Good	-	-	1,107	0%
BREEAM Pass	10,428	4%	10,428	2%
Code for Sustainable Homes Level 4	80,975	34%	106,490	24%
Code for Sustainable Homes Level 3	-	-	-	-
Total	239,422	100%	438,202	100%
<i>Scope (development projects)</i>	<i>18/18</i>	<i>18/18</i>	<i>27/27</i>	<i>27/27</i>
BREEAM Excellent for Offices and Excellent or Very Good for Retail	144,239	93%	303,578	82%
<i>Scope (development projects)</i>	<i>13/13</i>	<i>13/13</i>	<i>17/17</i>	<i>17/17</i>
Assets - Sustainability ratings	Total floor area (m ²)	Proportion (by value)	Total floor area (m ²)	Proportion (by value)
BREEAM Outstanding	2,429	0%	2,429	0%
BREEAM Excellent	376,622	27%	362,765	24%
BREEAM Very Good	32,461	2%	34,232	2%
BREEAM Good	10,677	1%	10,677	1%
BREEAM Pass	0	-	-	-
Code for Sustainable Homes Level 4	14,298	0%	13,062	0%
Code for Sustainable Homes Level 3	0	-	-	-
Total	436,487	30%	423,165	27%
<i>Scope (assets under management)</i>	<i>259/259</i>	<i>259/259</i>	<i>273/273</i>	<i>273/273</i>
Energy Performance Certificates				
Proportion of portfolio A or B rated	32%	25%	nr	30%
Proportion of portfolio F or G rated	4%	4%	nr	3%
<i>Scope (assets under management - unit level)</i>	<i>2296/2389</i>	<i>2296/2389</i>	<i>nr</i>	<i>2369 / 2856</i>

Financial

Fig. 14 Energy efficiency investment and savings

(A) Assurance covers 2017 savings and total investment data only; £4.8m of gross savings and £0.3m of investment.

	Investment (2012 to 2017)			Savings (2012 to 2017)			Scope (managed portfolio)
	Asset level	Corporate	Total	Gross	Net	Resource	
	£m			£m		MWh	
Energy use							
Landlord energy	7	1	8	13	5	137,657	71/74
Occupier energy	-	-	-	5	n/a	44,223	25/27

Fig. 15 Energy generated on-site and associated income

	Generation (MWh)			Income (£)		
	2017	2016	2015	2017	2016	2015
Combined Heat and Power (CHP)	1,919	1,786	1,064	0	0	0
Solar panels (PV)	669	389	322	89,000	39,000	7,000
Total	2,588	2,175	1,385	89,000	39,000	7,000
<i>Scope (managed portfolio)</i>	<i>7/9</i>	<i>7/9</i>	<i>6/6</i>	<i>3/3</i>	<i>3/3</i>	<i>2/2</i>

Carbon emissions

Fig. 16 Total direct and indirect (Scope 1, 2 and 3) greenhouse gas emissions

(A) Assurance covers overall total 2017 data only.

	Tonnes CO ₂ e																
	2017						Change 2015 to 2017	2016						2015			
	Direct		Indirect		Indirect Scope 3	Total		Direct		Indirect		Indirect Scope 3	Total	Direct		Indirect Scope 3	Total
	Scope 1	Location based	Market based	Scope 2				Scope 1	Location based	Market based	Scope 2			Scope 1	Scope 2		
Managed portfolio																	
Landlord obtained energy use																	
Offices: common parts and shared services	6,875	25,546	426	7,756	40,177	-12%	6,747	28,612	26,282	8,254	43,613	6,238	30,336	8,899	45,473		
Offices: direct use in occupier space	-	-	-	45,349	45,349	-10%	-	-	-	50,291	50,291	-	-	50,652	50,652		
Retail: common parts	365	7,809	6,204	2,037	10,210	-32%	418	9,433	9,827	2,365	12,216	584	11,433	2,982	14,999		
Retail: direct use in occupier space	-	-	-	1,245	1,245	10%	-	-	-	948	948	-	-	1,131	1,131		
Residential: common parts	-	22	0	4	25	-85%	-	47	48	11	58	30	106	31	167		
All property types: refrigerant loss	261	-	-	-	261	-53%	644	-	-	-	644	554	-	-	554		
All property types: on-site vehicles	108	-	-	22	130	-5%	119	-	-	26	144	112	-	24	136		
Sub-total	7,609	33,377	6,630	56,412	97,397	-14%	7,927	38,092	36,157	61,895	107,914	7,519	41,874	63,720	113,113		
Landlord obtained water use																	
All property types	-	-	-	224	224	15%	-	-	-	216	216	-	-	195	195		
Waste disposal																	
All property types	-	-	-	440	440		-	-	-	nr	nr	-	-	nr	nr		
Sub-total	7,609	33,377	6,630	57,077	98,062	-13%	7,927	38,092	36,157	62,111	108,130	7,519	41,874	63,915	113,308		
<i>Scope (managed properties)</i>					98/112						<i>97/109</i>				<i>130/143</i>		
Developments																	
Embodied carbon: materials	-	-	-	3,530	3,530	-96%	-	-	-	57,788	57,788	-	-	93,215	93,215		
<i>Scope (development projects)</i>					2/2						<i>4/9</i>				<i>6/9</i>		
Corporate																	
Group offices: energy use	-	772	0	142	915	16%	-	618	577	151	769	-	628	159	787		
British Land business travel	-	-	-	nr	0	-	-	-	-	197	197	-	-	168	168		
Overall																	
Total	7,609	34,149	6,630	60,749	102,507	-51%	7,927	38,710	36,734	120,247	166,884	7,519	42,503	157,456	207,478		

Carbon emissions continued

Fig. 17 Like-for-like total direct and indirect (Scope 1, 2 and 3) greenhouse gas emissions

(A) Assurance covers total 2017 data only.

	Tonnes CO ₂ e											
	Direct (Scope 1)			Indirect (Scope 2)			Indirect (Scope 3)			TOTAL		
	2017	Change 2016 to 2017	2016	2017	Change 2016 to 2017	2016	2017	Change 2016 to 2017	2016	2017	Change 2016 to 2017	2016
Managed Portfolio												
Landlord obtained energy use												
Offices: common parts and shared services	6,775	3%	6,598	25,369	-9%	27,731	7,654	-5%	8,021	39,798	-6%	42,351
Offices: direct use in occupier space	-	-	-	-	-	-	45,322	-10%	50,225	45,322	-10%	50,225
Retail: common parts	365	-15%	428	7,674	-10%	8,498	2,003	-6%	2,135	10,041	-9%	11,061
Retail: direct use in occupier space	-	-	-	-	-	-	1,245	28%	970	1,245	28%	970
Residential: common parts	-	-	-	22	-15%	26	4	-43%	6	25	-21%	32
All property types: refrigerant loss	260.8	-59%	644	-	-	-	-	-	-	261	-59%	644
All property types: onsite vehicles	108	-7%	115	-	-	-	22	-10%	25	130	-7%	140
Sub-total	7,508	-4%	7,785	33,064	-9%	36,255	56,249	-8%	61,381	96,821	-8%	105,422
Landlord obtained water use												
All property types	-	-	-	-	-	-	218	6%	205	218	6%	205
Waste disposal												
All property types	-	-	-	-	-	-	436	-1%	440	436	-1%	440
TOTAL	7,508	-4%	7,785	33,064	-9%	36,255	56,902	-8%	62,026	97,475	-8%	106,066
<i>Scope (managed properties)</i>	<i>41/43</i>		<i>41/43</i>	<i>83/95</i>		<i>83/95</i>	<i>83/95</i>		<i>83/95</i>	<i>83/95</i>		<i>83/95</i>

Carbon emissions continued

Fig. 18 Additional estimated Scope 3 Footprint

	2015 - Tonnes CO ₂ e
Managed and single-let properties	
Retail: visitor travel	2,770,585
Energy: occupier/third party procured	584,222
Offices: visitor travel	137,751
Offices: service charges	14,517
Retail: service charges	6,612
Residential: visitor travel	6,567
Residential: service charges	136
Developments	
Supply chain emissions	15,407
Finance, legal and other business services	3,260
Design and engineering services	2,479
Property acquisition	
Embodied carbon in buildings	57,862
Investment and finance	2,141
Corporate	
Energy and water: assets managed by Broadgate Estates for third parties	36,242
Finance	20,438
Property outgoings	18,566
Administration expenses	5,533
Employee commuting	112
Business travel: Broadgate Estates	33
Overall	
Total	3,682,462

Carbon emissions continued

Fig. 19 Greenhouse gas index and intensity from building energy consumption

(A) Assurance covers 2017 data only. Assurance excludes overall tonnes CO₂e per £m of gross rental income.

		2017	Change 2016 to 2017	2016	2009
Carbon intensity index (Scope 1 & 2)					
Index score (out of 100)					
Offices		59	-5	64	100
Retail - enclosed		39	-4	42	100
Retail - open air		60	1	59	100
Total		56	-4	60	100
Carbon intensity					
Offices	tonnes CO ₂ e/m ²	0.069	-8%	0.075	0.118
Retail - enclosed	tonnes CO ₂ e/m ²	0.067	-9%	0.073	0.174
Retail - open air	tonnes CO ₂ e/car park space	0.064	2%	0.063	0.106
<i>Scope (managed properties)</i>		<i>67/73</i>		<i>75/78</i>	<i>75/81</i>
Other carbon intensity measures (Scope 1 & 2)					
Residential: common parts	tonnes CO ₂ e/m ²	0.091	13%	0.081	nr
Group occupied floors	tonnes CO ₂ e/m ²	0.105	28%	0.082	nr
Overall	tonnes CO ₂ e/£m of gross rental income	67.39	-15%	79.48	nr

Energy use

Fig. 20 Total electricity consumption

(A) Assurance covers overall total 2017 consumed electricity data only.

	Purchased and consumed electricity (MWh)			Self-generated electricity consumed (MWh)			Total consumed electricity (MWh)		
	2017	2016	2015	2017	2016	2015	2017	2016	2015
Managed portfolio									
Offices: common parts	27,429	25,612	23,247	26	19	35	27,455	25,632	23,282
Offices: shared services	35,194	36,916	40,640	-	-	-	35,194	36,916	40,640
Offices: direct use in occupier space	87,568	87,327	83,379	-	-	-	87,568	87,327	83,379
Sub-total	150,191	149,855	147,266	26	19	35	150,217	149,874	147,301
Retail: common parts	19,006	20,421	22,280	206	43	5	19,212	20,465	22,285
Retail: direct use in occupier space	771	418	431	-	-	-	771	418	431
Residential: common parts	53	101	215	-	-	-	53	101	215
<i>Scope (managed properties)</i>	<i>91/105</i>	<i>93/103</i>	<i>125/137</i>	<i>4/5</i>	<i>4/5</i>	<i>4/4</i>	<i>91/105</i>	<i>93/103</i>	<i>125/137</i>
Corporate									
Group offices	1,875	1,380	1,387	-	-	-	1,875	1,380	1,387
Overall									
Total	171,895	172,175	171,579	232	63	40	172,127	172,238	171,619

Energy use continued

Fig. 21 Total fuel consumption

(A) Assurance covers overall total 2017 data only.

	Total (MWh) – all non-renewable		
	2017	2016	2015
Managed portfolio			
Offices: common parts	-	-	-
Offices: shared services	33,542	32,804	30,275
Offices: direct use in occupier space	406	365	239
Sub-total	33,948	33,169	30,513
Retail: common parts	1,726	2,020	2,798
Retail: direct use in occupier space	3,645	3,046	3,088
Residential: common parts	-	-	-
Sub-total	39,319	38,234	36,399
<i>Scope (managed properties)</i>	<i>46/48</i>	<i>45/45</i>	<i>45/46</i>
Corporate			
Group offices	-	--	-
Overall			
Total	39,319	38,234	36,399

Energy use continued

Fig. 22 Like-for-like total electricity and fuel consumption

(A) Assurance covers total 2017 energy consumed data only.

	Total consumed electricity (MWh)			Total consumed fuel (MWh)			Total energy consumed (MWh)		
	2017	Change 2016 to 2017	2016	2017	Change 2016 to 2017	2016	2017	Change 2016 to 2017	2016
Managed portfolio									
Offices: common parts	27,081	12%	24,160	-	-	-	27,081	12%	24,160
Offices: shared services	35,054	-4%	36,472	33,052	3%	32,078	68,106	-1%	68,550
Offices: direct use in occupier space	87,515	0%	87,212	406	11%	365	87,921	0%	87,576
Sub-total	149,650	1%	147,843	33,458	3%	32,443	183,108	2%	180,286
Retail: common parts	18,875	2%	18,452	1,726	-15%	2,037	20,601	1%	20,490
Retail: direct use in occupier space	771	70%	453	3,645	20%	3,050	4,416	26%	3,503
Residential: common parts	53	-5%	56	-	-	-	53	-5%	56
TOTAL	169,349	2%	166,804	38,829	3%	37,530	208,178	2%	204,334
<i>Scope (managed properties)</i>	<i>83/95</i>		<i>83/95</i>	<i>41/43</i>		<i>41/43</i>	<i>83/95</i>		<i>83/95</i>

Energy use continued

Fig. 23 Total energy consumed and generated on site

(A) Assurance covers overall total 2017 energy consumed data only.

	Total energy consumed (MWh)		
	2017	2016	2015
Managed portfolio			
Offices: common parts	27,455	25,632	23,282
Offices: shared services	68,737	69,719	70,915
Offices: direct use in occupier space	87,974	87,692	83,618
Sub-total	184,165	183,043	177,815
Retail: common parts	20,938	22,485	25,083
Retail: direct use in occupier space	4,416	3,464	3,519
Residential: common parts	53	101	215
All property types: district heating and cooling	-	-	-
Sub-total	209,572	209,092	206,631
<i>Scope (managed properties)</i>	<i>91/105</i>	<i>93/103</i>	<i>125/137</i>
Corporate			
Group offices	1,875	1,380	1,387
Overall			
Total	211,446	210,472	208,018
Energy generated on site (MWh and %)			
Total generated	2,588	2,175	1,385
Proportion of energy use in common parts and shared services	2.17%	1.84%	1.15%
Proportion of all energy use	1.22%	1.03%	0.67%

Energy use continued

Fig. 24 Building energy index and intensity

(A) Assurance covers 2017 data only.

		2017	Change 2016 to 2017	2016	2009
Energy intensity index					
Index score (out of 100)					
Offices		68	1	66	100
Retail - enclosed		46	1	44	100
Retail - open air		67	6	60	100
Total		65	2	62	100
Energy intensity					
Offices	kWh/m ²	158.70	2%	155.64	235.21
Retail - enclosed	kWh/m ²	161.89	3%	156.97	353.71
Retail - open air	kWh/car park space	150.01	12%	133.66	221.10
<i>Scope (managed properties)</i>		<i>67/73</i>		<i>75/78</i>	<i>75/81</i>
Other energy intensity measures					
Residential: common parts	kWh/m ²	189.68	9%	174.53	nr
Group occupied floors	kWh/m ²	240.64	33%	180.80	nr

Fig. 25 Energy efficiency - developments

	2017	2016	2015
% better than relevant Building Regulations (average)	21.18%	30.90%	25.30%
<i>Scope (development projects)</i>	<i>10/10</i>	<i>20/28</i>	<i>20/26</i>

Water use

Fig. 26 Total water consumption

	Mains water use (m ³)			Non-mains water use (m ³)						Total water use (m ³)		
	2017	2016	2015	Borehole water			Water from on-site harvesting			2017	2016	2015
				2017	2016	2015	2017	2016	2015			
Managed portfolio												
Offices: whole building	540,286	513,419	413,371	-	-	-	256	3,364	2,271	540,542	516,783	415,642
Retail: common parts	110,913	113,290	121,229	10,521	20,823	17,733	1,565	2,594	2,337	122,999	136,707	141,299
Residential: common parts	-	-	100	-	-	-	-	-	-	0	0	100
<i>Scope (managed properties)</i>	<i>60/65</i>	<i>66/70</i>	<i>70/81</i>	<i>1/1</i>	<i>1/1</i>	<i>1/1</i>	<i>4/5</i>	<i>5/5</i>	<i>4/4</i>	<i>60/65</i>	<i>66/70</i>	<i>70/81</i>
Corporate												
Group offices	nr	3,786	2,350	-	-	-	-	-	-	0	3,786	2,350
Overall												
Total	651,199	626,709	534,700	10,521	20,823	17,733	1,821	5,958	4,608	663,541	653,490	557,041

Fig. 27 Like-for-like total water consumption

	Non-mains water use (m ³)				Total water use (m ³)		
	Borehole water		Water from on-site harvesting		2017	Change 2016 to 2017	2016
	2017	2016	2017	2016			
Managed portfolio							
Offices: whole building	-	-	256	3,364	522,245	4%	502,515
Retail: common parts	10,521	20,811	1,565	2,096	123,049	7%	115,517
Residential: common parts	-	-	-	-	-	-	-
Total	10,521	20,811	1,821	5,460	645,294	4%	618,032
<i>Scope (managed properties)</i>	<i>1/1</i>	<i>1/1</i>	<i>4/4</i>	<i>4/4</i>	<i>55/58</i>		<i>55/58</i>

Water use continued

Fig. 28 Building water index and intensity

		2017	Change 2016 to 2017	2016	2009
Water intensity index					
Index score (out of 100)					
Offices		80	-3	82	100
Retail - enclosed		65	-6	71	100
Retail - open air		84	31	52	100
Total		78	-1	79	100
Water intensity					
Offices	m ³ / FTE	14.59	-3%	15.08	18.31
Retail - enclosed	m ³ / 10,000 visitors	9.47	-8%	10.29	14.51
Retail - open air	m ³ / 10,000 visitors	2.86	59%	1.79	3.42
<i>Scope (managed properties)</i>		48/54		50/65	17/41
Other water intensity measures					
Residential: common parts	m ³ / m ²	-	-	-	nr
Group occupied floors	m ³ / FTE	nr	-	2.32	nr

Waste and materials

Fig. 29 Waste management - managed portfolio and corporate

(A) Assurance covers total 2017 data and proportion by disposal route only.

	Managed portfolio						Corporate			TOTAL		
	Offices			Retail			British Land offices					
	2017	2016	2015	2017	2016	2015	2017	2016	2015	2017	2016	2015
Non-hazardous managed waste (tonnes)												
Re-use	13.4	0.3	0.2	0.0	5	15	-	-	-	13	5	15
Composting	1,307	633	398	1,631	1,788	1,633	4	4	4	2,942	2,425	2,035
Recycling	3,322	3,722	2,671	5,873	6,732	6,461	16	14	29	9,211	10,468	9,162
Incineration with energy recovery	3,239	3,086	2,372	5,991	5,041	4,319	6	6	9	9,236	8,132	6,701
Landfill	0	0	0	35	184	680	-	-	-	35	184	680
Other	-	-	-	-	-	-	-	-	-	-	-	-
Total	7,882	7,442	5,443	13,530	13,750	13,108	26	23	42	21,437	21,215	18,593
Proportion by disposal route (%)												
Re-use	0%	0%	0%	0%	0%	0%	-	-	-	0%	0%	0%
Composting	17%	9%	7%	12%	13%	12%	17%	16%	9%	14%	11%	11%
Recycling	42%	50%	49%	43%	49%	49%	59%	60%	70%	43%	49%	49%
Incineration with energy recovery	41%	41%	44%	44%	37%	33%	24%	24%	22%	43%	38%	36%
Landfill	0%	0%	0%	0%	1%	5%	-	-	-	0%	1%	4%
Other	-	-	-	-	-	-	-	-	-	-	-	-
<i>Scope (managed properties)</i>	<i>31/34</i>	<i>31/31</i>	<i>36/36</i>	<i>34/43</i>	<i>32/35</i>	<i>39/42</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>65/77</i>	<i>63/66</i>	<i>75/78</i>

Waste and materials continued

Fig. 30 Like-for-like waste management - managed portfolio

(A) Assurance covers total 2017 data and proportion by disposal route only.

	Managed portfolio						TOTAL
	Offices		Retail		2017	Change 2016 to 2017	
	2017	2016	2017	2016			
Non-hazardous managed waste (tonnes and %)							
Re-use	13	0.3	0	5	13	151%	5
Composting	1,311	637	1,631	1,788	2,942	21%	2,425
Recycling	3,329	3,711	5,821	6,657	9,150	-12%	10,367
Incineration with energy recovery	3,235	3,074	5,863	4,993	9,098	13%	8,067
Landfill	0	0	33	179	33	-81%	179
Other	-	-	-	-	-	-	-
Total	7,888	7,422	13,349	13,622	21,237	1%	21,043
Proportion by disposal route (%)							
Re-use	0%	0%	0%	0%	0%	0%	0%
Composting	17%	9%	12%	13%	14%	2%	12%
Recycling	42%	50%	44%	49%	43%	-6%	49%
Incineration with energy recovery	41%	41%	44%	37%	43%	5%	38%
Landfill	0.0%	0.0%	0.2%	1.3%	0.2%	-0.7%	0.9%
Other	-	-	-	-	-	-	-
<i>Scope (managed properties)</i>	<i>30/30</i>	<i>30/30</i>	<i>31/39</i>	<i>31/39</i>	<i>61/69</i>		<i>61/69</i>

Waste and materials continued

Fig. 31 Waste management - developments

(A) Assurance covers overall total 2017 data only. Assurance excludes waste diverted from landfill through re-use on site and landfilled tax costs (£).

	2017		2016	2015
	Waste (tonnes)	Landfill tax costs (£)	Waste (tonnes)	Waste (tonnes)
Non-hazardous waste				
Re-use on site	1,107	-	3,172	75,959
Re-use and recycling off site	71,146	-	nr	nr
Incineration	251	-	nr	nr
Sub-total: diverted from landfill	72,503	-	125,901	214,430
Landfill	1,837	4,869	2,414	10,422
Total non-hazardous waste	74,341	4,869	128,314	224,851
Hazardous waste				
Diverted from landfill	339	-	1,901	7,802
Landfill	8	22	258	1,019
Total hazardous waste	347	22	2,158	8,821
Overall				
Total	74,688	4,891	130,473	233,672
Re-use on site		1%	2%	33%
Re-use and recycling off site		95%	96%	63%
Incineration		1%		
Landfill		2%	2%	5%
<i>Scope (development projects)</i>		<i>39/44</i>	<i>38/42</i>	<i>38/47</i>

Waste and materials continued

Fig. 32 Sustainably sourced timber - developments

	Proportion from a sustainable source		
	2017	2016	2015
Forest Stewardship Council (FSC)	91%	87%	99%
Programme for the Endorsement of Forest Certification (PEFC)	9%	9%	1%
<i>Scope (development projects)</i>	<i>39/44</i>	<i>36/42</i>	<i>36/47</i>
Total	100%	96%	99%

Physical risks

Fig. 33 Portfolio flood risk

	2017	2016	2015
Proportion at high risk of flood (by value)	3%	5%	8%
<i>Scope (assets under management)</i>	<i>252/259</i>	<i>267/273</i>	<i>286/293</i>

Fig. 34 Environmental compliance

	2017	2016
Environmental non-compliance events	4	2
Environmental non-compliance costs	nr	nr
<i>Scope (managed properties and development projects)</i>	<i>143/156</i>	<i>135/151</i>

Skills and opportunity

Apprentices

Fig. 35 Apprentices at our places and in local communities

	2017	2016	2015
At our properties and in our local communities			
Apprenticeships funding	£126,487	£120,665	£188,356
Through our property teams	18	38	44
Part-funded in our local communities	4	4	4
Through our Broadgate supply chain project	1	3	4
Through The Source Apprenticeship Support Service	59	52	42
At our developments			
Through our development project teams	146	82	73
<i>Scope (development projects)</i>	8/8	17/17	17/17
Group apprentices			
British Land and Broadgate Estates	5	nr	nr

Fig. 36 Apprentices in our supply chain - pilot survey

	2017
Proportion of supply chain workforce who are apprentices	
Corporate: British Land tier 1 suppliers	1.7%
<i>Coverage (% of total spend)</i>	41%
Managed portfolio: Tier 2 suppliers	nr
Developments: Tier 2 suppliers	3.1%
<i>Number of tier 2 suppliers</i>	65

Procurement

Fig. 37 Spend within 25 miles and with SMEs

(A) Assurance covers total 2017 managed portfolio spend with tier 2 suppliers only.

		2017	2016
Spend analysed (£m)			
British Land spend with tier 1 suppliers		320	337
Managed portfolio spend with tier 2 suppliers		56	35
Developments spend with tier 2 suppliers (total project spend to date)		159	104
Spend with SMEs			
British Land spend with tier 1 suppliers		20%	34%
Managed portfolio spend with tier 2 suppliers	Offices	32%	35%
	Retail	42%	33%
	Total	35%	34%
Developments spend with tier 2 suppliers (total project spend to date)		49%	51%
Spend within 25 miles			
British Land spend with tier 1 suppliers		n/a	n/a
Managed portfolio spend with tier 2 suppliers	Offices	86%	93%
	Retail	22%	21%
	Total	63%	81%
Developments spend with tier 2 suppliers (total project spend to date)		60%	60%
	<i>Scope (managed properties)</i>	<i>94/104</i>	<i>87/103</i>
	<i>Scope (development projects)</i>	<i>7/7</i>	<i>4/7</i>

Procurement continued

Fig. 38 Prompt payment

	2017	2016	2015
Payments to suppliers within 30 days			
Corporate: British Land	62%	74%	72%
Managed portfolio: Tier 1 suppliers payments to Tier 2 suppliers	66%	69%	63%

Supplier workforce

Fig. 39 Employment within 25 miles, living wage and exclusive zero hours contracts

	2017	2016	2015
Proportion by hours worked (%)			
Supplier workforce living within 25 miles of our places			
Offices	90%	90%	80%
Retail	97%	97%	96%
Developments (over £5m)	34%	31%	35%
Sub-total	70%	67%	nr
<i>Scope (managed properties and development projects)</i>	<i>105/112</i>	<i>108/120</i>	<i>119/128</i>
Supplier workforce paid Living Wage Foundation wage at our properties			
Offices	99.6%	99.7%	99.0%
Retail	50.6%	50.8%	nr
Sub-total	72%	72%	nr
<i>Scope (managed properties)</i>	<i>98/104</i>	<i>89/101</i>	<i>37/38</i>
Key suppliers with workers on exclusive zero hour contracts			
Managed Portfolio: supplier workforce provided through service charge	-	-	-
Developments: project workforce	-	-	-
<i>Scope (managed properties and development projects)</i>	<i>105/112</i>	<i>105/117</i>	<i>99/108</i>

Group employment

Fig. 40 Employment

	Total number of employees			Part-time employees			Full-time employees		
	2017	2016	2015	2017	2016	2015	2017	2016	2015
British Land									
Male	112.2	116.0	120.8	1.2	2.0	1.8	111.0	114.0	119.0
Female	106.5	111.8	108.4	18.5	16.0	17.4	88.0	95.8	91.0
All	218.7	227.8	229.2	19.7	18.0	19.2	199.0	209.8	210.0
Broadgate Estates									
Male	227.3	190.0	126.8	1.3	3.0	1.8	226.0	187.0	125.0
Female	204.2	172.0	109.6	12.2	10.0	6.6	192.0	162.0	103.0
All	431.5	362.0	236.4	13.5	13.0	8.4	418.0	349.0	228.0
Group total	650.2	589.8	465.6	33.2	31.0	27.6	617.0	558.8	438.0

Group employment continued

Fig. 41 New employees

	2017	2016	2015
British Land			
By gender: male	10.0	19.0	15.4
By gender: female	12.8	17.6	25.3
By age: 18 - 25	2.0	3.0	6.0
By age: 26 - 46	20.0	28.6	33.9
By age: 47 - 60	0.8	5.0	1.8
By age: 61 +	0.0	0.0	0.0
Overall	22.8	36.6	40.7
Broadgate Estates			
By gender: male	66.0	90.1	26.0
By gender: female	77.7	87.1	25.8
By age: 18 - 25	11.7	25.3	3.0
By age: 26 - 46	89.3	111.9	33.0
By age: 47 - 60	35.8	38.0	15.8
By age: 61 +	7.0	2.0	0.0
Overall	143.7	177.2	51.8
Group total			
By gender: male	76.0	109.1	41.4
By gender: female	90.5	104.7	51.1
By age: 18 - 25	13.7	28.3	9.0
By age: 26 - 46	109.3	140.5	66.9
By age: 47 - 60	36.6	43.0	17.6
By age: 61 +	7.0	2.0	0.0
Overall	166.5	213.8	92.5
New hires rate (%)			
By gender: male	22%	36%	17%
By gender: female	29%	37%	23%
By age: 18 - 25	64%	93%	64%
By age: 26 - 46	25%	34%	19%
By age: 47 - 60	22%	32%	19%
By age: 61 +	47%	18%	0%
Overall	26%	36%	20%

Group employment continued

Fig. 42 Employee turnover

	2017	2016	2015
British Land			
Total departures	36.60	44.4	30.6
By gender: male	12%	22%	14%
By gender: female	21%	17%	12%
By age: 18 - 25	50%	20%	14%
By age: 26 - 46	14%	19%	14%
By age: 47 - 60	26%	23%	9%
By age: 61 +	0%	50%	0%
Overall	17%	19%	13%
Broadgate Estates			
Total departures	61.15	53.5	28.0
By gender: male	10%	15%	11%
By gender: female	19%	15%	13%
By age: 18 - 25	27%	16%	29%
By age: 26 - 46	17%	17%	13%
By age: 47 - 60	7%	6%	9%
By age: 61 +	12%	56%	0%
Overall	14%	15%	11%
Group total			
Total departures	97.75	97.9	58.6
By gender: male	11%	17%	13%
By gender: female	20%	16%	13%
By age: 18 - 25	31%	17%	21%
By age: 26 - 46	16%	18%	14%
By age: 47 - 60	11%	11%	9%
By age: 61 +	12%	56%	0%
Overall	15%	17%	13%

Group employment continued

Fig. 43 Salary and remuneration

(A) Assurance covers 2017 data only.

	Median based salary & gender ratios					Median remuneration & gender ratios				
	2017			2016	2015	2017			2016	2015
	Male	Female	Ratio female to male (%)	Ratio female to male (%)	Ratio female to male (%)	Male	Female	Ratio female to male (%)	Ratio female to male (%)	Ratio female to male (%)
British Land										
Executive level	£446,250	£493,000	110%	110%	109%	£878,925	£925,675	105%	105%	100%
Management level: Executive Committee	£274,562	£230,000	84%	84%	83%	£492,959	£416,982	85%	84%	83%
Management level: Operations Committee	£175,798	£208,000	118%	109%	129%	£274,728	£288,798	105%	90%	128%
Management level: Executive	£100,500	£88,868	88%	90%	94%	£146,761	£138,342	94%	71%	99%
Management level: Manager	£63,345	£60,000	95%	101%	104%	£87,500	£84,126	96%	101%	103%
Non-management level	£45,900	£39,980	87%	77%	91%	£52,880	£47,564	90%	83%	92%
Broadgate Estates										
Executive level	£120,564	-	-	108%	105%	£200,273	-	-	107%	104%
Management level	£55,975	£43,000	77%	78%	81%	£64,112	£48,417	76%	76%	79%
Non-management level	£27,000	£28,250	105%	89%	92%	£31,917	£30,909	97%	86%	91%
Group total										
Executive level			87%	110%	109%			86%	105%	101%
Management level			94%	92%	98%			92%	84%	98%
Non-management level			94%	81%	92%			93%	84%	92%
Paid Living Wage Foundation wage										
British Land employees			100%	100%	nr					
Broadgate Estates employees			100%	100%	nr					
Overall			100%	100%	nr					

Group employment continued

Fig. 44 Employee diversity - gender

(A) Assurance covers 2017 data only.

	2017		2016		2015	
	Male	Female	Male	Female	Male	Female
British Land						
Board of Directors	77%	23%	69%	31%	90%	10%
Management level	62%	38%	64%	36%	66%	34%
Non-management level	29%	71%	27%	73%	25%	75%
Overall	52%	48%	52%	48%	54%	46%
Broadgate Estates						
Board of Directors	78%	22%	86%	14%	83%	17%
Management level	63%	37%	65%	35%	63%	37%
Non-management level	28%	72%	18%	82%	25%	75%
Overall	53%	47%	52%	48%	54%	46%
Group total						
Board of Directors	77%	23%	75%	25%	88%	13%
Management level	63%	37%	64%	36%	64%	36%
Non-management level	29%	71%	22%	78%	25%	75%
Overall	53%	47%	52%	48%	54%	46%

Group employment continued

Fig. 45 Employee diversity - age

	2017				2016				2015			
	18-25	26-46	47-60	61+	18-25	26-46	47-60	61+	18-25	26-46	47-60	61+
British Land												
Board of Directors	0%	0%	77%	23%	0%	0%	77%	23%	0%	0%	70%	30%
Management level	0%	79%	19%	1%	0%	82%	17%	1%	1%	81%	17%	1%
Non-management level	5%	86%	9%	0%	6%	82%	12%	0%	8%	81%	11%	0%
Broadgate Estates												
Board of Directors	0%	33%	67%	0%	0%	43%	57%	0%	0%	33%	67%	0%
Management level	1%	61%	34%	5%	2%	64%	31%	3%	0%	67%	27%	6%
Non-management level	12%	69%	18%	1%	20%	65%	15%	0%	12%	78%	10%	0%
Group total												
Board of Directors	0%	14%	73%	14%	0%	15%	70%	15%	0%	13%	69%	19%
Management level	0%	67%	29%	4%	1%	70%	26%	3%	0%	73%	23%	4%
Non-management level	9%	75%	15%	0%	13%	73%	14%	0%	10%	80%	11%	0%

Group employment continued

Fig. 46 Employee diversity - ethnicity

	2017	2016
British Land		
Asian	2%	2%
Black	0%	0.5%
Mixed	1%	1%
Other	1%	0.5%
White	38%	38%
Not disclosed	59%	58%
Broadgate Estates		
Asian	2%	2%
Black	2%	3%
Mixed	1%	1%
Other	0%	0%
White	46%	52%
Not disclosed	49%	42%
Group total		
Asian	2%	2%
Black	1%	2%
Mixed	1%	1%
Other	0%	0%
White	43%	46%
Not disclosed	52%	48%

Group employment continued

Fig. 47 Employee training - average hours

	2017			2016			2015		
	Male	Female	All	Male	Female	All	Male	Female	All
British Land									
Board of Directors	50.2	46.5	49.3	26.6	17.2	22.9	16.5	45.0	48.5
Management level	23.5	24.3	23.8	7.1	4.8	6.3	26.0	27.0	26.5
Non-management level	16.6	17.1	16.9	83.1	38.0	50.0	43.0	31.0	34.3
Overall	21.9			22.2			29.4		
Broadgate Estates									
Board of Directors	9.6	8.0	9.3	5.6	2.5	5.1	8.7	3.0	7.8
Management level	7.3	8.0	7.5	13.0	11.5	12.5	16.9	17.8	17.3
Non-management level	16.7	9.0	11.3	11.0	11.5	11.5	25.3	31.1	29.7
Overall	8.7			12.1			20.2		
Group average	13.2			16.0			24.7		

Fig. 48 Employee training - Proportion by category

	Proportion of employees trained		
	2017	2016	2015
British Land			
Anti-corruption	100%	100%	100%
Health and safety	100%	100%	100%
Broadgate Estates			
Anti-corruption	100%	100%	100%
Health and safety	100%	100%	100%

Reporting criteria 2017

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Group employment	60

Introduction

The following sets out the overall principles, boundaries, scope and methodologies applied when reporting sustainability data in our 2017 Annual Report and Accounts, Sustainability Accounts and corporate website. Further explanations are provided in each section of these Reporting Criteria.

Principles

- We report data on issues relevant to our sustainability strategy.
- The data reported is meaningful and consistent with the explanatory notes.
- The data is presented transparently to aid the reader in making judgements or decisions on performance and to have confidence in the report.
- The data is as accurate and complete as practical and feasible.
- Consistent boundaries and methodologies are used wherever possible to allow comparisons over time.
- Assumptions, estimates and exclusions are stated and explained.
- Certain key data is independently assured (see below).
- We aim to ensure data is as accurate and comparable between years as possible. Where updated or new data is available, we restate data for prior years where the restatement is material. Details of restatements are provided in the relevant sections of these Reporting Criteria.
- Numbers may not add up due to rounding.

Assurance

- We engaged PwC to perform independent limited assurance of a selection of our most material 2017 data in this Report.
- We have designed, implemented and maintained internal controls and processes over information relevant to the measurement and preparation of the assured data, that to the best of our knowledge is free from material misstatement, whether due to fraud or error.
- We identified the key data to be assured with PwC, informed by stakeholder engagement and our 2020 sustainability strategy.
- Where data has been assured, this is explicitly stated.
- PwC's assurance report is included in this Report in the Assurance Statement section. Data included in the scope of PwC's assurance is outlined in this section.
- PwC has assured a selection of our data for seven years. Earlier data was assured by other providers.

Standard Terms

- Assets – properties and developments.
- Assets under management – all assets owned and managed by British Land including 100% of all joint ventures and funds.
- Managed portfolio – multi-let properties where we have operational or management influence or control over the day-to-day operation of the facilities and utilities.
- Group offices – floors and areas occupied by British Land and Broadgate Estates. This includes Estate Management Offices.
- Third party assets – properties owned by others but managed on a day-to-day basis by Broadgate Estates, our property management subsidiary, which also provides services to third parties.
- ‘nr’ – data is not available and has not been reported.
- ‘n/a’ – data is not applicable.
- ‘-’ indicates zero.

Scope

- We report data where we have day-to-day operational or management influence (our ‘managed portfolio’). This includes assets 100% owned by British Land and those where we have a stake in a joint venture or investment fund. In 2017, our managed portfolio comprised 73% of our assets under management.
- The exceptions are Sustainability Ratings and Flood Risk, where we report on 100% of assets under management.
- We report much of our managed portfolio data by portfolio type: offices, retail and residential. For index intensity ratios, we categorise retail assets by enclosed and open air.

- Broadgate Estates, our wholly owned subsidiary, manages all our offices and most multi-let retail assets, so we can deliver a consistently high standard of service across the portfolio.
- We report on active developments with planning permission, developments under construction and developments completed in this financial year, unless otherwise stated. We do not pro-rate information for joint venture developments. We report developments data by construction value: small (£300,000 to £5 million) and major (over £5 million). Multiple small developments with the same contractor are also reported as small. Developments with a construction value less than £300,000 are not reported.
- All 2017 data in this Report covers our financial year from 1 April 2016 to 31 March 2017. The same approach applies for previous years.
- Most data tables in this Report include a scope row, showing the number of assets reporting, over the total number of assets, where that data is applicable.
- Data for properties acquired, sold or under our operating influence is reported from the date of purchase/management until the date of sale/management handover.
- We aim to capture all relevant data, but, where this is not feasible, we estimate data and pro-rate available data wherever practical. Where we estimate, we make this clear in the reporting criteria.
- From 2015, all our developments and managed properties are in the UK.
- To enable clearer comparison of performance over time, we report like-for-like performance in line with EPRA guidelines that assets have been part of the portfolio for the last two years.

Table 1: Managed portfolio

	Number of assets		
	2017	2016	2015
Offices	42	41	42
Retail*	62	62	68
Residential	8	6	33
Total**	112	109	143

*Includes 1 industrial, 3 leisure and 4 other retail assets.

**Group offices included in Corporate.

Table 2: Our developments

	Number of projects		
	2017	2016	2015
In planning/design	7	17	19
In construction/ completed	44	42	47
Non-managed	1	1	1
Total	52	60	67

Methodology

- Most environmental and social data at our properties and developments is collected using an online reporting system, cr360.
- Property teams on our managed portfolio and project teams on our managed developments provide monthly, quarterly and annual responses to automated data requests from cr360. This data is reviewed at least quarterly by British Land or a specialist consultant.
- For retail assets where we have installed Automated Meter Reading (AMR) systems, resource use data is fed directly into cr360.
- For offices, we use defined templates to import resource use data into cr360.
- For residential, resource use data is provided by our managing agents in spreadsheet format.
- Checks are undertaken to ensure all data has been submitted to the system before aggregation and reporting begins.
- Each year, a selection of properties and developments are subject to detailed audits by internal and external auditors.

Wellbeing

Sense of wellbeing

FIG. 2 SHOPPER, RETAILER AND OCCUPIER WELLBEING SCORES

We conduct satisfaction surveys across our retail and office portfolios, asking occupiers and customers questions about their experience of visiting and/or working at our assets.

Retail customers

- An external consultancy conducts shopper surveys on our behalf. These surveys target shoppers at the end of their visit, respondents are not incentivised to complete the survey. Questions are asked concerning shopping behaviours, habits, experiences and sentiment towards our shopping destinations.
- Each rating metric was measured consistently in 2016 and 2017 by asking "How would you rate [name of centre] in terms of the following aspects? (Rating question) 1=very poor and 5=Excellent, 0=N/A?"
- Percentage scores are for the percentage of respondents rating each variable 4/5 or 5/5, of all respondents who answered that questions, excluding '0=N/A'.
- For 'Shopper perception of wellbeing', respondents rated each of the following 4/5 or 5/5: "How would you rate [name of centre] for cleanliness, quality of architecture and landscaping, personal safety and security, signage and quality and width of walkways?"
- For 'Shopper rating of facilities', respondents rated each of the following 4/5 or 5/5: "How would you rate [name of centre] for family facilities, toilet facilities and free public amenities?"

Retail occupiers

- An external consultancy conducts retailer surveys on our behalf. These surveys target retail store managers via an online portal; respondents are not incentivised to complete the survey. Questions are asked concerning the retailer's experience of working at our asset and engagement with our site teams.
- Each rating metric was measured by asking: "How would you rate [name of centre] in terms of the following aspects? (Rating question) 1= very poor and 10= Excellent, 0=N/A?"

Office occupiers

- An external consultancy conducts occupier surveys on our behalf. These surveys target both senior level executives and those with operational responsibilities via telephone interviews; respondents are not incentivised to complete the survey. Various questions are asked concerning the occupier's experience of working at our asset and engaging with our site teams.
- Occupier sense of memorable experience was measured by asking: "How would you rate [name of campus/office] in terms of the following aspects? (Rating question) 1= very poor and 10= Excellent, 0=N/A?"
- Percentage scores are for the percentage of respondents agreeing or strongly agreeing with statements relating to the question theme.
- For 'Occupier perception of productivity', respondents rated: "The design of your current office enables staff to work productively".
- For 'Occupier perception of pride in office space', respondents rated: "I am proud to bring visitors to our office".

Biodiversity

FIG. 3 BIODIVERSITY – DEVELOPMENTS

- This Fig. covers major developments which have external works; it excludes internal refurbishments.
- Information is based on formal ecologists' reports or design team commitments, where applicable.

Health and safety

FIGS. 4-7 METHODOLOGY – RIDDOR REPORTING

- The reporting criteria below relate to RIDDOR reporting for all British Land managed activities in our properties, developments and group offices.
- British Land, our managing agents or development project managers are required to report all fatalities and specified injuries that occur to anyone (including employees, contractors and visitors) in the common parts and the vacant space of our multi-let properties to the Health and Safety Executive (HSE) or the relevant local authority. This requirement is set out under the Reporting of Injuries, Diseases and Dangerous Occurrences Regulations 2013 (RIDDOR), which amended the 1995 and 2012 Regulations.
- In relation to RIDDOR, an accident is a separate, identifiable, unintended incident, which causes physical injury. This specifically includes acts of non-consensual violence to people at work.
- A specified injury is defined as:
 - Fractures, other than to fingers, thumbs and toes.
 - Amputations.
 - Any injury likely to lead to permanent loss of sight or reduction in sight.

- Any crush injury to the head or torso causing damage to the brain or internal organs.
- Serious burns (including scalding) which covers more than 10% of the body/causes significant damage to the eyes, respiratory system or other vital organs.
- Any scalping requiring hospital treatment.
- Any loss of consciousness caused by head injury or asphyxia.
- Any other injury arising from working in an enclosed space which leads to hypothermia or heat-induced illness/requires resuscitation or admittance to hospital for more than 24 hours.
- Accidents or incidents that result in someone being unable to work for more than seven days are also reportable under the RIDDOR regulations. Accidents to members of the public (visitors) are reportable if they result in an injury and the person is taken directly to hospital for treatment. Reporting of ill health is not required unless it is caused or made worse by the person's work activity. Certain near-miss events must also be reported as dangerous occurrences, including incidents involving lifting equipment, pressure systems, electrical incidents causing explosion or fire, and collapse of scaffolding.

Table 3: Scope of health and safety reporting

Property type	Total properties	Properties not reporting
Offices	42	-
Retail	62	-
Residential	8	-
Total	112	

FIG. 4 SCOPE – MANAGED PORTFOLIO

- For our multi-let properties, health and safety data applies to the common parts and vacant space where British Land has responsibility to manage. Space occupied and managed directly by occupiers (i.e. their own demises) is outside our reporting scope.
- For our group offices, health and safety data applies to the demised areas where British Land and Broadgate Estates have responsibility to manage.

FIG. 4 ACCIDENTS – MANAGED PORTFOLIO AND CORPORATE

- Managed portfolio – safety incidents reported to British Land and Broadgate Estates, excluding buildings managed by Broadgate Estates but not owned by British Land.
- Group offices – safety incidents reported to British Land and Broadgate Estates, occurring in demises occupied by employees. This covers accidents to permanent employees, contractors and visitors.
- Accident and incident data is collected from managing agents via the QUOODA® system. This system is managed and provided by Ark Workplace Risk Ltd.
- Accident Frequency Rates (AFRs) are calculated as follows:

- Offices – total reportable accidents over the period / total people working in each office building over the period x 100,000. Data for total people working in each office building is calculated as an average FTE for a period. Occupiers provide average FTE data by email. There might be differences in reporting methodologies and frequency of the data provided by our occupiers; we therefore accept there may be up to 10% variance in the reported FTE data.
- Retail – total reportable accidents over the period / total footfall over the period x 100,000.
- Group offices – total accidents over the period/ total number of British Land and Broadgate Estates employees over the period x 100,000.
- AFR does not include dangerous occurrences.
- The diseases column has been removed from this Fig., as there was nothing to report.

FIG. 5 ACCIDENTS – DEVELOPMENTS

- Health and safety was reported by 39 developments this year. Developments report injuries to the HSE in accordance with RIDDOR guidelines.
- Lost Day Accident Rate:
 - Refers to the number of RIDDOR injuries which are not major but result in the injured person

being away from work or unable to do the full range of their normal duties for more than seven consecutive days (not including the day of the accident) per 100,000 hours worked (that is, x 100,000 / number of hours worked).

- Reportable Accident Rate:
 - Refers to the number of RIDDOR reportable injuries (this is calculated from the combined total of any fatalities, major injuries and over seven day injury totals) per 100,000 hours worked (that is, x 100,000 / number of hours worked).

FIG. 6 HEALTH AND SAFETY – COMPLIANCE

- British Land's health and safety management system has been certified by the British Standards Institution (BSI) under BS OHSAS 18001. Within this system, there are objectives for our managed portfolio, group offices and developments.

Managed portfolio and group offices

- For our managed portfolio sites and group offices, we use three key metrics to monitor health and safety management:
 1. Risks controlled at annual audit: Ark Workplace Risk Ltd (Ark) visits each property and undertakes a health and safety risk assessment audit. This identifies risks in the common parts and vacant space of each multi-let property. Ark assesses whether the risk is "under control" or "requires action". We target our management agents to ensure that 90% of all risks are deemed to be "under control" during the annual assessment.
 2. Uncontrolled risks resolved: We monitor the time it takes for managing agents to complete all actions required to convert a risk which "requires action" to "under control". For intolerable risks, we require the action to be completed within five

working days; for substantial risks, we require the action to be completed within one month; and for moderate risks, we require the action to be completed within three months.

3. Statutory document compliance: We require all documents required by statute and by British Land's own standards, to be available on site and to be valid. This includes, lift inspection reports and legionella risk assessments. We give managing agents one month to renew documents which are no longer valid.
- Ark undertakes annual risk assessment audits at all multi-let properties under British Land's management responsibility. Where a new property is acquired and British Land has management responsibility, a risk assessment audit is undertaken within two weeks. This risk assessment is based on the HSE's Five Steps approach and adopts the scoring methodology of PAS 79 and other guidance issued by the BSI.

Developments

- For our developments, we use a number of metrics to monitor health and safety management:
 - Risk Registers: All risk registers are reviewed to ensure principal contractors are controlling risks appropriately.
 - Construction Phase Health and Safety Plans: Construction does not commence until a health and safety plan is implemented.
 - Health and Safety File: The health and safety file is maintained for each construction project and made available to all relevant personnel.
- Incidents of non-compliance – the number of HSE Prohibition notices and Improvement notices served.

FIG. 7 LOST WORKING DAYS

- Lost days cover general absenteeism due to sickness. They include any lost days from work-related accidents.
- Lost days are calculated from the moment an employee leaves work (half day, for example) or does not arrive at work.
- Working days in the year are calculated as the average FTE x 260. The average FTE is based on FTEs at the start and the end of the year.
- Working days lost percentage rate calculated as number of days' sickness / average FTE x 260.

Community

Volunteering

FIG. 8 BRITISH LAND EMPLOYEE AND KEY SUPPLIER VOLUNTEERING

All data follows the principles of LBG, an internationally recognised standard for measuring corporate community investment www.lbg-online.net

British Land employees

- Permanent full time equivalents (FTEs) and fixed term contractors paid via payroll. This data is provided quarterly by human resources. Other contractors are not included from 2017.
- We keep a central log of all employee participation in our volunteering programme. Designated personnel input volunteering hours relating to scheduled events. Employees report additional volunteering time, usually via an online volunteer time recording system on our intranet.
- Volunteering (% and hours) covers participation in our volunteering programme and other activities during working hours that directly benefit community organisations or beneficiaries. The percentage is based on the average FTE figure across the four quarters during the reporting period.
- British Land volunteer absolute figures:
 - 2017: 210.
 - 2016: 221 (including contractors).
 - 2015: 227 (including contractors).
- Skills-based volunteering (%) relates to any input that uses specialist skills, personal talents and experiences to support non-profit organisations. This includes charity trustees, school governors, mentoring for non-profit organisations and expert support on strategic issues or specific projects. It does not include direct support for community

beneficiaries unless the beneficiary is a business start-up seeking expert input. We follow LBG guidance to include skills-based volunteering outside paid working hours if it relates to our community investment programme. There were no such cases this year.

Key suppliers

- Broadgate Estates teams and contracted suppliers at our managed properties, developments and Head Office.
- Data is captured via an online reporting system, cr360. At our managed properties, Broadgate Estates records data, at our developments the main contractor records data and, at our Head Office, designated personnel record data.
- Volunteering (hours) is the sum of time spent supporting community causes by Broadgate Estates and contracted suppliers at our managed properties, developments and Head Office. It relates to time during paid working hours only. It does not include leveraged time relating to British Land employees.

Contributions and investment

FIGS. 9-10 SCOPE

- Data covers community investment at our Head Office and managed portfolio, and non-mandatory community investment at our developments.
- Cash donations are exclusive of VAT.
- Financial contributions related to creating new apprenticeships across our managed portfolio are only included if all the following criteria are met:
 - Payments are made to external bodies.
 - British Land is not directly benefiting.

- Without British Land support, it is considered unlikely that the apprenticeship opportunities would exist.
- An appropriate structure is in place for the apprenticeships.
- British Land employee time (direct): Permanent full time equivalents (FTEs) and fixed term contractors paid via payroll. It only covers time contributed during paid working hours. Time spent supporting apprenticeships falls outside the scope of this data.
- In-kind contributions: Donations of space and equipment owned by British Land. Based on cost rather than commercial value, in accordance with LBG guidelines.

FIGS. 9-10 METHODOLOGY

- All data follows the principles of LBG, an internationally recognised standard for measuring corporate community investment www.lbg-online.net
- Data is captured via an online reporting system, cr360. At our managed properties, Broadgate Estates records data, at our developments the main contractor records data and, at our Head Office, designated personnel record data relating to our developments, where it falls within the scope of this data.
- Direct employee time input: An average hourly value of time is calculated using information disclosed in our Annual Report on employee costs, employee numbers and directors' pay. This covers wages and salaries, social security costs, pension costs, equity-settled share-based payments and other elements of the benefits package for those on our payroll. Separate average hourly costs are calculated for Executive Directors and applied accordingly, excluding share incentive costs.

- Supplier time (management) at our retail and office assets is valued according to a British Land benchmark value exercise, which calculated the average hourly cost of those involved in community activity in 2012, with a 2.5% annual increase for inflation. This includes salary, pension, healthcare, bonus and car allowance. Separate values are attributed to retail and office management. This valuation will be reviewed in 2018.
- Supplier time (non-management) at our retail and office assets and time input at our developments are valued according to the latest Office for National Statistics UK average earnings data, with a 10% allowance for employers' National Insurance and 5% for pension contributions.

FIG. 9 LBG CORPORATE COMMUNITY INVESTMENT

- Direct community investment: British Land's financial contributions, employee time and in-kind (mainly space) donations.
- Leveraged cash investment: Fundraising, funding at site-level (through the service charge or marketing budget) and other external funding leveraged as a direct result of our contributions.
- Key supplier workforce time (leveraged): Supplier time during working hours and British Land employee time outside working hours where it directly supports our community investment programme.
- Management costs: Overall management of our community investment programme, including employee salaries and benefits, spend relating to research, reporting and communications and other associated costs.

FIG. 10 COMMUNITY PROGRAMME BENEFICIARIES

- We look to measure the wider impact of our community investment programme by recording the number of individuals who directly benefited from our support during the reporting period. Data includes those who have received support through initiatives funded by British Land and/or through face-to-face assistance from British Land employees or Broadgate Estates and other key suppliers at our sites. Details of beneficiary numbers are provided by the charity or community group supported or are reported by the individuals that provided support. We estimate data only if there is a reasonable basis upon which to do so.
- If British Land employees or suppliers support a session/workshop and volunteers from other organisations are involved, we record the total number of beneficiaries attending, where it is deemed reasonable to do so.
- If we part fund an initiative, we only report the number of beneficiaries that can be directly attributed to our contribution. However, we log 100% of direct beneficiaries if:
 - The initiative is fully led by British Land and/or our site teams and up to 50% of the full cost is provided by a joint venture partner.
 - The initiative is fully led by British Land and/or our site teams and the community partner has accessed up to 50% of the cost from other sources.
- We do not report beneficiaries if we have provided core funding to a cause, as direct beneficiaries cannot be accurately measured. We also exclude visitors to local events such as carnivals and festivals part funded by British Land.

- Community investment beneficiaries are categorised according to the key focus of each activity:
 - **Education:** Activities with learning outcomes, supporting hard or soft skills development, for those in full time, further or higher education. Also, sharing of expertise, such as mentoring staff at non-profit organisations and job-related training provided to teachers participating in projects.
 - **Employment and training:** Programmes specifically designed to support local people into employment, vocational training courses, interview and CV support for jobseekers, and mentoring support for those looking to start their own business. It includes apprenticeships at our managed properties that meet the criteria detailed in the scope of this data.
 - **Wellbeing, culture and leisure:** Causes focusing on social wellbeing, physical and mental health, sporting activities, celebratory events for local community groups, recreational classes for local people and other support for disadvantaged groups not categorised elsewhere.

FIG. 11 COMMUNITY CONTRIBUTIONS THROUGH PLANNING AND DEVELOPMENT

- This Fig. is a summary of spend towards public contributions or community benefit associated with our development programme and the granting of planning permissions. The costs include:
 - **Affordable housing:** Constructing affordable housing, not including design fees.
 - **Public space and environment:** Environmental or art enhancements with a clear community benefit, regardless of land ownership.
 - **Accessibility and transport:** Contributions to highways, roads or public spaces outside our ownership boundary, including payments made to local authorities.
 - **Social welfare and community facilities:** Construction of community facilities and general support to community groups not captured in our community investment programme.
 - **Community consultation:** Consultation around our development applications, including consultants' fees for attendance at events but excluding PR fees.
 - **Expenses:** Sundry expenses relating to the above, excluding legal fees and council expenses.
- Our development activity varies significantly in response to economic conditions.

- We compile this data through a review of development accounting codes and analysis of construction costs by our cost consultants, all supplemented by a detailed check to allocate data and ensure there is no double counting. Figures are based on spend in the financial year.
- For affordable housing and construction of community facilities, the costs are part of a wider construction budget; data is estimated by our cost consultants based on their professional knowledge and project understanding, and pro-rated monthly across the construction period.

Considerate Constructors

FIG. 12 CONSIDERATE CONSTRUCTORS SCHEME

- Scoring for Considerate Constructors is out of 50. See <http://www.ccscheme.org.uk/index.php/site-registration/site-scoring> for more information.

Futureproofing

Building certifications

FIG. 13 SUSTAINABILITY RATINGS

- For our investment portfolio, this Fig. covers all assets under management. Valuations are based on total property valuation and do not relate to British Land's share.
- For our development programme, this Fig. covers all major developments which have received planning consent and were active in the financial year. Certification ratings can be given at the building, unit, or sub-building level; therefore, there may be more than one certification per asset or development.
- EPC ratings are reported as provided by certified assessors in formal reports or included in an official final certificate.
- Final building certifications are reported as provided by certified assessors in formal reports or included in an official final certificate.
- Developments can hold draft or pre-assured ratings; these are provided by certified assessors. Scores for developments are liable to change before final certification, which occurs post completion.
- 2016 figures have been restated to correct a calculation error.

Financial

FIG. 14 ENERGY EFFICIENCY INVESTMENT AND SAVINGS

- Resource use, associated cost savings, asset level and corporate investments are reported cumulatively for properties with at least two years of data in the 2011 to 2017 period and still in the portfolio as at 31 March 2017.
- Cumulative savings are the sum of savings from each year of the reporting period (2012 to 2017).
- Savings for each year within the reporting period are calculated by comparing year's consumption with the baseline year.
- Baseline year varies according to how long the asset has been owned and managed by British Land.
- For offices, to be included in the analysis, an asset has to have been owned and managed by British Land for at least two and a half years. Savings data excluded where voids exceed 15% of Net Internal Area (NIA) in any of the reporting years.
- Cost savings were calculated by multiplying any decrease in kWh energy between reporting years and applying current year cost factors.
- Energy cost factors were derived from our energy procurement broker responsible for most of our office and retail energy procurement in 2017 and applied to all managed energy use.
- Savings include any reduction in CRC payments associated with reduced carbon emissions.
- Savings exclude fuel oil consumption data.
- Cumulative investment is calculated to show accumulated financial investment since 2012. Cumulative investment is the sum of the investments from each year within the reporting period up to the current reporting year.

Investment data includes:

- Costs for installations which result in improvements to resource efficiency and/or cost savings related to resource use, in excess of what would have been achieved if the installation had not happened.
- The purchase price (excluding import duties and non-refundable purchase taxes) and other direct costs for the installation to become operational (including site preparation, delivery and handling, installation and assembly, testing and professional fees).
- Some asset level investment in resource efficiency has been estimated for 2016.
- Corporate investment includes spend from our corporate sustainability budget on fees and consultancy that supported relevant initiatives.

Investment data excludes:

- Like-for-like replacement of plant and equipment or maintenance costs.
- VAT.

Table 4: Utility cost rates

Resource type (per kWh/tonne)	Rates					
	2017	2016	2015	2014	2013	2012
Electricity	£0.1198	£0.1101	£0.1046	£0.1016	£0.0946	£0.0900
Gas	£0.0312	£0.0324	£0.0348	£0.0293	£0.0271	£0.0265
Carbon (CRC)	£17.20	£16.90	£16.40	£12.00	£12.00	£12.00

FIG. 15 ENERGY GENERATED ON SITE AND ASSOCIATED INCOME

- Generation relates to electricity, heating and cooling produced on site, from renewable and/or low carbon sources. In 2015, only the electricity data was reported as the CHP metering system was not fully operational to report on thermal usage.
- Revenue relates to any income derived from the production of energy, including Feed-in Tariffs (FITs) and any revenue from the sale of power to occupiers. The associated operational and management costs are not included in this figure.
- Revenue is calculated on a site basis using the tariffs applicable to individual installations.
- In some instances, we produce renewable and/or low carbon energy with no associated revenue; this energy is included in the generation data.
- Energy generation and income data for 2016 has been restated as more accurate and complete data has become available.

Carbon emissions

FIGS. 16-19 SCOPE

- **Managed portfolio:** Electricity, gas, oil, vehicle fuel and water obtained by British Land and consumed. Refrigerant loss from air conditioning units. Waste managed by British Land.
- **Developments:** Includes 100% of emissions from our developments, joint venture developments and developments undertaken by others with our funding:
 - 2016 and 2017: Major developments completed this year.
 - 2015: Developments with planning permission, under construction or completed.
- **Corporate:** Electricity in floors and areas occupied by British Land and Broadgate Estates. Fuel use by British Land employee business travel.

FIGS. 16-19 METHODOLOGY – MANAGED PORTFOLIO

- We refer to 'World Resources Institute Greenhouse Gas (GHG) Protocol' and 'UK Government Conversion Factors for Company Reporting 2016'.
- Carbon conversion emissions factors for 2017 (see Table 5) are sourced from Defra/DECC's 2016 guidelines, except for refrigerant R417A gases,

which are currently not present in the guidelines. A weighted average emission factor for refrigerants R134a, R125 and R600 gases has been used for R417A gases. Conversion factors for 2015 and 2016 are sourced from earlier Defra/DECC guidelines.

- Emissions are reported as tonnes of carbon dioxide equivalent (CO₂e). This includes the six main GHG emissions covered by the Kyoto Protocol, in line with common practice: carbon dioxide (CO₂), methane (CH₄), hydrofluorocarbons (HFCs), nitrous oxide (N₂O), perfluorocarbons (PFCs) and sulphur hexafluoride (SF₆).
- In 2015 and 2016, emissions for British Land business travel are calculated by converting employee business travel expenditure to kilometres travelled and applying the conversion factors. We did not report the business travel emissions in 2017.
- 2016 business travel conversion factors:
 - Air travel: £0.16/km (incl VAT).
 - Fuel/mileage (car): £0.29/km.
 - Taxis: £2.87/km (incl VAT).
 - Rail: £0.32/km (incl VAT).

- Emissions are grouped by Scope 1, 2 and 3 in accordance with the GHG Protocol, as follows:
 - Scope 1: Gas and oil generation, refrigerant loss, vehicle fuel use.
 - Scope 2: Electricity generation, geothermal energy.
 - Scope 3: Gas, oil, electricity transmission losses and life-cycle emissions, water, waste disposal, business travel.

FIG. 16 METHODOLOGY – DEVELOPMENTS

- The scope is limited to major developments completed this year; two major developments completed in 2017.
- For one development, we have used a benchmark which we estimate is 75% accurate.
- Development emissions are calculated using British Land benchmarks (provided by Atkins) and measured floor areas. The exception is 5 Broadgate (completed in 2016), where the design and construction team measured and reported emissions.
- In 2015, British Land changed the methodology for calculating embodied carbon emissions to reflect our new strategy and to focus on major projects. We appointed Atkins to calculate embodied carbon from materials in our developments, with a standard allowance for transport and emissions from site activities. For the methodology, see page 87 of our [2016 Sustainability Accounts](#).

FIG. 16 TOTAL DIRECT AND INDIRECT (SCOPES 1, 2 and 3) GREENHOUSE GAS EMISSIONS

- Scope 1 emissions: Managed portfolio fuel use in common parts and shared services and our own energy use reported in Fig. 21, along with emissions from refrigerant loss from air conditioning units in our managed portfolio (direct emissions as per EPRA guidance).

- Scope 2 emissions: Managed portfolio electricity use in common parts and shared services and our own energy use reported in Fig. 20 (indirect emissions as per EPRA guidance).

- Scope 3 emissions: Energy and water use reported in Figs. 20, 21 and 26, and waste disposal reported in Fig. 29, along with emissions from refrigerant loss from air conditioning units in our managed portfolio, developments (including both embodied carbon and site activities) and fuel use in British Land owned vehicles and business travel (indirect emissions as per EPRA guidance).

- In 2016 and 2017, we reported Scope 2 emissions according to a location-based and a market-based method. We use the location-based method to report our total carbon emissions and track performance against our 2009 baseline. The location-based method was also used for emissions reported in previous years.

- The location-based method reflects the average emissions intensity of the Grid. We use the Defra UK Grid average emissions factor for the location-based method ('Electricity generated Scope 2 direct').

- The market-based method reflects emissions from electricity that we purchase. We use supplier specific emission rates where available and the residual mix emissions factor for the remaining supplies (see Table 5).

- In 2017, 93% of our purchased electricity was backed by Renewable Energy Guarantees of Origin (REGOs). This is based on electricity contracts and a report from our energy supplier's assurance provider. In 2016, the total supplier's fuel mix was used.

- Residual mix emission factor is sourced from RE-DISS European Residual Mixes 2014, Version 1.0corr2.

- Market-based emissions data is reported as carbon dioxide (CO₂).

FIG. 17 LIKE-FOR-LIKE TOTAL DIRECT AND INDIRECT (SCOPES 1, 2 and 3) GREENHOUSE GAS EMISSIONS

- Emissions relate to energy and water use reported in Figs. 22 and 27, and waste disposal reported in Fig. 30.
- Like-for-Like Scope 2 emissions are reported according to the location-based method.

FIG. 18 ADDITIONAL ESTIMATED SCOPE 3 FOOTPRINT

- For the methodology, see page 89 of our [2016 Sustainability Accounts](#).

FIG. 19 GREENHOUSE GAS INDEX AND INTENSITY FROM BUILDING ENERGY CONSUMPTION

- Please see the Intensity Index section.

Table 5: Carbon conversion factors

Resource type		UK
Electricity generated, Location-based	Electricity generated Scope 2 direct GHG (kg CO ₂ e/kWh)	0.41205
	Electricity generated Scope 3 life-cycle GHG (kg CO ₂ e/kWh)	0.06188
Electricity generated, Market-based	REGO Backed Electricity (kg CO ₂ e/kWh)	0.00000
	Residual Mix for GB (kg CO ₂ e/kWh)	0.54206
Electricity losses	Electricity losses Scope 3 direct GHG (kg CO ₂ e/kWh)	0.03727
	Electricity losses Scope 3 life-cycle GHG (kg CO ₂ e/kWh)	0.00560
Gas (Net Calorific Value)	Natural Gas Scope 1 direct GHG (kg CO ₂ e/kWh)	0.20444
	Natural Gas Scope 3 life-cycle GHG (kg CO ₂ e/kWh)	0.02776
Oil	Gas oil Scope 1 direct GHG (kg CO ₂ e/litres)	2.96572
	Gas / diesel oil Scope 3 life-cycle GHG (kg CO ₂ e/litres)	0.55747
Refrigerants	HFC 134a (GWP/tonne)	1430.0
	R407c (GWP/tonne)	1774.0
	R410a (GWP/tonne)	2088.0
	R417a (GWP/tonne)	2346.0
Fuel use	Diesel Scope 1 (kg CO ₂ e/litre)	2.67620
	Diesel Scope 3 (kg CO ₂ e/litre)	0.55266
	Petrol Scope 1 (kg CO ₂ e/litre)	2.30250
	Petrol Scope 3 (kg CO ₂ e/litre)	0.45040
	LPG Scope 1 (kg CO ₂ e/litre)	1.50502
	LPG Scope 3 (kg CO ₂ e/litre)	0.18916
Water	Water supply (kg CO ₂ e/m ³)	0.34400
Waste	Re-use – Wood (kg CO ₂ e/tonne)	67.0
	Re-use – Clothing / Textiles (kg CO ₂ e/tonne)	21.0
	Anaerobic Digestion (kg CO ₂ e/tonne)	21.0
	Recycling – Commercial & Industrial (kg CO ₂ e/tonne)	21.0
	Recycling – Batteries – Consumer (kg CO ₂ e/tonne)	65.0
	Recycling – WEEE – Mixed (kg CO ₂ e/tonne)	21.0
	Incineration – Energy Recovery (kg CO ₂ e/tonne)	21.0
Landfill (kg CO ₂ e/tonne)	199	

Energy use

FIGS. 20, 21, 23 SCOPE – MANAGED PORTFOLIO

Table 6: Scope of energy reporting

Property type	Total properties	Resource type	Scope	Outside scope – reason	Properties not reporting*
Offices	42	Electricity	40	2 – No landlord procured electricity	1
		Fuel	34	8 – No shared services gas	1
Retail	62	Electricity	57	5 – No landlord procured electricity	6
		Fuel	14	48 – No common parts gas use	1
Residential	8	Electricity	8	-	7
		Fuel	0	8 – No common parts gas use	0
Overall	112	Total energy	105	7 – as above	14

*Unable to obtain or verify data

FIGS. 20-23 METHODOLOGY – MANAGED PORTFOLIO

- As per EPRA Best Practice Recommendations, EPRA energy data covers energy procured by British Land.
- Where asset energy data was partially unavailable, we used data from adjacent periods to estimate data for missing periods. In 2017, this accounts for 2% of total reported consumption.
- At our retail properties, where meters serve both common parts and occupier areas, sub-meter readings are provided by managing agent or via AMRs and are deducted from the meter total to provide common parts consumption. Where this is not possible, managing agents estimate the split between common parts and occupier consumption. Where an estimate is not available, mixed meters are reported in common parts.
- At our offices, managing agents provide sub-metered common parts, shared services and occupier direct use data. Where this detail is not available, managing agents estimate the split between common parts, shared services and occupier consumption.
- Energy use relating to vacant space or vacant units is included in common parts.
- Energy use for major development works at our assets is deducted from total consumption.
- Oil use is measured where possible. Otherwise, it is estimated based on the run time of plant.
- See Table 7 for fuel oil conversion factors. We will be reviewing all conversion factors next year.
- On site renewables at our offices comprise photovoltaic panels at two of our offices: 10 Portman Square and 20 Triton Street. This is included in common parts energy use. This energy is used on site and not exported to the Grid.
- Low carbon technologies at our offices include a combined heat and power (CHP) plant at 10 Brock Street, an air source heat pump at 350 Euston Road and a ground source heat pump at 10 Portman Square. Fuel use in CHP is reported in Figs. 21, 22 and 23. The resulting electricity was excluded from Figs. 20, 22 and 23 to avoid double counting. The electricity, heating and cooling output from CHP is reported in Figs. 15 and 23.
- On site renewables in retail comprise photovoltaic panels: 456 kW at Whiteley, 280 kW at St Stephen's, 45 kW at Deepdale, 7kW at Orbital, 1kW at Old Market and 250 Watt at Clifton Moore. Energy generated at St. Stephen's is both consumed on site (common parts energy use) and exported to the

Grid. Energy generated at Orbital is consumed on site. Energy generated at Whiteley, Deepdale and Old Market is exported to the Grid.

- We restated scopes for 2016 and 2015 to exclude properties confirmed as having no landlord supply.

Table 7: Conversion factors

Resource type	Unit	Rate to kWh
Oil	Litres	11.85
Diesel		10.96
LPG		6.98
Petrol		9.61
Gas	m ³	11.13

FIG. 23 TOTAL ENERGY CONSUMED AND GENERATED ON SITE

- Total managed portfolio and corporate energy use (MWh) reported in Figs. 20 and 21.
- Total energy generated on site aligns with Fig. 15. This Fig. includes energy generated and consumed on site and energy exported to the Grid.

FIG. 25 ENERGY EFFICIENCY – DEVELOPMENTS

- Major developments active this year submitted for planning permission and subject to building regulations, excluding public realm works.
- Regulations apply at the level of individual buildings; therefore, there may be multiple buildings per development.
- Relates only to regulated energy and emissions, as defined under UK building regulations.
- The percentage improvement is calculated as: $\frac{\text{Target Emission Rate (TER)} - \text{Building Emission Rate (BER)}}{\text{TER}} \times 100$. The TER is the maximum allowable emissions for that building (referred to as notional emissions in 2010 regulations). BER is the predicted, regulated emissions based on the output of the building-specific software simulation (Dwelling Emission Rate in residential projects).
- The percentage improvement for each unit is based on engineers' reports or building regulations submissions, using accredited software.
- The average percentage improvement is calculated based on the number of units, without reference to the size of the building.

Water use

FIG. 26 SCOPE – MANAGED PORTFOLIO

Table 8: Scope of water reporting

Property type	Total properties	Scope	Outside scope – reason	Properties not reporting*
Offices	42	38	4: No landlord procured water	3
Retail	62	27	35: No common parts water use	2
Residential	8	0	8: No common parts water use	0

*Unable to obtain or verify data

FIGS. 26-27 METHODOLOGY– MANAGED PORTFOLIO

- Water data comprises mains water and non-mains water used in our multi-let managed portfolio.
- Where asset water data was partially unavailable, we used data from adjacent periods to estimate data for missing periods. In 2017, this accounts for less than 1% of total reported consumption.
- Borehole water relates to borehole water use in the common parts at Meadowhall. Some borehole water is used to backwash the cleaning filters associated with the borehole plant. This water is not reported.
- In offices, we only report whole building use, as there is not sufficient sub-metering to do otherwise.
- In retail and residential, we only report common parts use.
- Water use for major development works at our assets is deducted from the total consumption.
- We restated scopes for 2016 and 2015 to exclude properties confirmed as having no landlord supply.

Resource use intensity

FIGS. 19, 24, 28 METHODOLOGY Intensity Index

- We have developed an index methodology to track and report the relative resource efficiency of our entire managed portfolio over time and demonstrate performance against our 2009 baseline.
- We report an index score for energy, carbon and water.
- Each property is classified by asset type: office, retail - enclosed and retail - open air.
- Residential properties are excluded from the intensity index calculations as the data scope is insufficient for both the current and baseline years.
- Each index score is based on the ratio of associated resource use or emissions intensity against our 2009 baseline. The overall portfolio index is calculated by weighting each asset class by total resource use or emissions per reporting year.
- In 2016, we amended the methodology for Scope 1 and 2 intensities to align it with the index

methodology to track performance against our carbon reduction targets. We restated Scope 1 and 2 intensity data for 2015 and 2009 to ensure that data is consistent. Scope 1 and 2 intensities for retail and offices are reported in Fig. 19 in this Report and in our Annual Report and Accounts 2017. For the financial ratio, see 'Carbon emissions Scope 1 and 2 Financial Intensity Measures'.

- Properties are only included in intensity indexes where they have robust denominator data (floor area, footfall, car park spaces or number of workstations) and resource use data (energy or water) and where they have been owned and managed by British Land for the entire reporting year (retail) or 18 months (offices and refurbishments).
- Energy intensity is calculated using 'kWh equivalent' and adjusted for weather variance using our degree day methodology described below. kWh equivalent conversion factors are:
 - Electricity: 1.0
 - Natural gas: 0.4
 - Fuel oil: 0.4
- **For offices:**
 - Landlord energy intensity relates to consumption for shared services and in common parts.
 - Resource use data relating to vacant space is excluded.
 - Floor areas relate to Net Internal Areas (NIA). Where NIA data was not available for the baseline year but robust consumption data was available, the more recent NIA data was applied at 100%.
 - For landlord energy and carbon intensity ratios, floor areas are adjusted for voids. Where voids exceed 20% of NIA, floor areas are adjusted to 80% of NIA.

- Fuel oil data was not available for 2009, so 2010 data was applied to both years.
 - For water intensity, workstations are used as the denominator; data was not available for 2009, so 2010 data was applied to both years.
 - Water intensity data for 2016 was restated to m³/FTE, from m³/workstations. 2009 data was not restated, as FTE data was not available.
 - Estate areas (public realm) are excluded from the intensity calculations.
- For retail:**
- Landlord energy intensity relates to consumption in common parts and car park areas. Common parts are used as the denominator for retail - enclosed and car park spaces for retail - open air.
 - Resource use data relating to vacant space is excluded.
 - Industrial, leisure and other retail assets are excluded from the intensity calculations based on the *de minimis* rule.
 - For water intensity, footfall is used as the denominator; data was not available for 2009, so 2010 data was applied to both years.
 - Water intensity data for 2016 and 2009 has been restated to include borehole and rainwater consumption. Borehole consumption data was estimated for 2009.
- Degree day corrected data**
- Degree day corrected data is used for our index methodology.
 - To report the impact and performance of our energy efficiency programme more accurately, we have normalised our data for heating and cooling degree days using Chartered Institution of Building Services Engineers (CIBSE) and Carbon Trust guidance. Degree day normalisation attempts to ensure that changes in gas used for heating and electricity used for cooling do not reflect changes in outside temperatures.
 - Heating degree days (HDD): quantify the number of days and the length of time that temperatures have dropped below a base temperature of 15.5°C.
 - Cooling degree days (CDD): quantify the number of days and the length of time that temperatures have exceeded a base temperature of 15.5°C.
 - The HDD calculation: Gas kWh/HDDs for reporting year = kWh per HDD; kWh per HDD multiplied by 10 year HDD average = normalised gas kWh.
 - The CDD calculation: Shared services electricity kWh/CDDs for reporting year = kWh per CDD; kWh per CDD multiplied by 10 year CDD average = normalised shared services electricity. In our CDD calculation, we estimate and exclude baseline consumption that takes place regardless of external temperatures. We only normalise for CDD from April to September.
 - We test for the correlation between outside air temperature and heating or cooling consumption using the R2 correlation coefficient. We calculate the R2 correlation for the last 12 or 24 months depending on data availability. Where correlation is weak, defined by a correlation of less than 0.7, data is excluded from DD normalisation.
 - We source our degree day data from www.degreedays.net, uploaded monthly to cr360.
 - We recognise that:
 - Not all gas consumed is for space heating and that gas is not the only source of heating in our properties. Properties that use gas solely for heating hot water for non-space heating purposes are excluded from our normalisation.

- Not all shared services electricity consumed is for the direct provision of cooling. In retail, we cannot separate energy consumed for cooling from other common parts energy use and therefore CDD is not used in retail.

Other intensity measures

- Residential properties are only included in intensity calculations where both common parts consumption data for the entire reporting year and robust denominator (floor area) data is available.
 - Group occupied floors relates to the Net Lettable Area (NLA) occupied by British Land and Broadgate Estates.
- Carbon emissions Scope 1 and 2 financial intensity measures:**
- We publish our financial Scope 1 and 2 emissions intensity in our Annual Report and Accounts 2017.
 - Financial intensity ratio expresses absolute Scope 1 and 2 emissions in relation to Gross Rental Income for properties in the managed portfolio.
 - Absolute Scope 1 and 2 emissions relate to managed portfolio electricity, gas use and refrigerant loss from air conditioning, and fuel use in British Land owned vehicles.
 - Gross Rental Income (GRI) from the managed portfolio comprises Group GRI of £442 million (2016: £451 million), plus 100% of the GRI generated by joint ventures and funds of £437 million (2016: £451 million), less GRI generated by assets outside the managed portfolio of £259 million (2015: £315 million).

Waste and materials

FIG. 29 WASTE MANAGEMENT SCOPE – MANAGED PORTFOLIO

Table 9: Scope of waste reporting

Property type	Total properties	Scope	Outside scope – reason	Properties not reporting*
Offices	42	34	8: No managed waste	3
Retail	62	43	19: No managed waste	9
Residential	8	0	8: No managed waste	0

*Unable to obtain data

FIGS. 29-30 WASTE MANAGEMENT METHODOLOGY – MANAGED PORTFOLIO

- Waste data covers non-hazardous waste managed by British Land. Occupier waste not managed by us is not reported.
- Hazardous waste is not reported as robust tonnage data is not available.
- Waste sent to a Material Recovery Facility (MRF) is included in recycling, incineration and/or landfill figures. MRF output is calculated at a site level monthly, based on each facility's average performance.
- British Land Offices waste covers waste generated in British Land's Head Office.
- Broadgate Estates offices waste is included in the property where the management office is located.
- For some retail properties, waste data is estimated for March 2017, using data from the previous period and site team operational knowledge.
- Waste data for 2016 has been restated where more accurate data has become available or primary data was incorrectly reported in the preceding year.

FIG. 31 WASTE MANAGEMENT – DEVELOPMENTS

- This Fig. covers waste generated on developments active this year, both major and small.
- Waste was reported by 39 developments this year, all in the UK.
- Our waste data has a fairly high accuracy rate, as it is a legal requirement in the UK to document the generation and disposal of construction waste. No pro-rating is undertaken for developments waste data, given the diversity of site activities.
- Re-use on site refers to waste generated from construction or demolition activities, which is not removed from site and re-used in the construction process or permanently in the new construction.
- Where we cannot verify if materials sent to landfill were used for landfill site structure or capping a disposal area, we adopt the WRAP Diversion Rate of 50% landfill. See [WRAP Reporting Guidance](#).
- Site waste reporting varies between tonnes and m³ of waste across the industry. We request that sites gather tonnage data and report it through cr360.
- Landfill tax costs are for indicative purposes only. Landfill tax costs are calculated by multiplying waste diverted from landfill by the relevant landfill tax cost factor (£2.65 in 2017).

FIG. 32 SUSTAINABLY SOURCED TIMBER

- This Fig. covers timber used on developments active this year, both major and small. FSC refers to timber sourced from the Forest Stewardship Council and PEFC to timber sourced from the Programme for the Endorsement of Forest Certification.

Physical risks

FIG. 33 PORTFOLIO FLOOD RISK

- This Fig. covers all assets under management.
- High flood risk is defined as assets located in Flood Zone 3 in England and Wales or on a Flood Plain in Scotland and Northern Ireland.

FIG. 34 ENVIRONMENTAL COMPLIANCE

- This Fig. covers all developments and all managed properties.
- Developments and managed properties are required to report on Serious (L1) and Significant (L2) environmental incidents, in accordance with the Environment Agency classifications.
- Significant or serious incidents involve a third party to help solve or mitigate the problem and should have been reported to the relevant local authority or the Environment Agency.

Skills and Opportunity

Apprentices

FIG. 35 APPRENTICES AT OUR PLACES AND IN LOCAL COMMUNITIES

- We focus on apprentices at properties and developments under the scope of our Local Charter, i.e. properties where we have full time managers on site and developments with a construction value over £5 million.
- Apprenticeships are accredited work-based training programmes designed around the needs of employers, which lead to nationally recognised qualifications. Apprenticeships are used to train both new and existing employees.
- Apprentice funding relates to contributions at our Local Charter properties for apprentice wages and dedicated support by The Source Skills Academy to suppliers in creating and sustaining apprenticeships.
- We offer support and funding towards apprentices directly employed by British Land and Broadgate Estates, or employed by suppliers at our Local Charter properties.
- At our properties, we report on individual apprentices each financial year, including those in our supply chain.
- At our developments, we report total apprentice data as an aggregate number over the lifetime of the project. This figure includes 47 apprentices working in off site manufacturing for our developments.

FIG. 36 APPRENTICES IN OUR SUPPLY CHAIN – PILOT SURVEY

- Proportion of supply chain workforce who are apprentices calculated by dividing the sum of our suppliers' UK apprentices by their total UK employees.
- 18 of our largest tier 1 suppliers (by spend) provided

data. Three development suppliers provided data on 65 tier 2 suppliers at three sites.

- We do not yet have data for our managed portfolio tier 2 suppliers.
- As we move from a voluntary pilot focusing on key suppliers to working with a broader range of suppliers, the proportion of apprentices may reduce. This is because the pilot study included a high proportion of construction firms employing large numbers of apprentices and because companies that did not respond to our pilot survey might not be performing as well in this area.

Procurement

FIG. 37 SPEND WITHIN 25 MILES AND WITH SMEs

- Managed portfolio spend: Paid invoices. Taxes, insurance, finance and banking, utility, IT and telecom costs are excluded from the scope of this analysis. Data has been taken from the Broadgate Estates finance and supplier systems.
- Developments spend: Actual and committed spend. Company size data and location data provided by our tier 1 suppliers is tested and verified by an independent consultant quarterly before the supplier uploads it to cr360
- Spend data is not reported on an accrual basis.
- Spend within 25 miles: Expenditure in the period with all suppliers with a postcode within 25 miles of the British Land asset using their goods or services. A company within 25 miles is defined as an organisation providing a service to a British Land property or development from permanent business premises within a 25-mile radius. The local branch of a national firm is included if within 25 miles. For our managed portfolio, the distance is calculated using latitude and longitude coordinates to find the shortest distance between the two points. For our

developments, the driving distance is calculated.

- Spend with SMEs: Expenditure in the period with all suppliers that are micro, small or medium sized enterprises.
 - For our managed portfolio and corporate spend, we use the EU definition of Small Med Large enterprises, i.e. those employing fewer than 250 persons and with an annual turnover not exceeding €50 million and/or an annual balance sheet total not exceeding €43 million. We used the Dun & Bradstreet entity matching to identify SME suppliers for 2016 and 2017 spend. We only included results where confidence was medium (e.g. supplier name and town) to high (e.g. name, address and postcode). Over 70% of matches were high confidence.
 - For our developments, SME classification data based on the EU definition was not available at the time of analysis. SME was defined as an organisation employing fewer than 250 people. We have excluded suppliers that we know are part of a group with a combined total of more than 250 people.

FIG. 38 PROMPT PAYMENT

- For our corporate and managed portfolio tier 1 suppliers, we report payment within 30 days from the date of the invoice. Corporate data is normalised to exclude disputes.

Supplier workforce

FIG. 39 EMPLOYMENT WITHIN 25 MILES, LIVING WAGE AND EXCLUSIVE ZERO HOURS CONTRACTS

- For our managed portfolio, this Fig. covers hours worked by employees and contractors whose costs are met under the service charge.
- Managing agents report hours worked by employees and contractors living within 25 miles of the site, paid the Living Wage Foundation rates and employed on exclusive zero hours contracts.
- Living Wage Foundation rates per hour are sourced from: www.livingwage.org.uk/what-living-wage
 - 2016: £9.75 or more for work in London or £8.45 for work outside London.
 - 2015: £9.40 or more for work in London or £8.25 for work outside London.
 - 2014: £9.15 or more for work in London or £7.85 for work outside London.
- For our developments, this Fig. covers hours worked by permanent and temporary employees, including apprentices.
- In 2015, employment within 25 miles of site was reported by pilot developments. In 2016, employment within 25 miles of site was reported by all major developments and three small developments. In 2017, employment within 25 miles of site was reported by all major developments. All developments are asked to report hours worked by workers on exclusive zero hours contracts.

Group employment

FIGS. 40-48 SCOPE

- Permanent full time equivalents (FTEs) as at 31 March 2017 at British Land and our wholly owned subsidiary Broadgate Estates.

- Figs. include those on maternity and paternity leave, long-term sick leave and sabbatical. Unless otherwise stated, data excludes employees not on a permanent contract at the end of the reporting year, including those on fixed-term contracts, internships, apprenticeships, temporary employees, contractors and consultants.
- Employment type is defined as follows, unless otherwise stated:

Employment type	British Land	Broadgate Estates
Employees	All permanent FTEs	All permanent FTEs
Management employees	Executive, Operations Committee and Executive Committee, including middle management	Associate Directors (including Portfolio Directors), Senior Managers and Managers
Board of Directors	Permanent FTEs who are British Land Board Directors	Board Executive Directors, excluding those employed by British Land
Non-management employees	All employees excluding management employees and Board of Directors	All employees excluding management employees and Board of Directors

FIGS. 40-48 METHODOLOGY

- Employee information is primarily retrieved from the human resources' software programmes.
- Part time employees are counted as a fraction of an FTE.

FIG. 41 NEW EMPLOYEES

- The new hires rate is calculated by dividing the number of new hires by the total number of FTEs within that population (i.e. 'total employees').

FIG. 42 EMPLOYEE TURNOVER – NUMBERS AND RATES

- Leavers include the following scenarios: resignation; dismissal; employee redundancies; mutual agreement leavers; retirement; departure during probation; death and TUPE.

- 'TUPE' refers to the Transfer of Undertakings (Protection of Employment) Regulations. These regulations exist to protect employees when their business changes hands, moving affected employees from their old employer to the new employer.
- Turnover rates are based on the FTE of leavers divided by the total number of FTEs at the end of the year (as reported in Fig. 40 Employment).
- For gender and age, the FTE of leavers for each category was divided by the equivalent total FTEs at the end of the year.

FIG. 43 SALARY AND REMUNERATION

- Only individuals employed for the whole year, 1 April 2016 to 31 March 2017 are included.
- Employment type is defined as follows:

Employment type	British Land	Broadgate Estates
Board level	Permanent FTEs who are British Land Board Directors	Board Executive Directors, excluding those employed by British Land and Portfolio Directors
Management level	Executive, Operations Committee and Executive Committee	Associate Directors, Senior Managers and Managers
Non-management level	All employees excluding Board level and management level	All employees excluding Board level and management level

- Figures include salary, bonus, car allowance and private medical insurance.
- Remuneration related to share schemes is not included.
- Information for British Land is obtained from human resources' software and a spreadsheet containing medical insurance benefit data. For British Land, the bonus elements of remuneration numbers are estimated based on planned bonuses approved by finance and agreed with human resources. Final bonus calculations are undertaken later in the year and actual values were not available during this report timeframe. Therefore, the distribution is an estimate across the groups reported on: Board, Management and Non-management. For British Land, the bonus calculation does not include a bonus for leavers, due to the timing of when this bonus is paid. For Broadgate Estates, the bonus elements of remuneration numbers are based on the prior year bonus paid, as the current year bonuses have not yet been decided.
- Salary, car allowance and private medical insurance data for part time employees has been pro-rated to their FTE data.
- The gender ratios are calculated by dividing the female data by the male data and multiplying by 100.

FIG. 44-46 EMPLOYEE DIVERSITY – GENDER, AGE, ETHNICITY

- British Land Board of Directors data includes Non-Executive Directors in addition to FTE so that reporting is in line with Annual Report diversity reporting requirements.
- British Land Board of Directors data is based on headcount rather than FTE for the same reason as above.
- Broadgate Estates Board of Directors are based on employees only; Non-Executive Directors are British Land employees and so already reported.
- The total percentage female/male data is calculated by summing employee numbers.

- From 2016, ethnicity data has been captured through the human resources systems upon request from human resources. All data has been given voluntarily by employees.
- For reporting purposes, ethnicity categories have been grouped together as follows:

FIG. 48 EMPLOYEE TRAINING – PROPORTION BY CATEGORY

- Proportion of employee data regarding anti-corruption and bribery and health and safety is a rolling result, representing the employee population at 31 March 2017.

Grouped category	Includes
Asian	Asian – Bangladeshi
	Asian – Indian
	Asian – Pakistani
	Asian – Other
Black	Black – African
	Black – Caribbean
	Black – Other
Mixed	Mixed – Other
	Mixed – White and Asian
	Mixed – White and Black African
	Mixed – White and Black Caribbean
Other	Arab
	Other Ethnic Groups
White	White – English/Welsh/Scottish/Northern Irish
	White – Gipsy or Irish Traveller
	White – Irish
	White – Other
Not disclosed	Includes employees who have actively chosen not to disclose and employees who did not respond at all

Our EPRA Index 2017

We report in line with the latest European Public Real Estate Association (EPRA) Best Practice Recommendations on Sustainability Reporting (2nd edition September 2014). For each EPRA indicator, we outline below where data can be found in our Sustainability accounts 2017: www.britishland.com/data

EPRA Sustainability Performance Measures	British Land Sustainability Accounts
Elec-Abs (Total electricity consumption)	Fig. 20 Total electricity consumption
Elec-LfL (Like-for-like total electricity consumption)	Fig. 22 Like-for-like total electricity and fuel consumption
DH&C-Abs (Total district heating & cooling consumption)	Not applicable as no district heating & cooling consumption
DH&C-LfL (Like-for-like total district heating & cooling consumption)	Not applicable as no district heating & cooling consumption
Fuels-Abs (Total fuel consumption)	Fig. 21 Total fuel consumption
Fuels-LfL (Like-for-like total fuel consumption)	Fig. 22 Like-for-like total electricity and fuel consumption
Energy-Int (Building energy intensity)	Fig. 24 Building energy index and intensity
GHG-Dir-Abs (Total direct greenhouse gas (GHG) emissions)	Fig. 16 Total direct and indirect (Scopes 1, 2 and 3) greenhouse gas emissions
GHG-Indir-Abs (Total indirect greenhouse gas (GHG) emissions)	Fig. 16 Total direct and indirect (Scopes 1, 2 and 3) greenhouse gas emissions
GHG-Dir-LfL (Like-for-like total direct greenhouse gas (GHG) emissions)	Fig. 17 Like-for-like total direct and indirect (Scopes 1, 2 and 3) greenhouse gas emissions
GHG-Indir-LfL (Like-for-like total indirect greenhouse gas (GHG) emissions)	Fig. 17 Like-for-like total direct and indirect (Scopes 1, 2 and 3) greenhouse gas emissions
GHG-Int (Greenhouse gas (GHG) intensity from building energy consumption)	Fig. 19 Greenhouse gas index and intensity from building energy consumption
Water-Abs (Total water consumption)	Fig. 26 Total water consumption
Water-LfL (Like-for-like total water consumption)	Fig. 27 Like-for-like total water consumption
Water-Int (Building water intensity)	Fig. 28 Building water index and intensity
Waste-Abs (Total weight of waste by disposal route)	Fig. 29 Waste management - managed portfolio and corporate
Waste-LfL (Like-for-like total weight of waste by disposal route)	Fig. 30 Like-for-like waste management - managed portfolio
Cert-Tot (Type and number of sustainably certified assets)	Fig. 13 Sustainability ratings

Independent Limited Assurance Report to the Directors of The British Land Company plc

The Board of Directors of The British Land Company plc (“British Land”) engaged us to provide limited assurance on the information described below and set out in British Land’s Sustainability Accounts for the year ended 31 March 2017.

Our conclusion

Based on the procedures we have performed and the evidence we have obtained, nothing has come to our attention that causes us to believe that the Selected Information for the year ended 31 March 2017 has not been prepared, in all material respects, in accordance with the Reporting Criteria.

This conclusion is to be read in the context of what we say in the remainder of our report.

Selected Information

The scope of our work was limited to assurance over the information marked with the symbol (A) in British Land’s Sustainability Accounts for the year ending 31 March 2017 (the “Selected Information”). The Selected Information is summarised in the table below. Our assurance does not extend to information in respect of earlier periods or to any other information included in the Sustainability Accounts for the year ending 31 March 2017.

We assessed the Selected Information using British Land’s Reporting Criteria as set out at www.britishland.com/sustainability.

Professional standards applied and level of assurance

We performed a limited assurance engagement in accordance with International Standard on Assurance Engagements 3000 (Revised) ‘Assurance Engagements other than Audits and Reviews of

Sustainability Accounts Reference	Selected Information
4	Accidents – managed portfolio and corporate
5	Accidents – developments
13	Sustainability ratings
14	Energy efficiency investments and savings
16	Total direct and indirect (Scopes 1, 2 & 3) greenhouse gas emissions
17	Like-for-like total direct and indirect greenhouse gas emissions
19	Greenhouse gas index and intensity
20	Total electricity consumption
21	Total fuel consumption
22	Like-for-like total electricity and fuel consumption
23	Total energy consumed and generated onsite
24	Building energy index and intensity
29	Waste management – managed portfolio and corporate
30	Like-for-like waste management – managed portfolio
31	Waste management – developments
37	Spend within 25 miles and with SMEs
43	Salary and Remuneration
44	Employee diversity – gender

Historical Financial Information’ and, in respect of the greenhouse gas emissions, in accordance with International Standard on Assurance Engagements 3410 ‘Assurance engagements on greenhouse gas statements’, issued by the International Auditing and Assurance Standards Board. A limited assurance engagement is substantially less in scope than a reasonable assurance engagement in relation to both the risk assessment procedures, including

an understanding of internal control, and the procedures performed in response to the assessed risks.

Our Independence and Quality Control

We applied the Institute of Chartered Accountants in England and Wales (ICAEW) Code of Ethics, which includes independence and other requirements founded on fundamental principles of integrity,

objectivity, professional competence and due care, confidentiality and professional behaviour.

We apply International Standard on Quality Control (UK) 1 and accordingly maintain a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Our work was carried out by an independent and multi-disciplinary team with experience in sustainability reporting and assurance.

Understanding reporting and measurement methodologies

The Selected Information needs to be read and understood together with the Reporting Criteria, which British Land is solely responsible for selecting and applying. The absence of a significant body of established practice on which to draw to evaluate and measure non-financial information allows for different, but acceptable, measurement techniques and can affect comparability between entities and over time. The Reporting Criteria used for the reporting of the Selected Information are as at 31 March 2017.

Work done

We are required to plan and perform our work in order to consider the risk of material misstatement of the Selected Information. In doing so, we:

- made enquiries of British Land’s management, including the Sustainability team and those with responsibility for Sustainability management and group Sustainability reporting;
- evaluated the design of the key structures, systems, processes and controls for managing, recording and reporting the Selected Information. This included analysing corporate head office and

57 sites, selected on the basis of their inherent risk and materiality to the group, to understand the key processes and controls for reporting site performance data to the group Sustainability team;

- considered the significant estimates and judgements made by management in the preparation of the Selected Information;
- performed limited substantive testing on a selective basis of the Selected Information at corporate head office and in relation to 57 sites to check that data had been appropriately measured, recorded, collated and reported. Where supporting evidence was provided in a written report from a third party, we have assessed the independence and competency of the third party;
- evaluated the methodology and basis of the independent valuation of the developments carbon footprint, with respect to the developments carbon footprint data disclosed in table 16 of the Sustainability Accounts, but did not test in detail the underlying calculation models and assumptions; and
- considered the disclosure and presentation of the Selected Information.

British Land’s responsibilities

The Directors of British Land are responsible for:

- designing, implementing and maintaining internal controls over information relevant to the preparation of the Selected Information that is free from material misstatement, whether due to fraud or error;
- establishing objective Reporting Criteria for preparing the Selected Information;
- measuring and reporting the Selected Information based on the Reporting Criteria; and
- the content of the Sustainability Accounts for the year ending 31 March 2017.

Our responsibilities

We are responsible for:

- planning and performing the engagement to obtain limited assurance about whether the Selected Information is free from material misstatement, whether due to fraud or error;
- forming an independent conclusion, based on the procedures we have performed and the evidence we have obtained; and
- reporting our conclusion to the Directors of British Land.

This report, including our conclusions, has been prepared solely for the Board of Directors of British Land in accordance with the agreement between us dated 10 February 2017, to assist the Directors in reporting British Land’s Sustainability performance and activities. We permit this report to be disclosed in the Sustainability Accounts for the year ended 31 March 2017 and disclosed at www.britishland.com/sustainability, to assist the Directors in responding to their governance responsibilities by obtaining an independent assurance report in connection with the Selected Information. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Board of Directors and British Land for our work or this report except where terms are expressly agreed between us in writing.

PricewaterhouseCoopers LLP

PricewaterhouseCoopers LLP

Chartered Accountants

London

12 May 2017

[†]The maintenance and integrity of British Land’s website is the responsibility of the Directors; the work carried out by us does not involve consideration of these matters and, accordingly, we accept no responsibility for any changes that may have occurred to the reported Selected Information or Reporting Criteria when presented on British Land’s website.

Further information

Sustainability information is integrated throughout our Annual Report:

 www.britishland.com/annualreport

For more on our sustainability strategy and progress on our 2020 targets:

 www.britishland.com/sustainability

Contact us

Sarah Cary

Head of Sustainable Places

British Land, York House, 45 Seymour Street,
London W1H 7LX

 sustainability@britishland.com

 +44 (0)20 7486 4466

 [@BritishLandPLC](https://twitter.com/BritishLandPLC)

Reporting standards and assurance

Selected data independently assured by PwC. Data covers up to 97% of our multi-let managed portfolio by value (71% of assets under management) and 100% of development projects.

About British Land

British Land is a leading UK commercial property company focused on high quality retail and London offices. Our vision is to create Places People Prefer.





Local Charter

Creating a lasting positive legacy



Here we set out our commitments to create a lasting positive legacy for those who work, shop and live in and around our places, adding value for our local communities, customers and investors.

Through our Local Charter, we connect with communities where we operate, make positive local contributions, help people fulfil their potential, help businesses grow, and promote wellbeing and enjoyment. This all supports our strategy to create Places People Prefer.

We have a strong track record of working with suppliers to create positive economic, social and environmental outcomes. Put simply, we achieve more together.

“

Our places thrive when the surrounding community also prospers. We know that forming strong, positive connections with local people and organisations is essential to our lasting success.

”

Chris Grigg
Chief Executive, British Land



Commitments

- 1** Connect with local communities
- 2** Support educational initiatives for local people
- 3** Support local training and jobs
- 4** Support local businesses
- 5** Contribute to local people's wellbeing and enjoyment





1 We connect with local communities

– linking with local people and organisations where we operate and growing local relationships to create positive outcomes.

What this means in practice:

- Engaging and connecting with key local stakeholders through existing forums, so we understand local needs, e.g. through Chambers of Commerce, Business Improvement Districts and customer forums.
- Local communities influencing our thinking and decisions during development, e.g. consulting early and often during planning, keeping people informed and listening to their views during construction.
- Team members getting involved in community projects and organisations, e.g. volunteering with charities, schools and local groups, and becoming school governors and charity trustees.
- Local communities influencing decisions at our places where relevant, e.g. forums and surveys influencing aspects such as pop-ups, retail mix, events, film choices and public art celebrating the area's heritage.
- Offering our communities opportunities at our places, e.g. charities raising funds and awareness, localised public art and community events.



2 We support educational initiatives for local people

– helping them discover their potential, developing skills for the future and raising awareness of career opportunities in our sectors.

What this means in practice:

- Partnering with local and national organisations on educational initiatives, e.g. encouraging children to read for enjoyment and develop their literacy skills.
- Supporting schools, e.g. through volunteering activities, school talks and enterprise and employability events, including careers fairs.
- Providing work experience placements, shadowing and school visits for students, where possible.
- Construction teams partnering with a local school or college, opening up opportunities for learning, e.g. through talks and site visits.



3 We support local training and jobs

- developing skills and empowering local people to access opportunities at our places and in our supply chain through Bright Lights, our skills and employment programme.

What this means in practice:

- Delivering Starting Out pre-employment training programmes, where locally relevant, supporting people into employment.
- Recruiting apprentices with appropriate training packages at all major assets, creating real opportunities.
- Main construction contractors and key suppliers at our places working towards 3% of all UK employees being apprentices by 2020.
- Promoting training and employment opportunities to local people of all ages, abilities and backgrounds, e.g. through hosting or supporting job fairs.
- During construction, raising awareness of different career opportunities, e.g. through talks, site visits, work placements and mentoring.

Find out more about [Bright Lights](#)



4 We support local businesses

- opening opportunities to local businesses and enterprises to support their future success.

What this means in practice:

- Developing and implementing a local procurement strategy, identifying goods and services that can be sourced within the area.
- Supporting local independent businesses, entrepreneurs and social enterprises at our places, e.g. through pop-ups.
- Sharing skills to help local small and medium sized enterprises (SMEs) build their capacity for future success where relevant, e.g. through mentoring schemes, networking and business clubs.
- During development, buying goods and services from local businesses. Also, opening opportunities to SMEs, e.g. through advertising, networking and hosting or attending 'meet the buyer' events.
- Improving understanding of social value and economic contributions, gaining useful insights to inform our approach.



5 We contribute to local people's wellbeing and enjoyment

– creating places that make people feel happier and healthier; places where they want to work, shop, live and spend time; places where they are productive.

What this means in practice:

- Creating safe, well-managed places for the people who work, shop and live there, for local residents and other visitors.
- Making our places inclusive and open, e.g. accessible routes and facilities for people with disabilities and families with children, dementia friendly training for team members and autism friendly sessions for visitors.
- Encouraging active living, e.g. providing pedestrian links, cycle spaces, bike routes, art trails, children's play areas and games areas.
- Creating opportunities for people to connect with each other, e.g. offering sociable seating areas and inclusive events.
- Planting greenery and opening access to nature. Connecting with the natural world is a strong human instinct, which many studies show boosts wellbeing and productivity.



Our 2020 strategy

Our Local Charter supports our 2020 sustainability strategy, which addresses major social, economic and environmental trends to create value for our stakeholders and the business, as we work to create Places People Prefer.

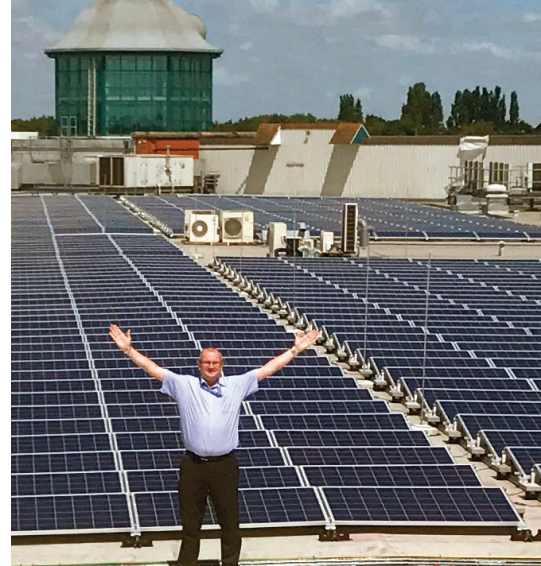
2020 targets linked to our Local Charter:

- Implement our Local Charter at all key assets and major developments.
- 1,700 people supported into employment.
- 3% of prioritised suppliers' UK workforce to be apprentices.
- Increase the sense of wellbeing for shoppers, retailers and occupiers at our places.

Alongside our Local Charter activity, we continue to improve environmental

performance – enhancing energy efficiency, cutting carbon emissions, introducing renewable energy sources, managing climate change risks, encouraging biodiversity, increasing recycling, reducing waste to landfill and driving materials innovation.

For more on our sustainability strategy and performance, and how we identify the issues that matter most: www.britishland.com/sustainability



Together we can achieve more

We manage our business through a small, experienced team at Head Office working with carefully chosen suppliers. We ask and expect suppliers to achieve high social, environmental and ethical standards, providing them with clear guidance and support.

Supporting our Local Charter is one of the requirements in our Supplier Code of Conduct for all suppliers at our key properties. Our Local Charter commitments also feed through to other guidance we provide to suppliers, such as our Sustainability Brief for Developments.

We support our suppliers in delivering on our Local Charter as appropriate, drawing on their strengths and building on existing initiatives. As we tend to partner with like-minded suppliers, this activity

often contributes to their own community programmes and responsibility strategies.

We are focusing on delivering our Local Charter commitments at our key retail centres, London campuses and major developments. We monitor progress and share examples of best practice to further raise standards. We also encourage and work with retailers and occupiers to support local projects and partners.



We welcome your feedback

Anna Devlet Head of Community
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 sustainability@britishland.com

 +44 (0)20 7486 4466

 www.britishland.com/sustainability

 @BritishLandPLC

Version 3: May 2018

About British Land

We are a leading UK commercial property company focused on high quality retail and London offices. Our strategy is to provide places which meet the needs of our customers and respond to changing lifestyles – Places People Prefer.



The Queen's Award for Enterprise

British Land was awarded the UK's highest accolade for business success, for economic, social and environmental achievements over five years.



Design and production: www.ledgardjepson.com

Printed onto paper certified by the Forest Stewardship Council® (FSC®), paper from sustainable mixed sources.





HERBERT
SMITH
FREEHILLS

..... **2017**

THE MAYOR AND BURGESSES OF THE LONDON BOROUGH OF SOUTHWARK

and

BL CW HOLDINGS LIMITED

DEED OF RELEASE

of covenants contained in a Transfer
dated 19 May 1998 of land
known as Canada Yard South affecting title
number TGL147500

Herbert Smith Freehills LLP

THIS DEED OF RELEASE made on

2017

BETWEEN:

- (1) **THE MAYOR AND BURGESSES OF THE LONDON BOROUGH OF SOUTHWARK** of 160 Tooley Street, London SE1 2QH (the "**Beneficiary**"); and
- (2) **BL CW HOLDINGS LIMITED** whose registered office is at York House, 45 Seymour Street, London W1H 7LX (Co. Regn. No. 10398435) ("**Holdings**").

IT IS AGREED AS FOLLOWS:

RECITALS

- A. By a transfer dated 19 May 1998 made between (1) The Mayor and Burgesses of the London Borough of Southwark and (2) General Accident Life Assurance Limited in respect of land known as Canada Yard South, the land the subject of that transfer was transferred to General Accident Life Assurance Limited subject to the Covenants.
- B. Holdings are now the freehold owner of the Premises being the land transferred by the Transfer.
- C. In consideration of the Payment by Holdings to the Beneficiary, the Beneficiary has agreed to fully release and extinguish the Covenants on the terms set out in this deed.

1. DEFINITIONS AND INTERPRETATION

1.1 Definitions

The following definitions apply in this deed:

"**Covenants**" means the covenants set out in clause 3 of the Transfer;

"**Premises**" means the freehold land registered under title number TGL147500 and the leasehold interests registered under title numbers TGL316976, TGL148406, TGL223405, TGL155333, TGL462023 and TGL165151;

"**Payment**" means £1.00 (one pound) and any VAT due in respect of it;

"**Retained Land**" means the subsoil of Redriff Road and each and every part of it as more particularly described in the Transfer; and

"**Transfer**" means a transfer dated 19 May 1998 and made between (1) The Mayor and Burgesses of the London Borough of Southwark and (2) General Accident Life Assurance Limited of the premises known as Canada Yard South and includes every document varying, supplemental or collateral to it.

1.2 Interpretation

In this deed:

- 1.2.1 words importing the singular include the plural and vice versa and words importing one gender include both other genders;
- 1.2.2 where a party comprises more than one person covenants and obligations of that party take effect as joint and several covenants and obligations;

2. **RELEASE**

- 2.1 The Beneficiary is the freehold owner of those parts of the Retained Land registered at the Land Registry under title number TGL136102 free of any encumbrances, charges, liens, pledges or other third party interests.
- 2.2 In consideration of the Payment paid by Holdings to the Beneficiary (receipt of which the Beneficiary hereby acknowledges), the Beneficiary in respect of the Premises for itself and its successors in title, releases and surrenders the Covenants to the extent that it benefits from such Covenants and to the intent that they are extinguished as at the date of this deed.

3. **HM LAND REGISTRY**

- 3.1 On completion of this deed, Holdings shall make an application to HM Land Registry:
- 3.1.1 to cancel any notice of the Covenants from the registered title to the Premises; and
 - 3.1.2 to register this deed against the registered title to the Premises.
- 3.2 The Beneficiary consents to the removal of any entries which have been registered against land registered at the Land Registry under title number TGL136102 in respect of the benefit of the Covenants and shall not object to any application to remove such entries from any other parts of the Retained Land that do not fall within the land registered under title number TGL136102..
- 3.3 The Beneficiary shall promptly and properly provide Holdings with such assistance as may be necessary to enable Holdings to answer any requisitions raised by HM Land Registry in connection with its application under this clause.
- 3.4 Within one month of completion of the registration of this deed, Holdings shall give the Beneficiary official copies of the amended registered title to the Premises.

4. **GOVERNING LAW AND JURISDICTION**

- 4.1 This deed 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 the law of England and Wales.
- 4.2 The parties irrevocably agree that the courts of England and Wales shall have exclusive jurisdiction to determine any dispute or claim that arises out of or in connection with this deed or its subject matter or formation (including non-contractual disputes or claims).

5. **BENEFICIARY AS LAND OWNER**

The Beneficiary is a party to this deed in its capacity as the land owner of the land registered at the Land Registry under title number TGL136102 and nothing contained or implied in this deed shall prejudice or affect the rights, powers, duties and obligations of the Beneficiary in the exercise of its functions as a local planning, highway or buildings regulation authority or as a local authority under any other statutory provision.

6. **CONTRACTS (RIGHTS OF THIRD PARTIES) ACT 1999**

Unless expressly stated nothing in this deed will create any rights in favour of any person pursuant to the Contracts (Rights of Third Parties) Act 1999.

IN WITNESS whereof this deed has been executed by the parties hereto and is intended to be and is hereby delivered on the date first above written.

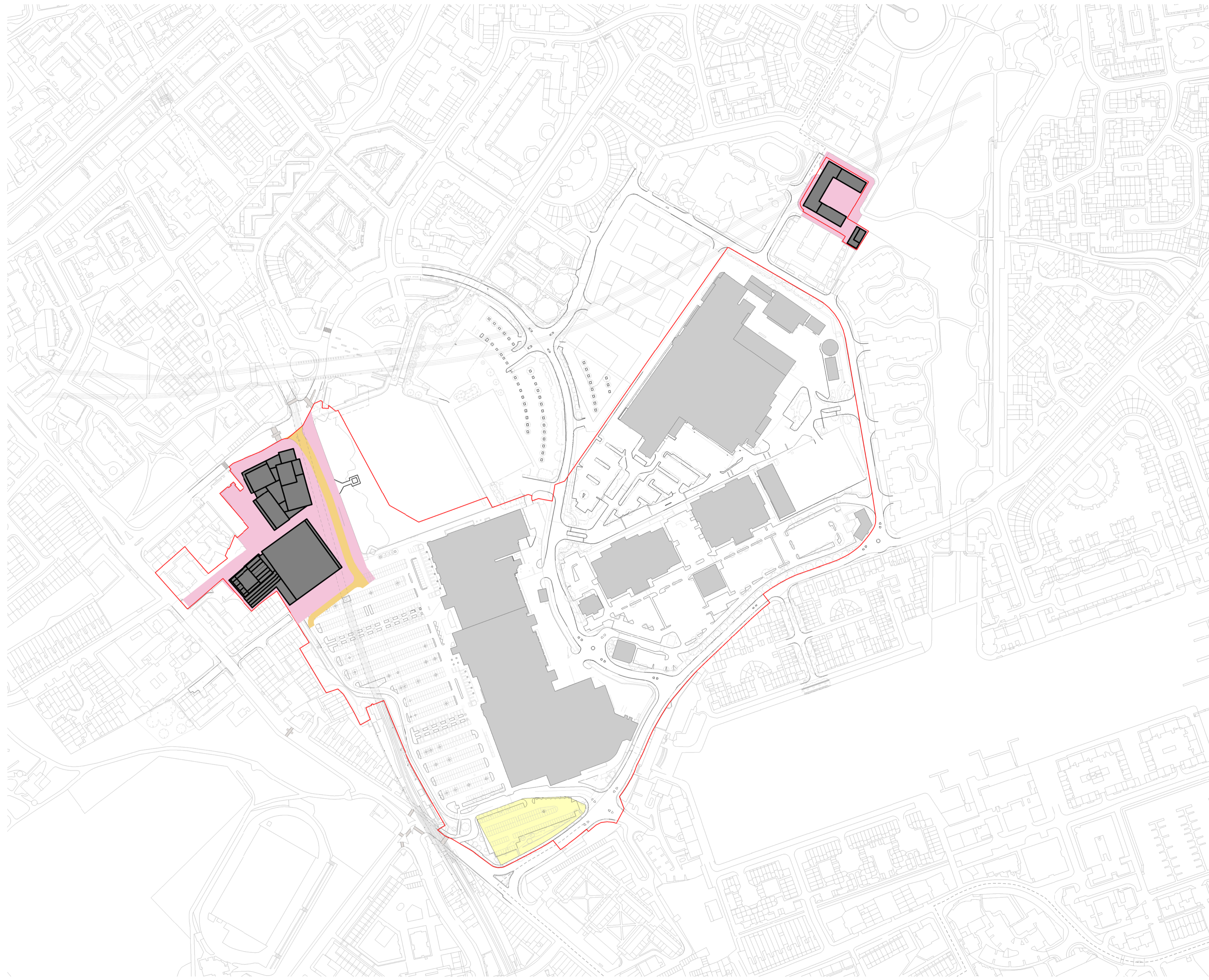
The Common Seal of **The MAYOR
AND BURGESSES OF THE LONDON
BOROUGH OF SOUTHWARK** was
hereunto affixed in the presence of :

.....
Authorised Signatory

EXECUTED AS A DEED by)
BL CW HOLDINGS LIMITED)
acting by)

.....
Director

.....
Director/Secretary



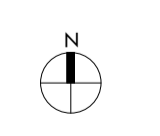
Do not scale from this drawing. Use figured dimensions only. Figured dimensions are in millimetres. All dimensions shall be verified on site before proceeding with works. All levels are nominal: detailed site survey to be carried out to verify positions and level relationships with site features and ordnance survey. All levels are in metres. This drawing is for design intent only. This drawing is to be read in conjunction with other documentation from the architect, design team, main contractor and employer's agent. The architect must be notified of any discrepancies.

REV	DATE	DESCRIPTION	CD
P 1	20/09/17	First Issue	DC
P 2	20/02/18	Second Issue	NA

- KEY**
- Proposed Phase 1A Buildings
 - Existing Buildings
 - Proposed Phase 1A Landscape
 - Proposed Phase 1A Road Layout
 - Interim Petrol Filling Station

Note - Phasing is indicative only and is subject to change. All temporary and permanent works (e.g. landscaping, roads) and the Interim Petrol Filling Station are subject to detailed design and gaining the relevant approvals.

Canada Water Masterplan :
 Illustrative Phasing Strategy
 Phase 1A Delivery
 802_00_SK_140
 SCALE 1 : 2000 @A1



Allies and Morrison
 85 Southwark Street
 London SE1 0HX
 telephone 020 7921 0100
 facsimile 020 7921 0101
 email info@alliesandmorrison.co.uk
 A&M JOB NO:802

Any parts of the form that are not typed should be completed in black ink and in block capitals.

If you need more room than is provided for in a panel, and your software allows, you can expand any panel in the form. Alternatively use continuation sheet CS and attach it to this form.

Leave blank if not yet registered.

Insert address including postcode (if any) or other description of the property, for example 'land adjoining 2 Acacia Avenue'.

Remember to date this deed with the day of completion, but not before it has been signed and witnessed.

Give full name(s) of **all** the persons transferring the property.

Complete as appropriate where the transferor is a company.

Give full name(s) of **all** the persons to be shown as registered proprietors.

Complete as appropriate where the transferee is a company. Also, for an overseas company, unless an arrangement with HM Land Registry exists, lodge either a certificate in Form 7 in Schedule 3 to the Land Registration Rules 2003 or a certified copy of the constitution in English or Welsh, or other evidence permitted by rule 183 of the Land Registration Rules 2003.

Each transferee may give up to three addresses for service, one of which must be a postal address whether or not in the UK (including the postcode, if any). The others can be any combination of a postal address, a UK DX box number or an electronic address.

1	Title number(s) of the property: [·]
2	<p>Property:</p> <p>The leasehold land [edged red] on the attached plan known as various parcels of land at Canada Water in the London Borough of Southwark more particularly described in the lease dated [·] made between (1) BL CW Holdings Limited (2) BL CW Holdings 2 Limited</p>
3	Date:
4	<p>Transferor:</p> <p>[BL CW Holdings 2 Limited] whose registered office is at/of York House, 45 Seymour Street, London W1H 7LX</p> <p><u>For UK incorporated companies/LLPs</u></p> <p>Registered number of company or limited liability partnership including any prefix: [·]</p> <p><u>For overseas companies</u></p> <p>(a) Territory of incorporation:</p> <p>(b) Registered number in the United Kingdom including any prefix:</p>
5	<p>Transferee for entry in the register:</p> <p>The Mayor and Burgesses of the London Borough of Southwark</p> <p><u>For UK incorporated companies/LLPs</u></p> <p>Registered number of company or limited liability partnership including any prefix:</p> <p><u>For overseas companies</u></p> <p>(a) Territory of incorporation:</p> <p>(b) Registered number in the United Kingdom including any prefix:</p>
6	<p>Transferee's intended address(es) for service for entry in the register:</p> <p>160 Tooley Street, London SE1 2QH</p>
7	The transferor transfers the property to the transferee

Place 'X' in the appropriate box. State the currency unit if other than sterling. If none of the boxes apply, insert an appropriate memorandum in panel 11.

Place 'X' in any box that applies.

Add any modifications.

Where the transferee is more than one person, place 'X' in the appropriate box.

Complete as necessary.

The registrar will enter a Form A restriction in the register *unless*:

- an 'X' is placed:
 - in the first box, or
 - in the third box and the details of the trust or of the trust instrument show that the transferees are to hold the property on trust for themselves alone as joint tenants, or
- it is clear from completion of a form JO lodged with this application that the transferees are to hold the property on trust for themselves alone as joint tenants.

Please refer to *Joint property ownership and practice guide 24: private trusts of land* for further guidance. These are both available on the GOV.UK website.

<p>8</p>	<p>Consideration</p> <p><input checked="" type="checkbox"/> The transferor has received from the transferee for the property the following sum (in words and figures):</p> <p>A peppercorn</p> <p><input type="checkbox"/> The transfer is not for money or anything that has a monetary value</p> <p><input type="checkbox"/> Insert other receipt as appropriate:</p>
<p>9</p>	<p>The transferor transfers with</p> <p><input checked="" type="checkbox"/> full title guarantee</p> <p>but the transferor shall not be liable under any of the covenants set out in section 2(1)(b) of the Law of Property (Miscellaneous Provisions) Act 1994 other than at the cost of the person to whom the disposition is made.</p> <p><input type="checkbox"/> limited title guarantee</p> <p>but the transferor shall not be liable under any of the covenants set out in section 2(1)(b) of the Law of Property (Miscellaneous Provisions) Act 1994 ("1994 Act") other than at the cost of the person to whom the disposition is made; and</p> <p>the covenant set out in section 3(3) of the 1994 Act shall not extend to the words "and that he is not aware that anyone else has done so since the last disposition for value".</p>
<p>10</p>	<p>Declaration of trust. The transferee is more than one person and</p> <p><input type="checkbox"/> they are to hold the property on trust for themselves as joint tenants and that the survivor of them can give a valid receipt for capital money on a disposition of the property.</p> <p><input type="checkbox"/> they are to hold the property on trust for themselves as tenants in common in equal shares and that the survivor of them cannot give a valid receipt for capital money on a disposition of the property and apply to the Chief Land Registrar for the following restriction to be entered on the Register:</p> <p>"No disposition by a sole proprietor of the registered estate (except a trust corporation) under which capital money arises is to be registered unless authorised by an order of the court."</p> <p><input type="checkbox"/> they are to hold the property on trust:</p>

Insert here any required or permitted statement, certificate or application and any agreed covenants, declarations and so on.

11 Additional provisions

11.1 Definitions and Interpretation

11.1.1 In this transfer:

"Lease" means the lease registered under the title number in Panel 1 and includes all documents varying, supplemental or collateral to it; and

"Tenancy Documents" means all underleases and occupational documents to which the Lease is subject

11.1.2 Where a party comprises more than one person covenants and obligations of that party take effect as joint and several covenants and obligations.

11.2 Transferee's obligations

The transferee agrees with the transferor that the transferee and the transferee's successors in title shall hereafter comply with the covenants and conditions:

11.2.1 contained in the documents referred to in Entry nos. [·] of the Charges Register of the Title Number [·];

11.2.3 on the part of the landlord contained or referred to in the Tenancy Documents until such time (if ever) that the transferor is released from the same;

and shall indemnify and keep indemnified the transferor and its estate and effects against all actions costs expenses claims demands losses and proceedings in respect of any non-compliance.

The transferor must execute this transfer as a deed using the space opposite. If there is more than one transferor, all must execute. Forms of execution are given in Schedule 9 to the Land Registration Rules 2003. If the transfer contains transferee's covenants or declarations or contains an application by the transferee (such as for a restriction), it must also be executed by the transferee.

If there is more than one transferee and panel 10 has been completed, each transferee must also execute this transfer to comply with the requirements in section 53(1)(b) of the Law of Property Act 1925 relating to the declaration of a trust of land. Please refer to *Joint property ownership* and practice guide 24: *private trusts of land* for further guidance.

Remember to date this deed in panel 3.

12 Execution

EXECUTED AS A DEED by)
[BL CW HOLDINGS 2 LIMITED])
)

 Director
 acting by [Names of two of)
 its directors/a director and its)
 secretary])
)

 Director/Secretary

The Common Seal of the
**MAYOR AND BURGESSES
 OF THE LONDON BOROUGH
 OF SOUTHWATK** was hereunto
 affixed in the presence of:

.....
 Authorised Signatory

WARNING

If you dishonestly enter information or make a statement that you know is, or might be, untrue or misleading, and intend by doing so to make a gain for yourself or another person, or to cause loss or the risk of loss to another person, you may commit the offence of fraud under section 1 of the Fraud Act 2006, the maximum penalty for which is 10 years' imprisonment or an unlimited fine, or both.

Failure to complete this form with proper care may result in a loss of protection under the Land Registration Act 2002 if, as a result, a mistake is made in the register.

Under section 66 of the Land Registration Act 2002 most documents (including this form) kept by the registrar relating to an application to the registrar or referred to in the register are open to public inspection and copying. If you believe a document contains prejudicial information, you may apply for that part of the document to be made exempt using Form EX1, under rule 136 of the Land Registration Rules 2003.

© Crown copyright (ref: LR/HO) 04/17

APPENDIX 17
(Council's Investment Decision Notice)

To: BL CW Holdings Ltd and BL CW Development Limited
York House
45 Seymour Street
London
W1H 7LX

From: London Borough of Southwark
[160 Tooley Street
London
SE1 2QH]

Date:

Dear Sirs

Master Development Agreement dated [•] made between (1) the Mayor and Burgesses of the London Borough of Southwark (2) BL CW Holdings Ltd (3) BL CW Developments Limited (4) The British Land Company PLC for the comprehensive redevelopment of Canada Water (the "Agreement") – Council's Investment Decision Notice

Plot Number []

1. We refer to the Agreement. This is a Council's Investment Decision Notice.
2. Defined terms in the Agreement have the same meaning in this Council's Investment Decision Notice.
3. Pursuant to paragraphs **Error! Reference source not found.** and 4.2 of **Error! Reference source not found.** of Schedule 11 of the Agreement, we hereby serve notice that in respect of the Plot Proposal dated [•] the Council has made a [Council Sell Decision] OR [Council Retain Land Decision] OR [Council Invest Further Decision]¹ and accordingly the Council elects to:

[sell the Council's Plot Receipts Entitlement to the Owner pursuant to paragraph 6 of Part II of Schedule 11 by means of variation of the Council's Initial Headlease Percentage in relation to the relevant Plot to zero (0%) and not to invest further towards the development of a Plot²] OR

[invest its existing Council Plot Income Entitlement but not invest further towards the development of a Plot³] OR

[retain its Council's Plot Receipts Entitlement and invest further towards the development of a Plot as provided for in paragraph 9 of Part II of Schedule 11⁴]

¹ Delete as appropriate.

² Applicable in the case of a Council Sell Decision

³ Applicable in the case of a Council Retain Land Decision

4. *[only applicable if Council will Invest]* [The Council will invest *[insert whole integer]*% of the Plot Development Costs for the Plot Development (the initial **"Relevant Council Percentage"**) up to a maximum amount of [] exclusive of input VAT (the **"Initial Council Funding Cap"**)
5. This Investment Decision Notice is irrevocable.

Signed by *[insert name of authorised person]*

for and on behalf of

The Mayor and Burgesses of the

London Borough of Southwark

.....

(Signature of authorised person)

Date:

⁴ Applicable in the case of a Council Invest Further Decision

[ON DUPLICATE]

To: BL CW Holdings Ltd and BL CW Development Limited
York House
45 Seymour Street
London
W1H 7LX

From: London Borough of Southwark
[160 Tooley Street
London
SE1 2QH]

Date:

Dear Sirs

Master Development Agreement dated [•] made between (1) the Mayor and Burgesses of the London Borough of Southwark (2) BL CW Holdings Ltd (3) BL CW Developments Limited (4) The British Land Company PLC for the comprehensive redevelopment of Canada Water (the "Agreement") – Council's Investment Decision Notice

Plot Number []

1. We refer to the Agreement. This is a Council's Investment Decision Notice.
2. Defined terms in the Agreement have the same meaning in this Council's Investment Decision Notice.
3. Pursuant to paragraphs **Error! Reference source not found.** and 4.2 of **Error! Reference source not found.** of Schedule 11 of the Agreement, we hereby serve notice that in respect of the Plot Proposal dated [•] the Council has made a [Council Sell Decision] OR [Council Retain Land Decision] OR [Council Invest Further Decision]⁵ and accordingly the Council elects to:

[sell the Council's Plot Receipts Entitlement to the Owner pursuant to paragraph 6 of Part II of Schedule 11 by means of variation of the Council's Initial Headlease Percentage in relation to the relevant Plot to zero (0%) and not to invest further towards the development of a Plot⁶] OR

[invest its existing Council Plot Income Entitlement but not invest further towards the development of a Plot⁷] OR

[retain its Council's Plot Receipts Entitlement and invest further towards the development of a Plot as provided for in paragraph 9 of Part II of Schedule 11⁸]

⁵ Delete as appropriate.

⁶ Applicable in the case of a Council Sell Decision

⁷ Applicable in the case of a Council Retain Land Decision

⁸ Applicable in the case of a Council Invest Further Decision

4. *[only applicable if Council will Invest]* [The Council will invest *[insert whole integer]*% of the Plot Development Costs for the Plot Development (the initial "**Relevant Council Percentage**") up to a maximum amount of [] exclusive of input VAT (the "**Initial Council Funding Cap**")
5. This Investment Decision Notice is irrevocable.

Signed by *[insert name of authorised person]*
 for and on behalf of **(Signature of authorised person)**
 The Mayor and Burgesses of the
 London Borough of Southwark Date:

Served on BL CW Holdings Ltd and
 BL CW Developments Ltd
[date] and acknowledged by *[insert name of authorised person]*
 for and on behalf of **(Signature of authorised person)**
 BL CW Holdings Ltd and
 BL CW Developments Ltd Date:

APPENDIX 18
(Council's Plot Receipts Sale Memorandum)

To: BL CW Holdings Ltd and BL CW Development Limited
York House
45 Seymour Street
London
W1H 7LX

From: The Mayor and Burgesses of the
London Borough of Southwark
[160 Tooley Street
London
SE1 2QH]

Date:

Dear Sirs

Master Development Agreement dated [•] made between (1) The Mayor and Burgesses of the London Borough of Southwark (2) BL CW Holdings Ltd (3) BL CW Developments Limited (4) The British Land Company PLC for the comprehensive redevelopment of Canada Water (the "Agreement") – Council's Plot Receipts Sale Memorandum

1. We refer to the Agreement. This is Council's Plot Receipts Sale Memorandum.
2. Defined terms in the Agreement have the same meaning in this Council's Plot Receipts Sale Memorandum.
3. Pursuant to a Council's Investment Decision Notice dated [•] in respect of [*describe Plot*], we hereby transfer the Council's Plot Receipts Entitlement in [*Plot*] to the Owner.
4. In consideration for this Council's Plot Interest Transfer, the Owner shall pay the Council [*Price as established pursuant to the formula in paragraph 6.2 of Part II of Schedule 11 to the Agreement*] exclusive of VAT.
5. We confirm that the Plot is free of any financial charge, mortgage, security, pledge or lien and that following completion of this Council's Plot Receipts Sale Memorandum the Owner shall be solely legally and beneficially entitled to any receipts and income from the Plot.
6. We acknowledge and confirm that with effect from Actual Completion (as defined in paragraph 6.2 of Part II of Schedule 11):
 - 6.1 we shall have no right or entitlement to any income or capital receipts (including for the avoidance of doubt any capital receipts part(s) or instalment(s) of which have been received prior to Actual Completion) from the Plot (save in respect of income or capital falling due prior to completion but unpaid, where the relevant Valuation(s) on which the Council Interest Value was based assumed had been received and shared with the Council pursuant to Schedule 11);

- 6.2 we shall have no obligation to fund any Plot Development Costs (whether incurred before or after Actual Completion, save where such an obligation arose prior to Actual Completion and remains unsatisfied) in respect of the relevant Plot, without prejudice to our obligation to fund equivalent Plot Development Costs on other Plots (where applicable), including where relevant a fair and reasonable proportion of Multi-Plot Costs and Estate Wide Costs which partly relate to the relevant Plot and partly to other Plot(s) where the Council makes a Council's Investment Decision other than a Council Sell Decision; and
- 6.3 the "Relevant Plot Percentage", as defined in the New Lease, in relation to the Plot shall be zero per cent (0%).
7. This Council's Plot Receipts Sale Memorandum is irrevocable.

Signed by [*insert name of authorised person*]

.....

for and on behalf of

(Signature of authorised person)

The Mayor and the Burgesses of

The London Borough of Southwark

Date:

[ON DUPLICATE]

To: BL CW Holdings Ltd and BL CW Development Limited
York House
45 Seymour Street
London
W1H 7LX

From: The Mayor and Burgesses of the
London Borough of Southwark
[160 Tooley Street
London
SE1 2QH]

Date:

Dear Sirs

Master Development Agreement dated [•] made between (1) The Mayor and Burgesses of the London Borough of Southwark (2) BL CW Holdings Ltd (3) BL CW Developments Limited (4) The British Land Company PLC for the comprehensive redevelopment of Canada Water (the "Agreement") – Council's Plot Receipts Sale Memorandum

1. We refer to the Agreement. This is Council's Plot Receipts Sale Memorandum.
2. Defined terms in the Agreement have the same meaning in this Council's Plot Receipts Sale Memorandum.
3. Pursuant to a Council's Investment Decision Notice dated [•] in respect of [*describe Plot*], we hereby transfer the Council's Plot Receipts Entitlement in [*Plot*] to the Owner.
4. In consideration for this Council's Plot Interest Transfer, the Owner shall pay the Council [*Price as established pursuant to the formula in paragraph 6.2 of Part II of Schedule 11 to the Agreement*] exclusive of VAT.
5. We confirm that the Plot is free of any financial charge, mortgage, security, pledge or lien and that following completion of this Council's Plot Receipts Sale Memorandum the Owner shall be solely legally and beneficially entitled to any receipts and income from the Plot.
6. We acknowledge and confirm that with effect from Actual Completion (as defined in paragraph 6.2 of Part II of Schedule 11):
 - 6.1 we shall have no right or entitlement to any income or capital receipts (including for the avoidance of doubt any capital receipts part(s) or instalment(s) of which have been received prior to Actual Completion) from the Plot (save in respect of income or capital falling due prior to completion but unpaid, where the relevant Valuation(s) on which the Council Interest Value was based assumed had been received and shared with the Council pursuant to Schedule 11);

- 6.2 we shall have no obligation to fund any Plot Development Costs (whether incurred before or after Actual Completion, save where such an obligation arose prior to Actual Completion and remains unsatisfied) in respect of the relevant Plot, without prejudice to our obligation to fund equivalent Plot Development Costs on other Plots (where applicable), including where relevant a fair and reasonable proportion of Multi-Plot Costs and Estate Wide Costs which partly relate to the relevant Plot and partly to other Plot(s) where the Council makes a Council's Investment Decision other than a Council Sell Decision; and
- 6.3 the "Relevant Plot Percentage", as defined in the New Lease, in relation to the Plot shall be zero per cent (0%).
7. This Council's Plot Receipts Sale Memorandum is irrevocable.

Signed by *[insert name of authorised person]*
 for and on behalf of **(Signature of authorised person)**
 The Mayor and the Burgesses of
 The London Borough of Southwark Date:

Served on BL CW Holdings Ltd and
 BL CW Developments Ltd
[date] and acknowledged by *[insert name of authorised person]*
 for and on behalf of **(Signature of authorised person)**
 BL CW Holdings Ltd and
 BL CW Developments Ltd Date:

APPENDIX 19
(Council's Plot Percentage Memorandum)

[TO BE EXCHANGED IN TRIPLICATE]

To: The Mayor and Burgesses of the
London Borough of Southwark
[160 Tooley Street
London
SE1 2QH]

From: BL CW Holdings Ltd and BL CW Development Limited
York House
45 Seymour Street
London
W1H 7LX

[and: *[Plot Owner]*
[address]]

Date:

Dear Sirs

Development Agreement dated [•] made between (1) The Mayor and Burgesses of the London Borough of Southwark (2) BL CW Holdings Ltd (3) BL CW Developments Limited (4) The British Land Company PLC for the comprehensive redevelopment of Canada Water (the "Agreement") – Council's Plot Percentage Memorandum

1. We refer to the Agreement. This is a Council's Plot Percentage Memorandum.
2. Defined terms in the Agreement have the same meaning in this Council's Plot Percentage Memorandum.
3. Pursuant to paragraph 7.17 of Part III of Schedule 11 of the Agreement, we hereby serve notice that in respect of *[description of Plot]* the Council's Plot Percentage is *[percentage]*% (*[figure in words]* per cent), subject (if and when applicable) to future adjustment in accordance with the New Lease *[and the Plot Sub-Lease]*.
4. This Council's Plot Percentage Memorandum is irrevocable.

Signed by [*insert name of authorised person*]
for and on behalf of
BL CW Holdings Ltd and
BL CW Developments Ltd

.....
(Signature of authorised person)

Date:

Signed by [*insert name of authorised person*]
for and on behalf of
The Mayor and the Burgesses of
The London Borough of Southwark

.....
(Signature of authorised person)

Date:

[Signed by [*insert name of authorised person*]
for and on behalf of
Plot Owner

.....
(Signature of authorised person)

Date:]

VALUATION REPORT

IN RESPECT OF:
[SUBJECT PROPERTY]

ON BEHALF OF:
[CLIENT]

DATE OF VALUATION:

DRAFT TEMPLATE

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The contents of this Report may only be relied upon by:

- Addressees of the Report; or
- Parties who have received prior written consent from CBRE in the form of a reliance letter.

This Report is to be read and construed in its entirety and reliance on this Report is strictly subject to the disclaimers and limitations on liability on page X of the Valuation Report. Please review this information prior to acting in reliance on the contents of this Report. If you do not understand this information, we recommend you seek independent legal counsel.

PART I

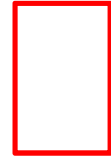
EXECUTIVE SUMMARY

DRAFT TEMPLATE

EXECUTIVE SUMMARY

Site Overview Picture

Plot Plan



THE PROPERTY

- The area around...
- The subject plot is...
- Upon completion, x will comprise...
- The current business plan is to...

PLANNING

- The property has full planning consent for the proposed development...
- A reserved matters application was approved in...

TENURE

- Freehold

KEY VALUATION FACTORS

Strengths and Opportunities:

-

Risks and Mitigating Factors:

-

VALUATION METHODOLOGY

In assessing the value of the proposed scheme on the assumption that it is complete at the valuation date we have considered;

- The proposed scheme in line with...
- We have sought to benchmark the output of our appraisal...

Our principal approach to the valuation of the subject property as a development site has been to undertake a residual / discounted cash flow appraisal by assessing the Gross Development Value of the scheme based on ...

We summarise our opinion of value below:

Gross Development Value

PHASE	USE	UNITS	NSA (SQ FT)	VALUE INPUTS	GDV
Total					£m

Below we set out the key development costs deducted from our opinion of GDV to arrive at our assessment of residual land value.

Development costs

Development Budget Cost to Complete
Development Management (Contingency)
Planning Costs inc. CIL
Costs Outside Sisk Contract
Total

Other costs

Professional Fees
Marketing
Letting agents and legal fees
Total

Financials

Finance
Profit on Cost
Profit on GDV

This approach produces a residual land value of **£million** equating to £ per sq ft overall based on the total net saleable area of the residential and commercial accommodation. This may be compared to the land market evidence set out in the Land Comparables section of this report.

The residual method of valuation is very sensitive to changes in key inputs. Small changes in variables such as sales volumes or build costs will have a disproportionate effect on land value. Site values can therefore be susceptible to considerable variances as a result of changes in market conditions. The Bank should take the sensitive nature of residual valuations into account in making its lending decision/assessing the loan to value ratio. This is illustrated by the Sensitivity Analysis in the attached Property Report.

MARKET VALUE (SITE VALUE)

£xxxxx (xxxxx million)

AGGREGATE MARKET VALUE ON THE SPECIAL ASSUMPTION OF BEING COMPLETED (GDV) – BUILD TO SELL BASIS

£ xxxxx (xxxxx million)

The Aggregate Market Value on the Special Assumption of being completed (GDV) – Build to Sell Basis assumes the private residential units are sold on an individual basis. As an aggregate, this sum makes no allowance for any discount that be achieved through a bulk sale.

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PART II

VALUATION REPORT

VALUATION REPORT

Report Date	X.
Addressee	[NewCo TBC] XXX XXXX For the attention of: X
The Property	Development plot known as X
Property Description	Land for development as part of ...
Ownership Purpose	Development.
Instruction	To value the unencumbered freehold interest in the Property on the basis of Market Value as at the Valuation date in accordance with the terms of engagement entered into between X and the addressee(s) dated X
Valuation Date	X.
Capacity of Valuer	External Valuer, as defined in the RICS Valuation – Global Standards 2017.
Purpose	Secured Lending.
Market Value	£X (X HUNDRED THOUSAND POUNDS) exclusive of VAT.
Aggregate Market Value On The Special Assumption Of Being Completed (GDV) – Build to Sell Basis	£X (X THOUSAND POUNDS). Our opinion of Market Value is based upon the Scope of Work and Valuation Assumptions attached, and has been primarily derived using comparable recent market transactions on arm's length terms. The properties have been valued adopting the residual method of valuation. The residual method of valuation is very sensitive to changes in key inputs. Small changes in variables such as sales volumes or build costs will have a disproportionate effect on land value. Site values can therefore be susceptible to considerable variances as a result of changes in market conditions.
Suitability of the property as security for mortgage purposes	We are of the opinion that the property interests provide suitable security for mortgage purposes although we have not been provided with the terms of the loan and cannot therefore comment on their suitability having regard to the nature of the property.

Compliance with Valuation Standards

The Valuation has been prepared in accordance with the RICS Valuation – Global Standards 2017 which incorporate the International Valuation Standards and the RICS Valuation – Professional Standards UK January 2014 (revised April 2015) (“the Red Book”).

We confirm that we have sufficient current local and national knowledge of the particular property market involved, and have the skills and understanding to undertake the Valuation competently.

Where the knowledge and skill requirements of the Red Book have been met in aggregate by more than one valuer within CBRE, we confirm that a list of those valuers has been retained within the working papers, together with confirmation that each named valuer complies with the requirements of the Red Book.

This Valuation is a professional opinion and is expressly not intended to serve as a warranty, assurance or guarantee of any particular value of the subject property. Other valuers may reach different conclusions as to the value of the subject property. This Valuation is for the sole purpose of providing the intended user with the valuer’s independent professional opinion of the value of the subject property as at the Valuation date.

Assumptions

The Property details on which the Valuation is based are as set out in this report. We have made various assumptions as to tenure, letting, taxation, town planning, and the condition and repair of buildings and sites – including ground and groundwater contamination – as set out below.

If any of the information or assumptions on which the Valuation is based are subsequently found to be incorrect, the Valuation figure may also be incorrect and should be reconsidered.

Variation from Standard Assumptions

None.

Verification

We recommend that before any financial transaction is entered into based upon these Valuations, you obtain verification of any third party information contained within our report and the validity of the assumptions we have adopted.

We would advise you that whilst we have valued the Property reflecting current market conditions, there are certain risks which may be, or may become, uninsurable. Before undertaking any financial transaction based upon this Valuation, you should satisfy yourselves as to the current insurance cover and the risks that may be involved should an uninsured loss occur.

Valuer

The Property has been valued and inspected by a valuer who is qualified for the purpose of the Valuation in accordance with the Red Book.

Conflicts of Interest

As you are aware, we have recently valued the wider Masterplan and South West lands developments for yourselves, as well as a number of individual development plots.

We have disclosed the relevant facts to you and the other clients involved, and have received everyone's unconditional written confirmation that it is in order for us to carry out your valuation instruction.

We confirm that CBRE will not benefit from this instruction other than by the valuation fee.

Reliance

This Report is provided in connection with the satisfaction of the conditions precedent under the Facility Agreements and is addressed to, and is solely for the benefit of the Addressees. This Report may not, without our prior written consent, be relied upon for any other purpose or be disclosed to or relied upon by any other person save that it may be disclosed on a need to know basis without such consent to:

- (a) any person to whom disclosure is required to be made (i) by applicable law or court order, (ii) pursuant to the rules or regulations of any government, supervisory, taxation or regulatory body, or (iii) in connection with any legal or arbitration proceedings;
- (b) the officers, directors, employees, auditors and professional advisers of any Addressee;
- (c) any Affiliate of any Addressee and the officers, directors, employees, auditors and professional advisers of such Affiliate;
- (d) any related funds of any Addressee and their professional advisers;
- (e) monoline insurers, verification agents and their affiliates and professional advisers;
- (f) potential investors in, a securitisation in connection with the Facility Agreements and their professional advisers;
- (g) administrative, settlement or numbering service providers and their professional advisers;
- (h) rating agencies and their professional advisers; and
- (i) any person, not otherwise an Addressee, who is a potential transferee, assignee or sub-participant of any Lender, and their respective professional advisers,

on the basis that (i) such disclosure is made solely to enable any such person to be made aware of the terms of the Report but not for the purposes of reliance and (ii) we do not assume any duty or liability to any person to whom such disclosure is made and (iii) CBRE's Non-Reliance Terms and Conditions are fixed to the front of the Report at the time of disclosure.

Publication

Neither the whole nor any part of our report nor any references thereto may be included in any published document, circular or statement nor published in any way without our prior written approval

Yours faithfully

Yours faithfully

XXXXX [Signatory]

XXXXX [Signatory]

DRAFT TEMPLATE

SOURCES OF INFORMATION AND SCOPE OF WORKS

Sources of Information	<p>We have carried out our work based upon information supplied to us by the Borrower, as set out within this report, which we have assumed to be correct and comprehensive. This includes the following:</p> <ul style="list-style-type: none">- X
The Property	<p>Our report contains a brief summary of the Property details on which our Valuation has been based.</p>
Inspection	<p>The Property was externally inspected by X, RICS Registered Valuer on X</p>
Areas	<p>We have not measured the property but have relied upon the floor areas provided to us by X which we have assumed to be correct and comprehensive.</p>
Environmental Matters	<p>We have not undertaken, nor are we aware of the content of, any environmental audit or other environmental investigation or soil survey which may have been carried out on the Property and which may draw attention to any contamination or the possibility of any such contamination.</p> <p>We have not carried out any investigations into the past or present uses of the Property, nor of any neighbouring land, in order to establish whether there is any potential for contamination and have therefore assumed that none exists.</p>
Services and Amenities	<p>We understand that all main services including water, drainage, electricity and telephone are available to the property. None of the services have been tested by us.</p>
Repair and Condition	<p>We have not carried out building surveys, tested services, made independent site investigations, inspected woodwork, exposed parts of the structure which were covered, unexposed or inaccessible, nor arranged for any investigations to be carried out to determine whether or not any deleterious or hazardous materials or techniques have been used, or are present, in any part of the Property. We are unable, therefore, to give any assurance that the Property is free from defect.</p>
Town Planning	<p>We have not undertaken planning enquiries.</p>

Titles, Tenures and Lettings

Details of title/tenure under which the Property is held and of lettings to which it is subject are as supplied to us. We have not generally examined nor had access to all the deeds, leases or other documents relating thereto. Where information from deeds, leases or other documents is recorded in this report, it represents our understanding of the relevant documents. We should emphasise, however, that the interpretation of the documents of title (including relevant deeds, leases and planning consents) is the responsibility of your legal adviser.

We have not conducted credit enquiries on the financial status of any tenants. We have, however, reflected our general understanding of purchasers' likely perceptions of the financial status of tenants.

DRAFT TEMPLATE

VALUATION ASSUMPTIONS

Capital Values

The Valuation has been prepared on the basis of "Market Value", which is defined in the Red Book as:

"The estimated amount for which an asset or liability should exchange on the Valuation date between a willing buyer and a willing seller in an arm's-length transaction, after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion."

The valuation represents the figure that would appear in a hypothetical contract of sale at the valuation date. No adjustment has been made to this figure for any expenses of acquisition or realisation - nor for taxation which might arise in the event of a disposal.

No account has been taken of any inter-company leases or arrangements, nor of any mortgages, debentures or other charge.

No account has been taken of the availability or otherwise of capital based Government or European Community grants.

Rental Values

Unless stated otherwise rental values indicated in our report are those which have been adopted by us as appropriate in assessing the capital value and are not necessarily appropriate for other purposes, nor do they necessarily accord with the definition of Market Rent in the Red Book, which is as follows:

"The estimated amount for which an interest in real property should be leased on the Valuation date between a willing lessor and a willing lessee on appropriate lease terms in an arm's-length transaction, after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion."

The Property

Where appropriate we have regarded the shop fronts of retail and showroom accommodation as forming an integral part of the building.

Landlord's fixtures such as lifts, escalators, central heating and other normal service installations have been treated as an integral part of the building and are included within our Valuations.

Process plant and machinery, tenants' fixtures and specialist trade fittings have been excluded from our Valuations.

All measurements, areas and ages quoted in our report are approximate.

Environmental Matters

In the absence of any information to the contrary, we have assumed that:

(a) the property is not contaminated and is not adversely affected by any existing or proposed environmental law;

(b) any processes which are carried out on the property which are regulated by environmental legislation are properly licensed by the appropriate authorities.

(c) in England and Wales, the properties possess current Energy Performance Certificates (EPCs) as required under the Government's Energy Performance of Buildings Directive – and that they have an energy efficient standard of 'E', or better. We would draw your attention to the fact that under the Energy Efficiency (Private Rented Property) (England and Wales) Regulations 2015 it will be unlawful for landlords to rent out a business premise from 1st April 2018 – unless the site has reached a minimum EPC rating of an 'E', or secured a relevant exemption. In Scotland, we have assumed that the properties possess current Energy Performance Certificates (EPCs) as required under the Scottish Government's Energy Performance of Buildings (Scotland) Regulations – and that they meet energy standards equivalent to those introduced by the 2002 building regulations. We would draw your attention to the fact the Assessment of Energy Performance of Non-domestic Buildings (Scotland) Regulations 2016 came into force on 1st September 2016. From this date, building owners are required to commission an EPC and Action Plan for sale or new rental of non-domestic buildings bigger than 1,000 sq m that do not meet 2002 building regulations energy standards. Action Plans contain building improvement measures that must be implemented within 3.5 years, subject to certain exemptions.

(d) the property is either not subject to flooding risk or, if it is, that sufficient flood defences are in place and that appropriate building insurance could be obtained at a cost that would not materially affect the capital value.

High voltage electrical supply equipment may exist within, or in close proximity of, the property. The National Radiological Protection Board (NRPB) has advised that there may be a risk, in specified circumstances, to the health of certain categories of people. Public perception may, therefore, affect marketability and future value of the property. Our Valuation reflects our current understanding of the market and we have not made a discount to reflect the presence of this equipment.

Repair and Condition

In the absence of any information to the contrary, we have assumed that:

(a) there are no abnormal ground conditions, nor archaeological remains, present which might adversely affect the current or future occupation, development or value of the property;

(b) the property is free from rot, infestation, structural or latent defect;

(c) no currently known deleterious or hazardous materials or suspect techniques have been used in the construction of, or subsequent alterations or additions to, the property; and

(d) the services, and any associated controls or software, are in working order and free from defect.

We have otherwise had regard to the age and apparent general condition of the property. Comments made in the property details do not purport to express an opinion about, or advise upon, the condition of uninspected parts and should not be taken as making an implied representation or statement about such parts.

**Title, Tenure, Lettings,
Planning, Taxation and
Statutory & Local
Authority requirements**

Unless stated otherwise within this report, and in the absence of any information to the contrary, we have assumed that:

- (a) the property possesses a good and marketable title free from any onerous or hampering restrictions or conditions;
- (b) the building has been erected either prior to planning control, or in accordance with planning permissions, and has the benefit of permanent planning consents or existing use rights for their current use;
- (c) the property is not adversely affected by town planning or road proposals;
- (d) the building complies with all statutory and local authority requirements including building, fire and health and safety regulations;
- (e) only minor or inconsequential costs will be incurred if any modifications or alterations are necessary in order for occupiers of the property to comply with the provisions of the Disability Discrimination Act 1995 (in Northern Ireland) or the Equality Act 2010 (in the rest of the UK);
- (f) all rent reviews are upward only and are to be assessed by reference to full current market rents;
- (g) there are no tenant's improvements that will materially affect our opinion of the rent that would be obtained on review or renewal;
- (h) tenants will meet their obligations under their leases, and are responsible for insurance, payment of business rates, and all repairs, whether directly or by means of a service charge;
- (i) there are no user restrictions or other restrictive covenants in leases which would adversely affect value;
- (j) where more than 50% of the floorspace of the property is in residential use, the Landlord and Tenant Act 1987 (the "Act") gives certain rights to defined residential tenants to acquire the freehold/head leasehold interest in the property. Where this is applicable, we have assumed that necessary notices have been given to the residential tenants under the provisions of the Act, and that such tenants have elected not to acquire the freehold/head leasehold interest. Disposal on the open market is therefore unrestricted;
- (k) where appropriate, permission to assign the interest being valued herein would not be withheld by the landlord where required;
- (l) vacant possession can be given of all accommodation which is unlet or is let on a service occupancy; and
- (m) Stamp Duty Land Tax (SDLT) – or, in Scotland, Land and Buildings Transaction Tax (LABTT) – will apply at the rate currently applicable.

LEGAL NOTICE

This valuation report (the "Report") has been prepared by CBRE Limited ("CBRE") exclusively for X (the "Client") in accordance with the instruction Award dated X (the "Instruction"). The Report is confidential and it must not be disclosed to any person other than the Client without CBRE's prior written consent. CBRE has provided this report on the understanding that it will only be seen and used by the Client and no other person is entitled to rely upon it, unless CBRE has expressly agreed in writing. Where CBRE has expressly agreed that a person other than the Client can rely upon the report then CBRE shall have no greater liability to any party relying on this report than it would have had if such party had been named as a joint client under the Instruction.

CBRE's maximum aggregate liability to all parties, howsoever arising under, in connection with or pursuant to reliance upon this Report, and whether in contract, tort, negligence or otherwise shall not exceed the lower of:

- X% of the value of the property to which the Instruction relates on the date of the Instruction; or
- £X million (X Million Pounds); and

CBRE shall not be liable for any indirect, special or consequential loss or damage howsoever caused, whether in contract, tort, negligence or otherwise, arising from or in connection with this Report. Nothing in this Report shall exclude liability which cannot be excluded by law.

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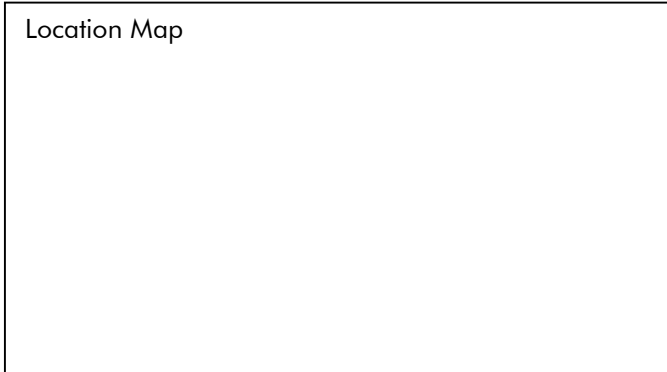
PART III

PROPERTY REPORT

PROPERTY DETAILS

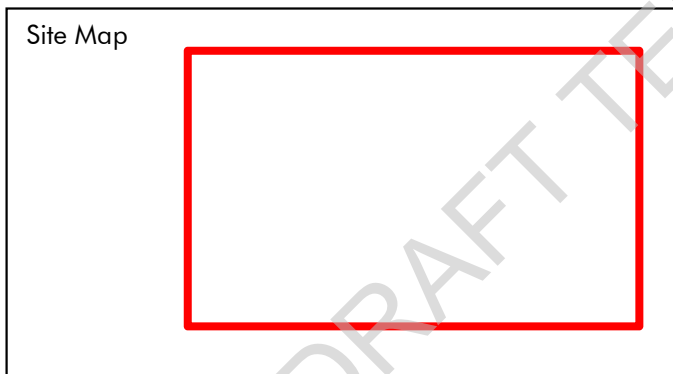
LOCATION

A location map is attached at Appendix A.



- Xxxxxx
- Xxxxxx
- Xxxxxx

SITUATION



- Xxxxxx
- Xxxxxx
- Xxxxxx

DESCRIPTION

Existing Property

Overview

- The subject property comprises...
- Existing buildings on site are...
- Xxxxx

Proposed Scheme

Overview

- The proposed development comprises...
- Xxxxx
- Xxxxx

Accommodation

We have been provided with floor areas for the consented scheme by X which we understand have been calculated, as summarised below.

PLOT REF	NET INTERNAL AREA SQ FT	GROSS INTERNAL AREA SQ FT
Residential		
Private		
Affordable		
Commercial		
Retail (A1-A3)		
Ancillary		
Car Parking (Commercial)		
Total		

A detailed accommodation showing the breakdown of the individual units is attached at Appendix C.

In preparing our valuation, we have relied upon those floor areas provided to us as being accurate and capable of meeting prevailing Building Regulations, and measured in accordance with the RICS Code of Measuring Practice.

Mix of Units

PLOT REF:	1 BED	2 BED	3 BED	TOTAL
Private				
Affordable				
Total				
%				

Layout and Amenities

- The accommodation will....

- The scheme will deliver x...
- We understand that as part...
- The scheme will be managed under x.

Specification

- We have been provided....
- We have been provided with a proposed specification...

SERVICES AND AMENITIES

We understand that the property is located in an area served by mains gas, electricity, water and drainage.

Enquiries regarding the availability of utilities/services to the proposed development are outside the scope of our report.

We assume that any necessary works to ensure appropriate services and amenities to the completed scheme have been sufficiently accounted for within the development programme, infrastructure and construction costs provided to us from the Borrower and the Bank's Project Monitoring Surveyors (PMS). We would recommend that further advice in relation to Infrastructure costs is provided by your PMS. In the event that the proposed costs are deemed insufficient, this will have material significance for our opinion of value.

STATE OF REPAIR

CBRE have not undertaken a structural survey, nor tested the services. We have not been supplied with a survey report prepared by any other firm. We have undertaken only a limited inspection for valuation purposes.

TECHNICAL AND GROUND CONDITIONS

Due to the nature of the site, our inspection has been limited to a roadside inspection of such parts of the site that are visible from the public highway. We have attempted to identify site boundaries/characteristics from the public highway.

For the purposes of this report we have not been provided with any technical and/or ground reports beyond those reviewed for the purpose of our x valuation of the wider masterplan area. This report should, therefore, be read in conjunction with our earlier report.

Our valuation is provided on the basis that ground conditions are suitable for the proposed development and that any necessary remedial works and / or risk mitigation requirements are adequately reflected within the construction cost sums provided and reviewed by your Project Monitoring Surveyor. If any subsequent investigations provide information to the contrary then our opinion of value may be materially affected.

ENVIRONMENTAL CONSIDERATIONS

For the purposes of this report we have not been provided with any technical and/or ground reports beyond those reviewed for the purpose of our x valuation of the wider masterplan area. This report should, therefore, be read in conjunction with our earlier report.

We have not carried out any investigations into past uses, either of the properties or of any adjacent lands, to establish whether there is any potential for contamination from such uses or sites, or other environmental risk factors and have therefore assumed that none exists.

We have been instructed not to make any investigations in relation to the presence or potential presence of contamination in land or buildings or the potential presence of other environmental risk factors and to assume that if investigations were made to an appropriate extent then nothing would be discovered sufficient to affect value.

Based on our inspection (limited to a roadside inspection of such parts of the site that are visible from the public highway) and planning enquiries, we have not identified any environmental risk factors which, in our opinion, would affect value. However, CBRE give no warranty as to the absence of such environmental risk factors. If any subsequent investigations provide information to the contrary then our opinion of value may be materially affected.

Our valuation is provided on that there are no environmental considerations that would be considered unduly onerous or that may give rise to additional cost and/or delay. We further assume that any necessary remedial works and / or risk mitigation requirements are adequately reflected within the construction cost sums provided and reviewed by your Project Monitoring Surveyor. If any subsequent investigations provide information to the contrary then our opinion of value may be materially affected.

Ground Contamination

We have been provided with x

Flood Risk

We understand from the Environment Agency website that the site is located within flood zone X, and therefore is in an area that has a very low chance of flooding from river, sea and/or surface water. The Environment Agency rates this area as having less than a 1 in a X chance of flooding.

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DEVELOPMENT COSTS

We have been provided with the following information in relation to development costs;

- Information source...
- Review / benchmark comments...

Development Budget

The Monitoring Surveyors report sets out the 'day one' costs as below

OVERALL COST SPLIT INTO COST CENTRES	TOTAL
Planning costs inc CIL	
Core consultant costs	
Other fees and surveys	
Build costs	
Development management costs (contingency)	
Total overall costs:	

We have also been informed that a sum of £x for marketing and leasing costs is included within the £x 'Development management costs (contingency)'. As we make our own marketing and leasing cost assumptions, we have deducted this sum to arrive at a 'day one' 'Development management costs (contingency)' of £x

Costs Expended

The report details development costs are broken down as follows:

COST ITEM	SUM
Planning costs inc CIL	
Core consultant costs	
Other fees and surveys	
Build costs	
Development management costs (contingency)	
Total	

Cost to Complete

Taking into account the 'day one' development costs, adjusted for costs expended to date, we have adopted the following costs to complete within our valuation:

Development Budget Cost to Complete	
Development Management (Contingency)	
Planning Costs inc. CIL	
Costs Outside Sisk Contract	
Professional Fees	
Marketing	
Letting agents and legal fees	
Total	£

TOWN PLANNING

The property is located within the jurisdiction of the London Borough of ().

We have reviewed x on-line planning register and consulted its website. The property is not listed and is not situated within a Conservation Area.

Planning Policy Framework

x Local Plan is a collection of planning documents that work alongside the National Planning Policy and Mayor's London Plan to set out the strategy for future development.

The Local Plan comprises a number of documents, including the following:

Planning Status

xxxxxxx

Section 106

xxxxxx

CIL

xxxxxxx

Conditions

There are no conditions attached to the permission which we consider to be onerous.

Further Provisions

Along with those considerations outlined above, the owner must also prepare and submit for approval a Travel Plan, Sustainability Assessment, Construction Employment and Training Plan and an Operational and Employment Training Plan (if the relevant plot has non-residential floor space).

Conclusions

In summary, we are not aware of any Town Planning issues which would adversely impact upon the value of the property or the bank's security.

LEGAL CONSIDERATIONS

TITLE AND TENURE

We have not been provided with a Report on Title with respect of the subject property and we have therefore assumed that the property is held with a clean and marketable title and is not affected by any onerous and restrictive covenants. However, we recommend that the Bank provides us with a copy of a Report on Title for comment.

We understand from the [state source] that the property is held [Freehold/Long Leasehold]. [Refer to any instruction received to rely upon that information.]

If we are in the future provided with any documents relating to the Title or Tenure of the property which would cause us to alter our opinion of Market Value herein reported, we reserve our right to do so.

DRAFT TEMPLATE

RESIDENTIAL MARKET COMMENTARY

RESIDENTIAL MARKET OVERVIEW

The inconclusive result of the General Election, followed by the agreement with the Northern Irish Democratic Unionist Party has contributed to a lack of optimism within much of the UK economy. Short term indicators and surveys, such as the Purchase Manager’s Index, Consumer Confidence survey and the RICS housing market survey all report a lack of short term confidence. Combined with the commencement of Brexit negotiations, expectation of a rise in interest rates and a disparity between inflation and real wage growth, indications are of an economy whose resilience – and desire to spend – is being tested.

UK house price growth remained x at x% year on year in x YEAR with relatively strong performance in the regional centres. Moreover, in spite of poor consumer confidence indicators, mortgage approvals are up year on year.

LOCAL MARKET CHARACTERISTICS

RESIDENTIAL INVESTMENT / DEVELOPMENT MARKET OVERVIEW

In addition to the wider masterplan which has been described earlier in this report, set out below are a number of key development schemes in north and west London:

SCHEME	DEVELOPER	INFORMATION	STATUS

LOCATION
DATE OF VALUATION:

Recent Key Activity

A list of recent market activity follows:

DATE	PARTICIPANTS	COMMENTS

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MARKET VALUE COMPLETED SCHEME – BUILD TO SELL BASIS

In forming our opinion of the aggregate Market Value of the individual private residential units we have undertaken analysis of ...

- Xxxxxx
- Xxxxxx
- xxxxxx

We have considered the following in relation to the proposed scheme and its position within the wider masterplan:

- xxxxxx
- xxxxx
- xxxxx

The proposed amenity provisions to be included within x include the following:

- Xxxx
- Xxxxx
- xxxx

In analysing the evidence derived from x we have sought to account for building height, unit sizes....

Set out below is a summary of our benchmarking by unit type for our pricing of the subject property against recent sales from within x.

The unit types set out within our analysis below are as follows:

- Studio unit
- One bedroom unit
- Two bedroom unit
- Three bedroom unit

MARKET EVIDENCE – RESIDENTIAL SALES

Comparable Scheme No.1, Address

- Proximity....
- Scale....
- Amenities...
- Relevance...

Unit Type	Unit Size Range (Average)	Unit Value Range (Average)	£ per sq ft Range (Average)	Key Unit Sales
1 Bed Flat				<ul style="list-style-type: none">■ Xxxx■ Xxxx■ xxxx
2 Bed Flat				

Comparable Scheme No.2, Address

- Proximity....
- Scale....
- Amenities...
- Relevance...

Unit Type	Unit Size Range (Average)	Unit Value Range (Average)	£ per sq ft Range (Average)	Key Unit Sales
1 Bed Flat				<ul style="list-style-type: none"> ■ Xxxx ■ Xxxx ■ xxxx
2 Bed Flat				

Comparable Scheme No.3, Address

- Proximity....
- Scale....
- Amenities...
- Relevance...

Unit Type	Unit Size Range (Average)	Unit Value Range (Average)	£ per sq ft Range (Average)	Key Unit Sales
1 Bed Flat				<ul style="list-style-type: none"> ■ Xxxx ■ Xxxx ■ xxxx
2 Bed Flat				

Based on; the information provided to us; our analysis; and the market evidence described above, we have adopted the following residential unit values for the purpose of our valuation:

Unit Type	Unit Value Range (Average)	£ per sq ft Range (Average)
1 Bed Flat		
2 Bed Flat		

VALUATION CONSIDERATIONS

KEY VALUATION FACTORS

Strengths and Opportunities:

- xxxxx
- xxxxx
- xxxxx

Risks and Mitigating Factors:

- xxxxx
- xxxxxx
- xxxxx

VALUATION METHODOLOGY

Market Value

In preparing our valuation of the property, we have undertaken a residual appraisal of the consented scheme and benchmarked the results against comparable land sales.

Set out below are the key inputs and assumptions adopted in our residual appraisal.

Timings – Build/Commercial Sales

PHASE	LEAD IN PERIOD	BUILD PERIOD
-------	----------------	--------------

Gross Development Value

PHASE	USE	UNITS	NSA (SQ FT)	VALUE INPUTS	GDV
-------	-----	-------	-------------	--------------	-----

Below we set out the key development costs deducted from our opinion of GDV to arrive at our assessment of residual land value.

Development costs

Development Budget Cost to Complete
Development Management (Contingency)
Planning Costs inc. CIL
Costs Outside Sisk Contract
Total

Other costs

Professional Fees
Marketing
Letting agents and legal fees
Total

Financials

Finance
Profit on Cost
Profit on GDV

This approach produces a residual land value of **£million** equating to £x per sq ft overall based on the total net saleable area of the residential and commercial accommodation. This may be compared to the land market evidence set out in the Land Comparables section of this report.

By way of comparison, in our masterplan appraisal, we adopted growth on our GDV of x% per annum for the

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VALUATION CONCLUSIONS

The residual method of valuation is very sensitive to changes in key inputs. Small changes in variables such as sales volumes or build costs will have a disproportionate effect on land value. Site values can therefore be susceptible to considerable variances as a result of changes in market conditions. The Bank should take the sensitive nature of residual valuations into account in making its lending decision/assessing the loan to value ratio. This is illustrated in the sensitivity analysis table below.

Residual Land Value Sensitivity Analysis:

		SALES RATE				
		-5.0%	-2.5%	0	+2.5%	+5.0%
Construction Rate	-5.0%					
	-2.5%					
	0					
	+2.5%					
	+5.0%					

COMPARABLE LAND SALES EVIDENCE

As a means of benchmarking our residual land value we have sought to analyse our assessment against relevant land transactions.

SCHEME	DATE	PRICE	£ PER ACRE	£ PER SQ FT NET PRIVATE SALES AREA	COMMENTS

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OPINION OF VALUE

MARKET VALUE (SITE VALUE)

AGGREGATE MARKET VALUE ON THE SPECIAL ASSUMPTION OF BEING COMPLETED (GDV) – BUILD TO SELL BASIS

£

The Aggregate Market Value on the Special Assumption of being completed (GDV) – Build to Sell Basis assumes the private residential units are sold on an individual basis. As an aggregate, this sum makes no allowance for any discount that be achieved through a bulk sale.

Valuation computer printouts are attached at Appendix E.

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APPENDIX A

LOCATION PLANS

APPENDIX A: LOCATION PLANS

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APPENDIX B

PHOTOGRAPHS

APPENDIX B: PHOTOGRAPHS

PHOTOGRAPHS

Photograph 1

View of



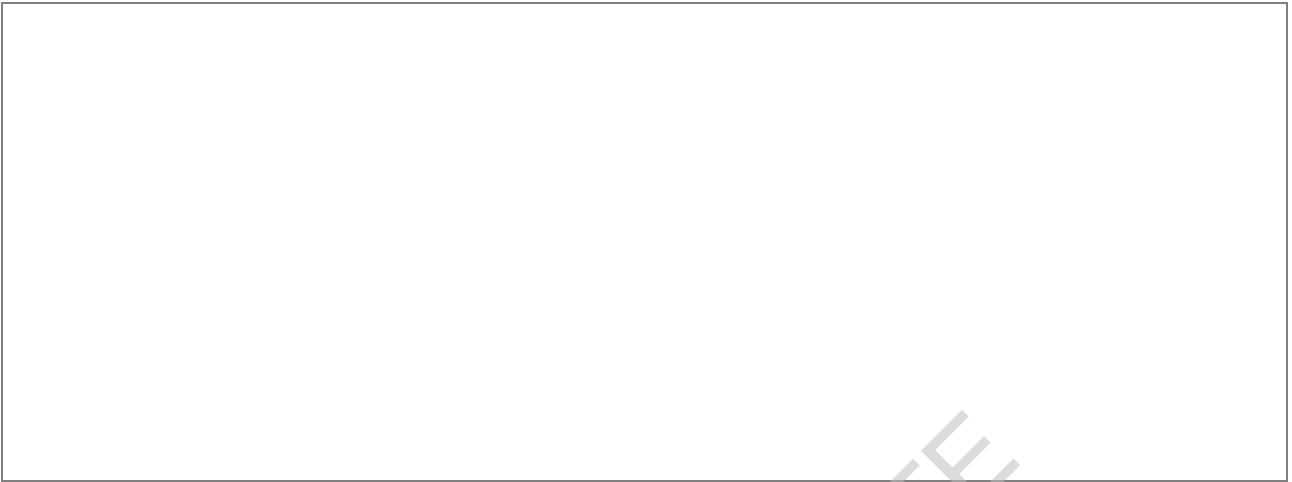
Photograph 2

View of the site looking



Photograph 3

View looking south towards



Photograph 4

View of the site looking south towards



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APPENDIX C

MARKET COMMENTARY

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APPENDIX D

VALUATION PRINTOUT

APPENDIX D: VALUATION PRINTOUT

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APPENDIX E

SOURCES, SCOPE AND ASSUMPTIONS

APPENDIX E: SOURCES, SCOPE AND ASSUMPTIONS

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VALUATION REPORT

IN RESPECT OF:
[SUBJECT PROPERTY]

ON BEHALF OF:
[CLIENT]

DATE OF VALUATION:

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The contents of this Report may only be relied upon by:

- Addressees of the Report; or
- Parties who have received prior written consent from CBRE in the form of a reliance letter.

This Report is to be read and construed in its entirety and reliance on this Report is strictly subject to the disclaimers and limitations on liability on page X of the Valuation Report. Please review this information prior to acting in reliance on the contents of this Report. If you do not understand this information, we recommend you seek independent legal counsel.

PART I

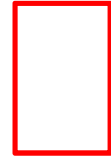
EXECUTIVE SUMMARY

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EXECUTIVE SUMMARY

Site Overview Picture

Plot Plan



THE PROPERTY

- The area around...
- The subject plot is...
- Upon completion, x will comprise...
- The current business plan is to...

PLANNING

- The property has full planning consent for the proposed development...
- A reserved matters application was approved in...

TENURE

- Freehold

KEY VALUATION FACTORS

Strengths and Opportunities:

-

Risks and Mitigating Factors:

-

VALUATION METHODOLOGY

In assessing the value of the proposed scheme on the assumption that it is complete at the valuation date we have considered;

- The proposed scheme in line with...
- We have sought to benchmark the output of our appraisal...

Our principal approach to the valuation of the subject property as a development site has been to undertake a residual / discounted cash flow appraisal by assessing the Gross Development Value of the scheme based on ...

We summarise our opinion of value below:

Gross Development Value

PHASE	USE	UNITS	NSA (SQ FT)	VALUE INPUTS	GDV
Total					£m

Below we set out the key development costs deducted from our opinion of GDV to arrive at our assessment of residual land value.

Development costs

Development Budget Cost to Complete
Development Management (Contingency)
Planning Costs inc. CIL
Costs Outside Sisk Contract
Total

Other costs

Professional Fees
Marketing
Letting agents and legal fees
Total

Financials

Finance
Profit on Cost
Profit on GDV

This approach produces a residual land value of **£million** equating to £ per sq ft overall based on the total net saleable area of the residential and commercial accommodation. This may be compared to the land market evidence set out in the Land Comparables section of this report.

The residual method of valuation is very sensitive to changes in key inputs. Small changes in variables such as sales volumes or build costs will have a disproportionate effect on land value. Site values can therefore be susceptible to considerable variances as a result of changes in market conditions. The Bank should take the sensitive nature of residual valuations into account in making its lending decision/assessing the loan to value ratio. This is illustrated by the Sensitivity Analysis in the attached Property Report.

MARKET VALUE (SITE VALUE)

£xxxxx (xxxxx million)

AGGREGATE MARKET VALUE ON THE SPECIAL ASSUMPTION OF BEING COMPLETED (GDV) – BUILD TO SELL BASIS

£ xxxxx (xxxxx million)

The Aggregate Market Value on the Special Assumption of being completed (GDV) – Build to Sell Basis assumes the private residential units are sold on an individual basis. As an aggregate, this sum makes no allowance for any discount that be achieved through a bulk sale.

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PART II

VALUATION REPORT

VALUATION REPORT

Report Date	X.
Addressee	[NewCo TBC] XXX XXXX For the attention of: X
The Property	Development plot known as X
Property Description	Land for development as part of ...
Ownership Purpose	Development.
Instruction	To value the unencumbered freehold interest in the Property on the basis of Market Value as at the Valuation date in accordance with the terms of engagement entered into between X and the addressee(s) dated X
Valuation Date	X.
Capacity of Valuer	External Valuer, as defined in the RICS Valuation – Global Standards 2017.
Purpose	Secured Lending.
Market Value	£X (X HUNDRED THOUSAND POUNDS) exclusive of VAT.
Aggregate Market Value On The Special Assumption Of Being Completed (GDV) – Build to Sell Basis	£X (X THOUSAND POUNDS). Our opinion of Market Value is based upon the Scope of Work and Valuation Assumptions attached, and has been primarily derived using comparable recent market transactions on arm's length terms. The properties have been valued adopting the residual method of valuation. The residual method of valuation is very sensitive to changes in key inputs. Small changes in variables such as sales volumes or build costs will have a disproportionate effect on land value. Site values can therefore be susceptible to considerable variances as a result of changes in market conditions.
Suitability of the property as security for mortgage purposes	We are of the opinion that the property interests provide suitable security for mortgage purposes although we have not been provided with the terms of the loan and cannot therefore comment on their suitability having regard to the nature of the property.

Compliance with Valuation Standards

The Valuation has been prepared in accordance with the RICS Valuation – Global Standards 2017 which incorporate the International Valuation Standards and the RICS Valuation – Professional Standards UK January 2014 (revised April 2015) (“the Red Book”).

We confirm that we have sufficient current local and national knowledge of the particular property market involved, and have the skills and understanding to undertake the Valuation competently.

Where the knowledge and skill requirements of the Red Book have been met in aggregate by more than one valuer within CBRE, we confirm that a list of those valuers has been retained within the working papers, together with confirmation that each named valuer complies with the requirements of the Red Book.

This Valuation is a professional opinion and is expressly not intended to serve as a warranty, assurance or guarantee of any particular value of the subject property. Other valuers may reach different conclusions as to the value of the subject property. This Valuation is for the sole purpose of providing the intended user with the valuer’s independent professional opinion of the value of the subject property as at the Valuation date.

Assumptions

The Property details on which the Valuation is based are as set out in this report. We have made various assumptions as to tenure, letting, taxation, town planning, and the condition and repair of buildings and sites – including ground and groundwater contamination – as set out below.

If any of the information or assumptions on which the Valuation is based are subsequently found to be incorrect, the Valuation figure may also be incorrect and should be reconsidered.

Variation from Standard Assumptions

None.

Verification

We recommend that before any financial transaction is entered into based upon these Valuations, you obtain verification of any third party information contained within our report and the validity of the assumptions we have adopted.

We would advise you that whilst we have valued the Property reflecting current market conditions, there are certain risks which may be, or may become, uninsurable. Before undertaking any financial transaction based upon this Valuation, you should satisfy yourselves as to the current insurance cover and the risks that may be involved should an uninsured loss occur.

Valuer

The Property has been valued and inspected by a valuer who is qualified for the purpose of the Valuation in accordance with the Red Book.

Conflicts of Interest

As you are aware, we have recently valued the wider Masterplan and South West lands developments for yourselves, as well as a number of individual development plots.

We have disclosed the relevant facts to you and the other clients involved, and have received everyone's unconditional written confirmation that it is in order for us to carry out your valuation instruction.

We confirm that CBRE will not benefit from this instruction other than by the valuation fee.

Reliance

This Report is provided in connection with the satisfaction of the conditions precedent under the Facility Agreements and is addressed to, and is solely for the benefit of the Addressees. This Report may not, without our prior written consent, be relied upon for any other purpose or be disclosed to or relied upon by any other person save that it may be disclosed on a need to know basis without such consent to:

- (a) any person to whom disclosure is required to be made (i) by applicable law or court order, (ii) pursuant to the rules or regulations of any government, supervisory, taxation or regulatory body, or (iii) in connection with any legal or arbitration proceedings;
- (b) the officers, directors, employees, auditors and professional advisers of any Addressee;
- (c) any Affiliate of any Addressee and the officers, directors, employees, auditors and professional advisers of such Affiliate;
- (d) any related funds of any Addressee and their professional advisers;
- (e) monoline insurers, verification agents and their affiliates and professional advisers;
- (f) potential investors in, a securitisation in connection with the Facility Agreements and their professional advisers;
- (g) administrative, settlement or numbering service providers and their professional advisers;
- (h) rating agencies and their professional advisers; and
- (i) any person, not otherwise an Addressee, who is a potential transferee, assignee or sub-participant of any Lender, and their respective professional advisers,

on the basis that (i) such disclosure is made solely to enable any such person to be made aware of the terms of the Report but not for the purposes of reliance and (ii) we do not assume any duty or liability to any person to whom such disclosure is made and (iii) CBRE's Non-Reliance Terms and Conditions are fixed to the front of the Report at the time of disclosure.

Publication

Neither the whole nor any part of our report nor any references thereto may be included in any published document, circular or statement nor published in any way without our prior written approval

Yours faithfully

Yours faithfully

XXXXX [Signatory]

XXXXX [Signatory]

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SOURCES OF INFORMATION AND SCOPE OF WORKS

Sources of Information	<p>We have carried out our work based upon information supplied to us by the Borrower, as set out within this report, which we have assumed to be correct and comprehensive. This includes the following:</p> <ul style="list-style-type: none">- X
The Property	<p>Our report contains a brief summary of the Property details on which our Valuation has been based.</p>
Inspection	<p>The Property was externally inspected by X, RICS Registered Valuer on X</p>
Areas	<p>We have not measured the property but have relied upon the floor areas provided to us by X which we have assumed to be correct and comprehensive.</p>
Environmental Matters	<p>We have not undertaken, nor are we aware of the content of, any environmental audit or other environmental investigation or soil survey which may have been carried out on the Property and which may draw attention to any contamination or the possibility of any such contamination.</p> <p>We have not carried out any investigations into the past or present uses of the Property, nor of any neighbouring land, in order to establish whether there is any potential for contamination and have therefore assumed that none exists.</p>
Services and Amenities	<p>We understand that all main services including water, drainage, electricity and telephone are available to the property. None of the services have been tested by us.</p>
Repair and Condition	<p>We have not carried out building surveys, tested services, made independent site investigations, inspected woodwork, exposed parts of the structure which were covered, unexposed or inaccessible, nor arranged for any investigations to be carried out to determine whether or not any deleterious or hazardous materials or techniques have been used, or are present, in any part of the Property. We are unable, therefore, to give any assurance that the Property is free from defect.</p>
Town Planning	<p>We have not undertaken planning enquiries.</p>

Titles, Tenures and Lettings

Details of title/tenure under which the Property is held and of lettings to which it is subject are as supplied to us. We have not generally examined nor had access to all the deeds, leases or other documents relating thereto. Where information from deeds, leases or other documents is recorded in this report, it represents our understanding of the relevant documents. We should emphasise, however, that the interpretation of the documents of title (including relevant deeds, leases and planning consents) is the responsibility of your legal adviser.

We have not conducted credit enquiries on the financial status of any tenants. We have, however, reflected our general understanding of purchasers' likely perceptions of the financial status of tenants.

DRAFT TEMPLATE

VALUATION ASSUMPTIONS

Capital Values

The Valuation has been prepared on the basis of "Market Value", which is defined in the Red Book as:

"The estimated amount for which an asset or liability should exchange on the Valuation date between a willing buyer and a willing seller in an arm's-length transaction, after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion."

The valuation represents the figure that would appear in a hypothetical contract of sale at the valuation date. No adjustment has been made to this figure for any expenses of acquisition or realisation - nor for taxation which might arise in the event of a disposal.

No account has been taken of any inter-company leases or arrangements, nor of any mortgages, debentures or other charge.

No account has been taken of the availability or otherwise of capital based Government or European Community grants.

Rental Values

Unless stated otherwise rental values indicated in our report are those which have been adopted by us as appropriate in assessing the capital value and are not necessarily appropriate for other purposes, nor do they necessarily accord with the definition of Market Rent in the Red Book, which is as follows:

"The estimated amount for which an interest in real property should be leased on the Valuation date between a willing lessor and a willing lessee on appropriate lease terms in an arm's-length transaction, after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion."

The Property

Where appropriate we have regarded the shop fronts of retail and showroom accommodation as forming an integral part of the building.

Landlord's fixtures such as lifts, escalators, central heating and other normal service installations have been treated as an integral part of the building and are included within our Valuations.

Process plant and machinery, tenants' fixtures and specialist trade fittings have been excluded from our Valuations.

All measurements, areas and ages quoted in our report are approximate.

Environmental Matters

In the absence of any information to the contrary, we have assumed that:

(a) the property is not contaminated and is not adversely affected by any existing or proposed environmental law;

(b) any processes which are carried out on the property which are regulated by environmental legislation are properly licensed by the appropriate authorities.

(c) in England and Wales, the properties possess current Energy Performance Certificates (EPCs) as required under the Government's Energy Performance of Buildings Directive – and that they have an energy efficient standard of 'E', or better. We would draw your attention to the fact that under the Energy Efficiency (Private Rented Property) (England and Wales) Regulations 2015 it will be unlawful for landlords to rent out a business premise from 1st April 2018 – unless the site has reached a minimum EPC rating of an 'E', or secured a relevant exemption. In Scotland, we have assumed that the properties possess current Energy Performance Certificates (EPCs) as required under the Scottish Government's Energy Performance of Buildings (Scotland) Regulations – and that they meet energy standards equivalent to those introduced by the 2002 building regulations. We would draw your attention to the fact the Assessment of Energy Performance of Non-domestic Buildings (Scotland) Regulations 2016 came into force on 1st September 2016. From this date, building owners are required to commission an EPC and Action Plan for sale or new rental of non-domestic buildings bigger than 1,000 sq m that do not meet 2002 building regulations energy standards. Action Plans contain building improvement measures that must be implemented within 3.5 years, subject to certain exemptions.

(d) the property is either not subject to flooding risk or, if it is, that sufficient flood defences are in place and that appropriate building insurance could be obtained at a cost that would not materially affect the capital value.

High voltage electrical supply equipment may exist within, or in close proximity of, the property. The National Radiological Protection Board (NRPB) has advised that there may be a risk, in specified circumstances, to the health of certain categories of people. Public perception may, therefore, affect marketability and future value of the property. Our Valuation reflects our current understanding of the market and we have not made a discount to reflect the presence of this equipment.

Repair and Condition

In the absence of any information to the contrary, we have assumed that:

(a) there are no abnormal ground conditions, nor archaeological remains, present which might adversely affect the current or future occupation, development or value of the property;

(b) the property is free from rot, infestation, structural or latent defect;

(c) no currently known deleterious or hazardous materials or suspect techniques have been used in the construction of, or subsequent alterations or additions to, the property; and

(d) the services, and any associated controls or software, are in working order and free from defect.

We have otherwise had regard to the age and apparent general condition of the property. Comments made in the property details do not purport to express an opinion about, or advise upon, the condition of uninspected parts and should not be taken as making an implied representation or statement about such parts.

**Title, Tenure, Lettings,
Planning, Taxation and
Statutory & Local
Authority requirements**

Unless stated otherwise within this report, and in the absence of any information to the contrary, we have assumed that:

- (a) the property possesses a good and marketable title free from any onerous or hampering restrictions or conditions;
- (b) the building has been erected either prior to planning control, or in accordance with planning permissions, and has the benefit of permanent planning consents or existing use rights for their current use;
- (c) the property is not adversely affected by town planning or road proposals;
- (d) the building complies with all statutory and local authority requirements including building, fire and health and safety regulations;
- (e) only minor or inconsequential costs will be incurred if any modifications or alterations are necessary in order for occupiers of the property to comply with the provisions of the Disability Discrimination Act 1995 (in Northern Ireland) or the Equality Act 2010 (in the rest of the UK);
- (f) all rent reviews are upward only and are to be assessed by reference to full current market rents;
- (g) there are no tenant's improvements that will materially affect our opinion of the rent that would be obtained on review or renewal;
- (h) tenants will meet their obligations under their leases, and are responsible for insurance, payment of business rates, and all repairs, whether directly or by means of a service charge;
- (i) there are no user restrictions or other restrictive covenants in leases which would adversely affect value;
- (j) where more than 50% of the floorspace of the property is in residential use, the Landlord and Tenant Act 1987 (the "Act") gives certain rights to defined residential tenants to acquire the freehold/head leasehold interest in the property. Where this is applicable, we have assumed that necessary notices have been given to the residential tenants under the provisions of the Act, and that such tenants have elected not to acquire the freehold/head leasehold interest. Disposal on the open market is therefore unrestricted;
- (k) where appropriate, permission to assign the interest being valued herein would not be withheld by the landlord where required;
- (l) vacant possession can be given of all accommodation which is unlet or is let on a service occupancy; and
- (m) Stamp Duty Land Tax (SDLT) – or, in Scotland, Land and Buildings Transaction Tax (LABTT) – will apply at the rate currently applicable.

LEGAL NOTICE

This valuation report (the "Report") has been prepared by CBRE Limited ("CBRE") exclusively for X (the "Client") in accordance with the instruction Award dated X (the "Instruction"). The Report is confidential and it must not be disclosed to any person other than the Client without CBRE's prior written consent. CBRE has provided this report on the understanding that it will only be seen and used by the Client and no other person is entitled to rely upon it, unless CBRE has expressly agreed in writing. Where CBRE has expressly agreed that a person other than the Client can rely upon the report then CBRE shall have no greater liability to any party relying on this report than it would have had if such party had been named as a joint client under the Instruction.

CBRE's maximum aggregate liability to all parties, howsoever arising under, in connection with or pursuant to reliance upon this Report, and whether in contract, tort, negligence or otherwise shall not exceed the lower of:

- X% of the value of the property to which the Instruction relates on the date of the Instruction; or
- £X million (X Million Pounds); and

CBRE shall not be liable for any indirect, special or consequential loss or damage howsoever caused, whether in contract, tort, negligence or otherwise, arising from or in connection with this Report. Nothing in this Report shall exclude liability which cannot be excluded by law.

DRAFT TEMPLATE

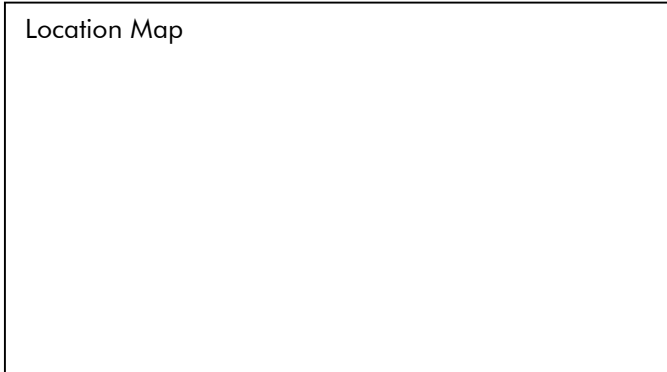
PART III

PROPERTY REPORT

PROPERTY DETAILS

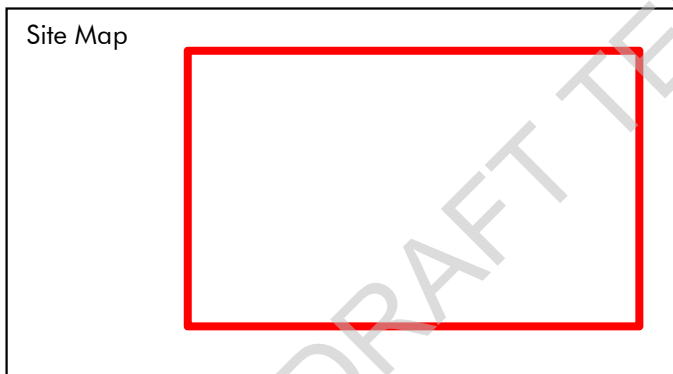
LOCATION

A location map is attached at Appendix A.



- Xxxxxx
- Xxxxxx
- Xxxxxx

SITUATION



- Xxxxxx
- Xxxxxx
- Xxxxxx

DESCRIPTION

Existing Property

Overview

- The subject property comprises...
- Existing buildings on site are...
- Xxxxx

Proposed Scheme

Overview

- The proposed development comprises...
- Xxxxx
- Xxxxx

Accommodation

We have been provided with floor areas for the consented scheme by X which we understand have been calculated, as summarised below.

PLOT REF	NET INTERNAL AREA SQ FT	GROSS INTERNAL AREA SQ FT
Residential		
Private		
Affordable		
Commercial		
Retail (A1-A3)		
Ancillary		
Car Parking (Commercial)		
Total		

A detailed accommodation showing the breakdown of the individual units is attached at Appendix C.

In preparing our valuation, we have relied upon those floor areas provided to us as being accurate and capable of meeting prevailing Building Regulations, and measured in accordance with the RICS Code of Measuring Practice.

Mix of Units

PLOT REF:	1 BED	2 BED	3 BED	TOTAL
Private				
Affordable				
Total				
%				

Layout and Amenities

- The accommodation will....

- The scheme will deliver x...
- We understand that as part...
- The scheme will be managed under x.

Specification

- We have been provided....
- We have been provided with a proposed specification...

SERVICES AND AMENITIES

We understand that the property is located in an area served by mains gas, electricity, water and drainage.

Enquiries regarding the availability of utilities/services to the proposed development are outside the scope of our report.

We assume that any necessary works to ensure appropriate services and amenities to the completed scheme have been sufficiently accounted for within the development programme, infrastructure and construction costs provided to us from the Borrower and the Bank's Project Monitoring Surveyors (PMS). We would recommend that further advice in relation to Infrastructure costs is provided by your PMS. In the event that the proposed costs are deemed insufficient, this will have material significance for our opinion of value.

STATE OF REPAIR

CBRE have not undertaken a structural survey, nor tested the services. We have not been supplied with a survey report prepared by any other firm. We have undertaken only a limited inspection for valuation purposes.

TECHNICAL AND GROUND CONDITIONS

Due to the nature of the site, our inspection has been limited to a roadside inspection of such parts of the site that are visible from the public highway. We have attempted to identify site boundaries/characteristics from the public highway.

For the purposes of this report we have not been provided with any technical and/or ground reports beyond those reviewed for the purpose of our x valuation of the wider masterplan area. This report should, therefore, be read in conjunction with our earlier report.

Our valuation is provided on the basis that ground conditions are suitable for the proposed development and that any necessary remedial works and / or risk mitigation requirements are adequately reflected within the construction cost sums provided and reviewed by your Project Monitoring Surveyor. If any subsequent investigations provide information to the contrary then our opinion of value may be materially affected.

ENVIRONMENTAL CONSIDERATIONS

For the purposes of this report we have not been provided with any technical and/or ground reports beyond those reviewed for the purpose of our x valuation of the wider masterplan area. This report should, therefore, be read in conjunction with our earlier report.

We have not carried out any investigations into past uses, either of the properties or of any adjacent lands, to establish whether there is any potential for contamination from such uses or sites, or other environmental risk factors and have therefore assumed that none exists.

We have been instructed not to make any investigations in relation to the presence or potential presence of contamination in land or buildings or the potential presence of other environmental risk factors and to assume that if investigations were made to an appropriate extent then nothing would be discovered sufficient to affect value.

Based on our inspection (limited to a roadside inspection of such parts of the site that are visible from the public highway) and planning enquiries, we have not identified any environmental risk factors which, in our opinion, would affect value. However, CBRE give no warranty as to the absence of such environmental risk factors. If any subsequent investigations provide information to the contrary then our opinion of value may be materially affected.

Our valuation is provided on that there are no environmental considerations that would be considered unduly onerous or that may give rise to additional cost and/or delay. We further assume that any necessary remedial works and / or risk mitigation requirements are adequately reflected within the construction cost sums provided and reviewed by your Project Monitoring Surveyor. If any subsequent investigations provide information to the contrary then our opinion of value may be materially affected.

Ground Contamination

We have been provided with x

Flood Risk

We understand from the Environment Agency website that the site is located within flood zone X, and therefore is in an area that has a very low chance of flooding from river, sea and/or surface water. The Environment Agency rates this area as having less than a 1 in a X chance of flooding.

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DEVELOPMENT COSTS

We have been provided with the following information in relation to development costs;

- Information source...
- Review / benchmark comments...

Development Budget

The Monitoring Surveyors report sets out the 'day one' costs as below

OVERALL COST SPLIT INTO COST CENTRES	TOTAL
Planning costs inc CIL	
Core consultant costs	
Other fees and surveys	
Build costs	
Development management costs (contingency)	
Total overall costs:	

We have also been informed that a sum of £x for marketing and leasing costs is included within the £x 'Development management costs (contingency)'. As we make our own marketing and leasing cost assumptions, we have deducted this sum to arrive at a 'day one' 'Development management costs (contingency)' of £x

Costs Expended

The report details development costs are broken down as follows:

COST ITEM	SUM
Planning costs inc CIL	
Core consultant costs	
Other fees and surveys	
Build costs	
Development management costs (contingency)	
Total	

Cost to Complete

Taking into account the 'day one' development costs, adjusted for costs expended to date, we have adopted the following costs to complete within our valuation:

Development Budget Cost to Complete	
Development Management (Contingency)	
Planning Costs inc. CIL	
Costs Outside Sisk Contract	
Professional Fees	
Marketing	
Letting agents and legal fees	
Total	£

TOWN PLANNING

The property is located within the jurisdiction of the London Borough of ().

We have reviewed x on-line planning register and consulted its website. The property is not listed and is not situated within a Conservation Area.

Planning Policy Framework

x Local Plan is a collection of planning documents that work alongside the National Planning Policy and Mayor's London Plan to set out the strategy for future development.

The Local Plan comprises a number of documents, including the following:

Planning Status

xxxxxxx

Section 106

xxxxxx

CIL

xxxxxxx

Conditions

There are no conditions attached to the permission which we consider to be onerous.

Further Provisions

Along with those considerations outlined above, the owner must also prepare and submit for approval a Travel Plan, Sustainability Assessment, Construction Employment and Training Plan and an Operational and Employment Training Plan (if the relevant plot has non-residential floor space).

Conclusions

In summary, we are not aware of any Town Planning issues which would adversely impact upon the value of the property or the bank's security.

LEGAL CONSIDERATIONS

TITLE AND TENURE

We have not been provided with a Report on Title with respect of the subject property and we have therefore assumed that the property is held with a clean and marketable title and is not affected by any onerous and restrictive covenants. However, we recommend that the Bank provides us with a copy of a Report on Title for comment.

We understand from the [state source] that the property is held [Freehold/Long Leasehold]. [Refer to any instruction received to rely upon that information.]

If we are in the future provided with any documents relating to the Title or Tenure of the property which would cause us to alter our opinion of Market Value herein reported, we reserve our right to do so.

DRAFT TEMPLATE

RESIDENTIAL MARKET COMMENTARY

RESIDENTIAL MARKET OVERVIEW

The inconclusive result of the General Election, followed by the agreement with the Northern Irish Democratic Unionist Party has contributed to a lack of optimism within much of the UK economy. Short term indicators and surveys, such as the Purchase Manager’s Index, Consumer Confidence survey and the RICS housing market survey all report a lack of short term confidence. Combined with the commencement of Brexit negotiations, expectation of a rise in interest rates and a disparity between inflation and real wage growth, indications are of an economy whose resilience – and desire to spend – is being tested.

UK house price growth remained x at x% year on year in x YEAR with relatively strong performance in the regional centres. Moreover, in spite of poor consumer confidence indicators, mortgage approvals are up year on year.

LOCAL MARKET CHARACTERISTICS

RESIDENTIAL INVESTMENT / DEVELOPMENT MARKET OVERVIEW

In addition to the wider masterplan which has been described earlier in this report, set out below are a number of key development schemes in north and west London:

SCHEME	DEVELOPER	INFORMATION	STATUS

LOCATION
DATE OF VALUATION:

Recent Key Activity

A list of recent market activity follows:

DATE	PARTICIPANTS	COMMENTS

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MARKET VALUE COMPLETED SCHEME – BUILD TO SELL BASIS

In forming our opinion of the aggregate Market Value of the individual private residential units we have undertaken analysis of ...

- Xxxxxx
- Xxxxxx
- xxxxxx

We have considered the following in relation to the proposed scheme and its position within the wider masterplan:

- xxxxxx
- xxxxx
- xxxxx

The proposed amenity provisions to be included within x include the following:

- Xxxx
- Xxxxx
- xxxx

In analysing the evidence derived from x we have sought to account for building height, unit sizes....

Set out below is a summary of our benchmarking by unit type for our pricing of the subject property against recent sales from within x.

The unit types set out within our analysis below are as follows:

- Studio unit
- One bedroom unit
- Two bedroom unit
- Three bedroom unit

MARKET EVIDENCE – RESIDENTIAL SALES

Comparable Scheme No.1, Address

- Proximity....
- Scale....
- Amenities...
- Relevance...

Unit Type	Unit Size Range (Average)	Unit Value Range (Average)	£ per sq ft Range (Average)	Key Unit Sales
1 Bed Flat				<ul style="list-style-type: none">■ Xxxx■ Xxxx■ xxxx
2 Bed Flat				

Comparable Scheme No.2, Address

- Proximity....
- Scale....
- Amenities...
- Relevance...

Unit Type	Unit Size Range (Average)	Unit Value Range (Average)	£ per sq ft Range (Average)	Key Unit Sales
1 Bed Flat				<ul style="list-style-type: none"> ■ Xxxx ■ Xxxx ■ xxxx
2 Bed Flat				

Comparable Scheme No.3, Address

- Proximity....
- Scale....
- Amenities...
- Relevance...

Unit Type	Unit Size Range (Average)	Unit Value Range (Average)	£ per sq ft Range (Average)	Key Unit Sales
1 Bed Flat				<ul style="list-style-type: none"> ■ Xxxx ■ Xxxx ■ xxxx
2 Bed Flat				

Based on; the information provided to us; our analysis; and the market evidence described above, we have adopted the following residential unit values for the purpose of our valuation:

Unit Type	Unit Value Range (Average)	£ per sq ft Range (Average)
1 Bed Flat		
2 Bed Flat		

VALUATION CONSIDERATIONS

KEY VALUATION FACTORS

Strengths and Opportunities:

- xxxxx
- xxxxx
- xxxxx

Risks and Mitigating Factors:

- xxxxx
- xxxxxx
- xxxxx

VALUATION METHODOLOGY

Market Value

In preparing our valuation of the property, we have undertaken a residual appraisal of the consented scheme and benchmarked the results against comparable land sales.

Set out below are the key inputs and assumptions adopted in our residual appraisal.

Timings – Build/Commercial Sales

PHASE	LEAD IN PERIOD	BUILD PERIOD
-------	----------------	--------------

Gross Development Value

PHASE	USE	UNITS	NSA (SQ FT)	VALUE INPUTS	GDV
-------	-----	-------	-------------	--------------	-----

Below we set out the key development costs deducted from our opinion of GDV to arrive at our assessment of residual land value.

Development costs

Development Budget Cost to Complete
Development Management (Contingency)
Planning Costs inc. CIL
Costs Outside Sisk Contract
Total

Other costs

Professional Fees
Marketing
Letting agents and legal fees
Total

Financials

Finance
Profit on Cost
Profit on GDV

This approach produces a residual land value of **£million** equating to £x per sq ft overall based on the total net saleable area of the residential and commercial accommodation. This may be compared to the land market evidence set out in the Land Comparables section of this report.

By way of comparison, in our masterplan appraisal, we adopted growth on our GDV of x% per annum for the

DRAFT TEMPLATE

VALUATION CONCLUSIONS

The residual method of valuation is very sensitive to changes in key inputs. Small changes in variables such as sales volumes or build costs will have a disproportionate effect on land value. Site values can therefore be susceptible to considerable variances as a result of changes in market conditions. The Bank should take the sensitive nature of residual valuations into account in making its lending decision/assessing the loan to value ratio. This is illustrated in the sensitivity analysis table below.

Residual Land Value Sensitivity Analysis:

		SALES RATE				
		-5.0%	-2.5%	0	+2.5%	+5.0%
Construction Rate	-5.0%					
	-2.5%					
	0					
	+2.5%					
	+5.0%					

COMPARABLE LAND SALES EVIDENCE

As a means of benchmarking our residual land value we have sought to analyse our assessment against relevant land transactions.

SCHEME	DATE	PRICE	£ PER ACRE	£ PER SQ FT NET PRIVATE SALES AREA	COMMENTS

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OPINION OF VALUE

MARKET VALUE (SITE VALUE)

AGGREGATE MARKET VALUE ON THE SPECIAL ASSUMPTION OF BEING COMPLETED (GDV) – BUILD TO SELL BASIS

£

The Aggregate Market Value on the Special Assumption of being completed (GDV) – Build to Sell Basis assumes the private residential units are sold on an individual basis. As an aggregate, this sum makes no allowance for any discount that be achieved through a bulk sale.

Valuation computer printouts are attached at Appendix E.

DRAFT TEMPLATE

APPENDIX A

LOCATION PLANS

APPENDIX A: LOCATION PLANS

DRAFT TEMPLATE

APPENDIX B

PHOTOGRAPHS

APPENDIX B: PHOTOGRAPHS

PHOTOGRAPHS

Photograph 1

View of



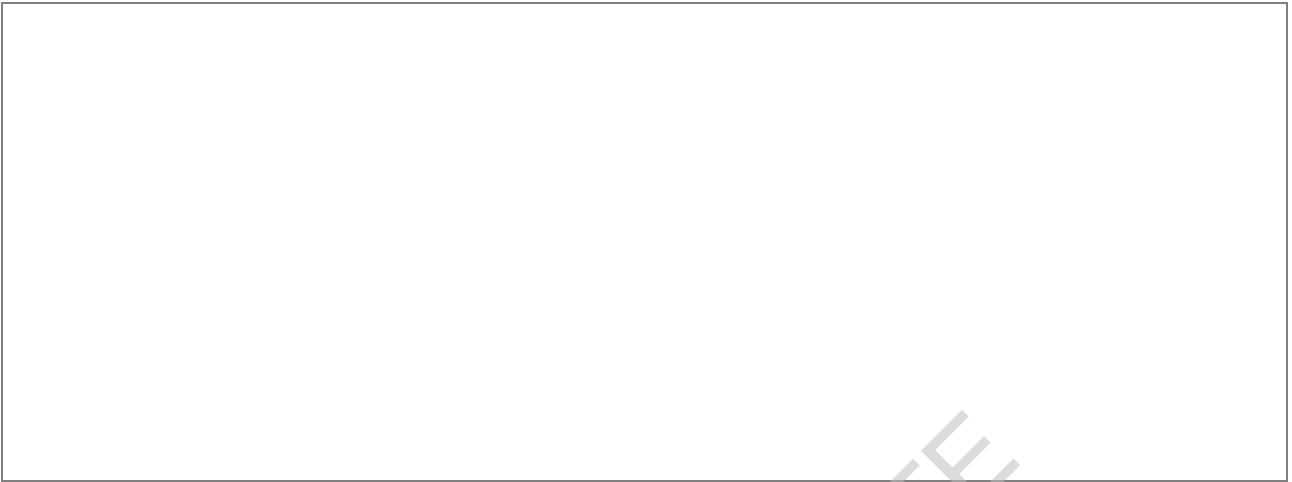
Photograph 2

View of the site looking



Photograph 3

View looking south towards



Photograph 4

View of the site looking south towards



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APPENDIX C

MARKET COMMENTARY

DRAFT TEMPLATE

APPENDIX D

VALUATION PRINTOUT

APPENDIX D: VALUATION PRINTOUT

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APPENDIX E

SOURCES, SCOPE AND ASSUMPTIONS

APPENDIX E: SOURCES, SCOPE AND ASSUMPTIONS

DRAFT TEMPLATE

APPENDIX 25
(Shortfall Loan Notice)

To: [Non-contributing Party] ("**Non-contributing Party**")
[address]

and: [Plot Owner]

From: [Contributing Party] ("**Contributing Party**")
[address]

Date:

Dear Sirs

Master Development Agreement dated [•] made between (1) The Mayor and Burgesses of the London Borough of Southwark (2) BL CW Holdings Ltd (3) BL CW Developments Limited (4) The British Land Company PLC for comprehensive redevelopment of Canada Water (the "Agreement") – Shortfall Loan Notice

1. We refer to the Agreement. This is a Shortfall Loan Notice.
2. Defined terms in the Agreement have the same meaning in this Shortfall Loan Notice.
3. Pursuant to paragraph 9.18.2 of **Error! Reference source not found.** of Schedule 11 of the Agreement, we hereby serve notice that in respect of the Plot Finance Notice dated [•] the Contributing Party has made a Shortfall Loan in respect of a Shortfall Amount of £[*insert details of Shortfall Amount*].
4. The Shortfall Loan commenced on [*date*] and Shortfall Loan Interest will accrue from and including that date in accordance with the terms of the Agreement.

Signed by [*insert name of authorised person*]

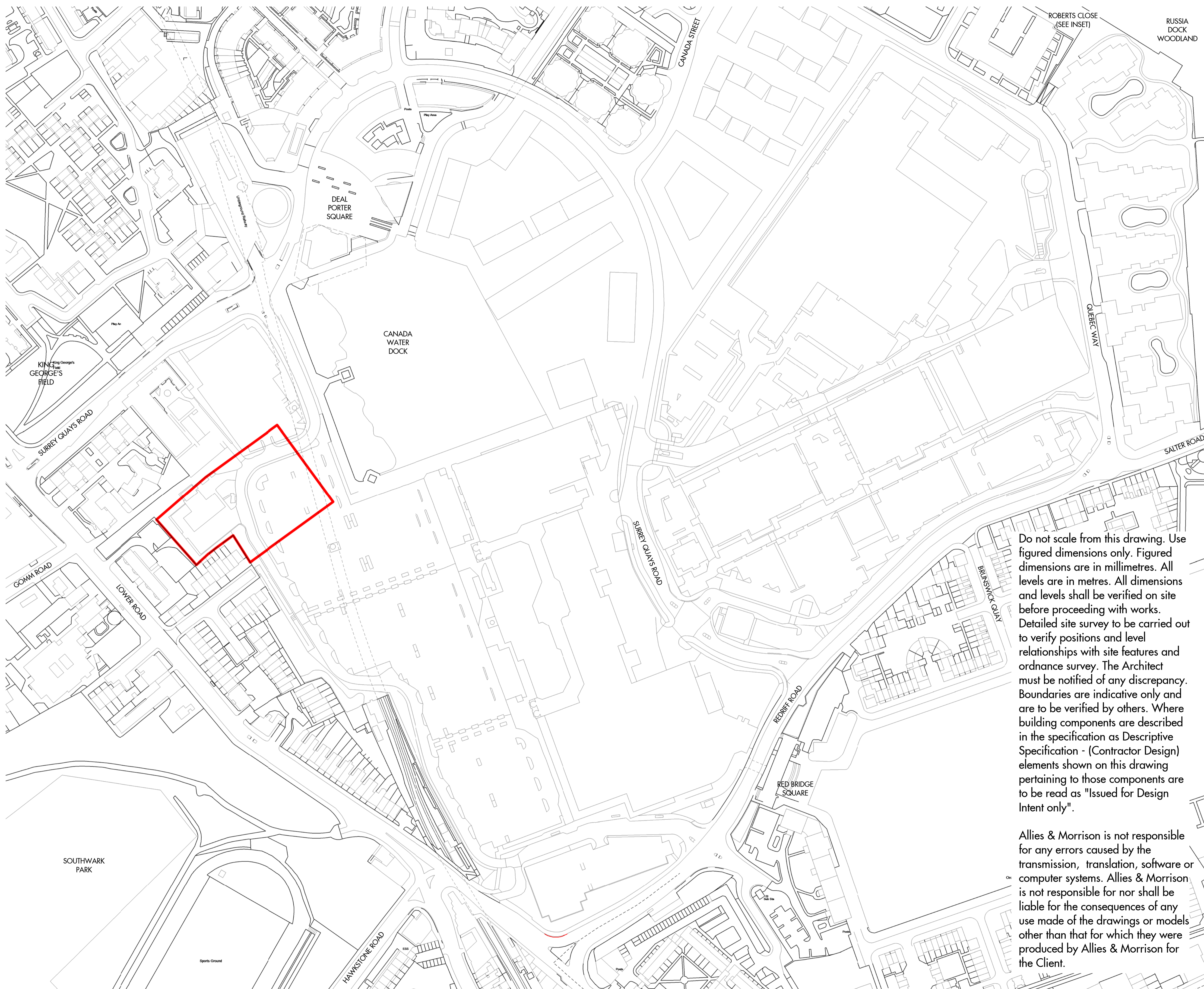
for and on behalf of

[Contributing Party]

.....

(Signature of authorised person)

Date:



ROBERTS CLOSE
(SEE INSET)

RUSSIA
DOCK
WOODLAND

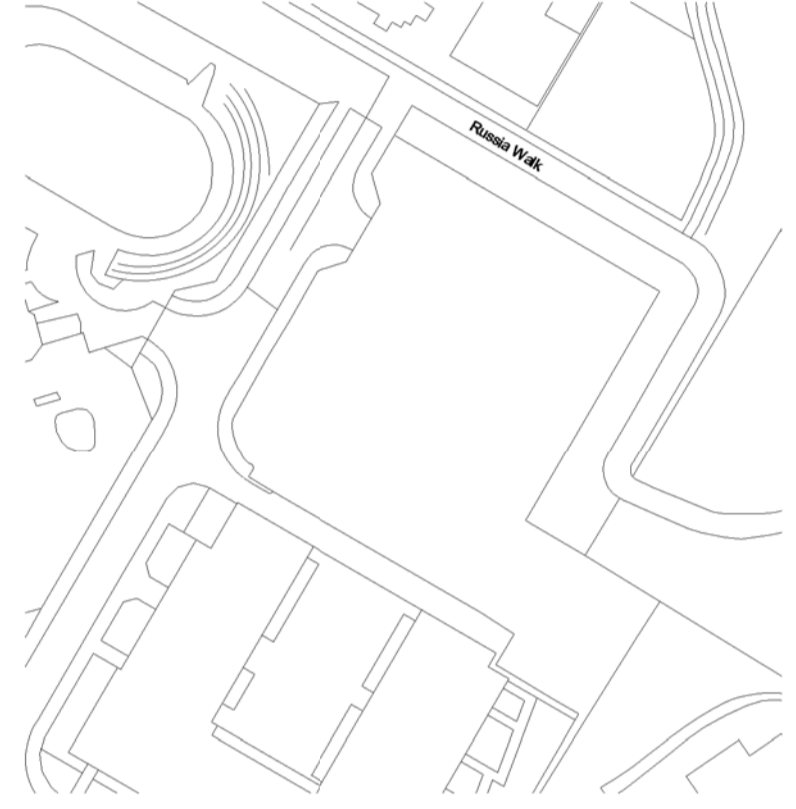
Do not scale from this drawing. Use figured dimensions only. Figured dimensions are in millimetres. All dimensions shall be verified on site before proceeding with works. All levels are nominal: detailed site survey to be carried out to verify positions and level relationships with site features and ordnance survey. All levels are in metres. This drawing is for design intent only. This drawing is to be read in conjunction with other documentation from the architect, design team, main contractor and employer's agent. The architect must be notified of any discrepancies.

REV	DATE	DESCRIPTION	CD
P 1	24/04/18	First Issue	DC

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04/05/18

ROBERTS CLOSE

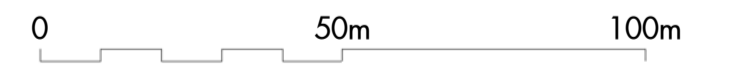


KEY

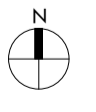
— Indicative location of the Leisure Centre

Do not scale from this drawing. Use figured dimensions only. Figured dimensions are in millimetres. All levels are in metres. All dimensions and levels shall be verified on site before proceeding with works. Detailed site survey to be carried out to verify positions and level relationships with site features and ordnance survey. The Architect must be notified of any discrepancy. Boundaries are indicative only and are to be verified by others. Where building components are described in the specification as Descriptive Specification - (Contractor Design) elements shown on this drawing pertaining to those components are to be read as "Issued for Design Intent only".

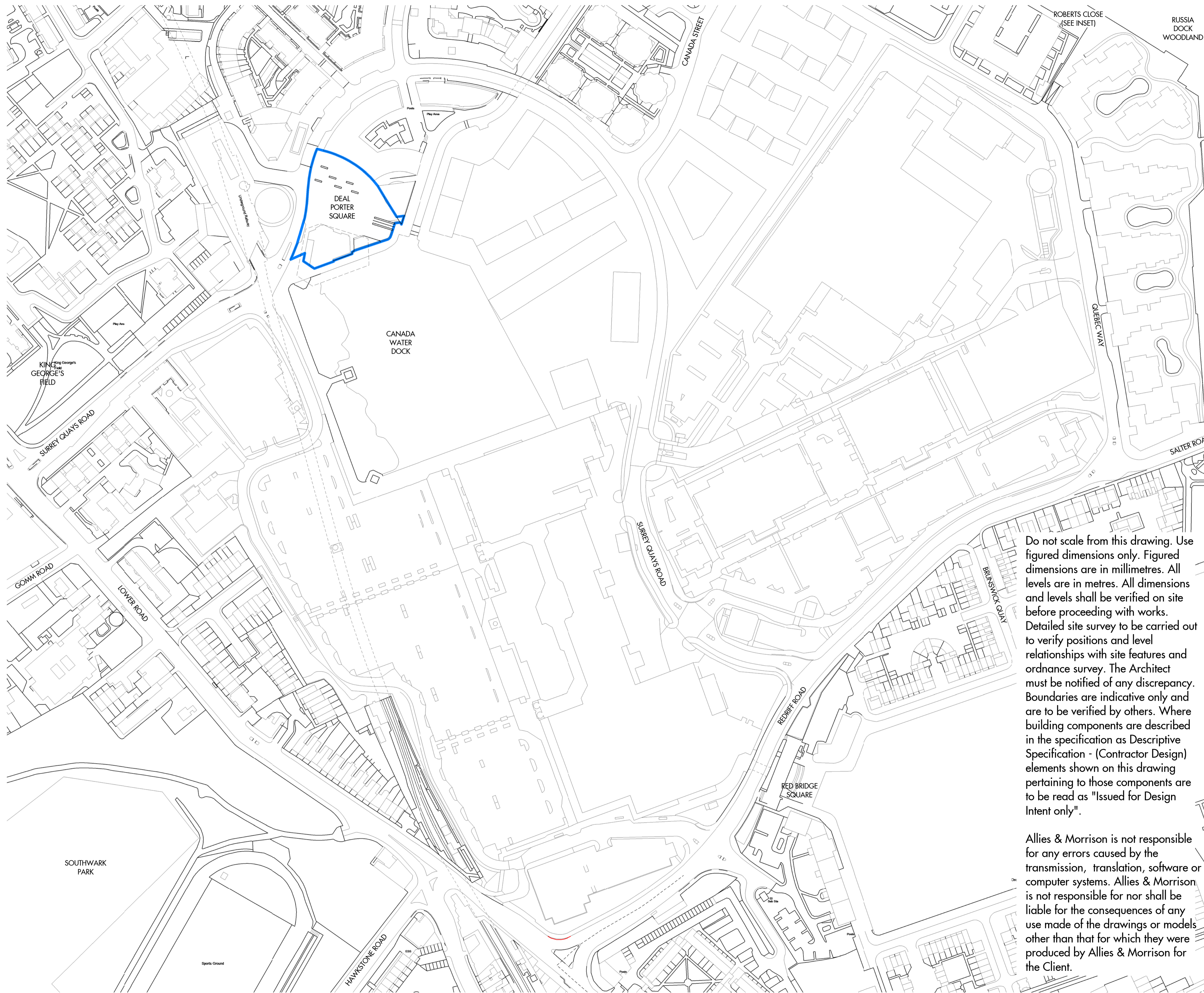
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Canada Water Masterplan :
MDA - Indicative location of the Leisure Centre
802_00_SK_208
SCALE 1 : 1250 @A1
SCALE 1 : 2500 @A3



Allies and Morrison
85 Southwark Street
London SE1 0HX
telephone 020 7921 0100
facsimile 020 7921 0101
email info@alliesandmorrison.co.uk
A&M JOB NO:802



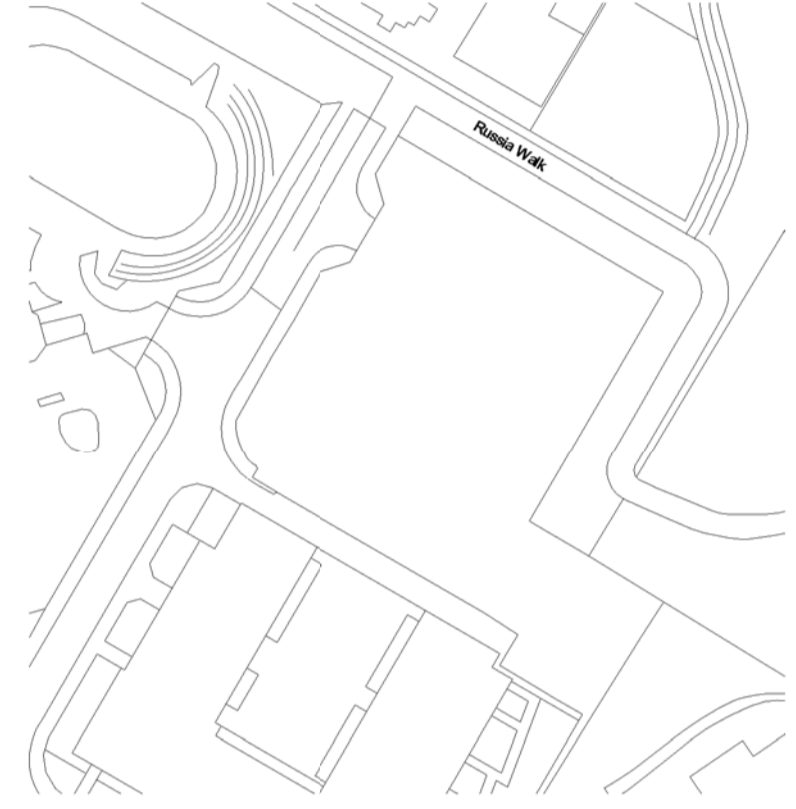
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04/05/18

ROBERTS CLOSE



KEY
 — British Land Management Area Outline

Do not scale from this drawing. Use figured dimensions only. Figured dimensions are in millimetres. All levels are in metres. All dimensions and levels shall be verified on site before proceeding with works. Detailed site survey to be carried out to verify positions and level relationships with site features and ordnance survey. The Architect must be notified of any discrepancy. Boundaries are indicative only and are to be verified by others. Where building components are described in the specification as Descriptive Specification - (Contractor Design) elements shown on this drawing pertaining to those components are to be read as "Issued for Design Intent only".

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Canada Water Masterplan :
 MDA - Deal Porter Square

802_00_SK_205
 SCALE 1 : 1250 @A1
 SCALE 1 : 2500 @A3

Allies and Morrison
 85 Southwark Street
 London SE1 0HX
 telephone 020 7921 0100
 facsimile 020 7921 0101
 email info@alliesandmorrison.co.uk
 A&M JOB NO:802



ROBERTS CLOSE
(SEE INSET)

RUSSIA
DOCK
WOODLAND

DEAL
PORTER
SQUARE

CANADA
WATER
DOCK

KING'S COACH'S
GEORGE'S
FIELD

RED BRIDGE
SQUARE

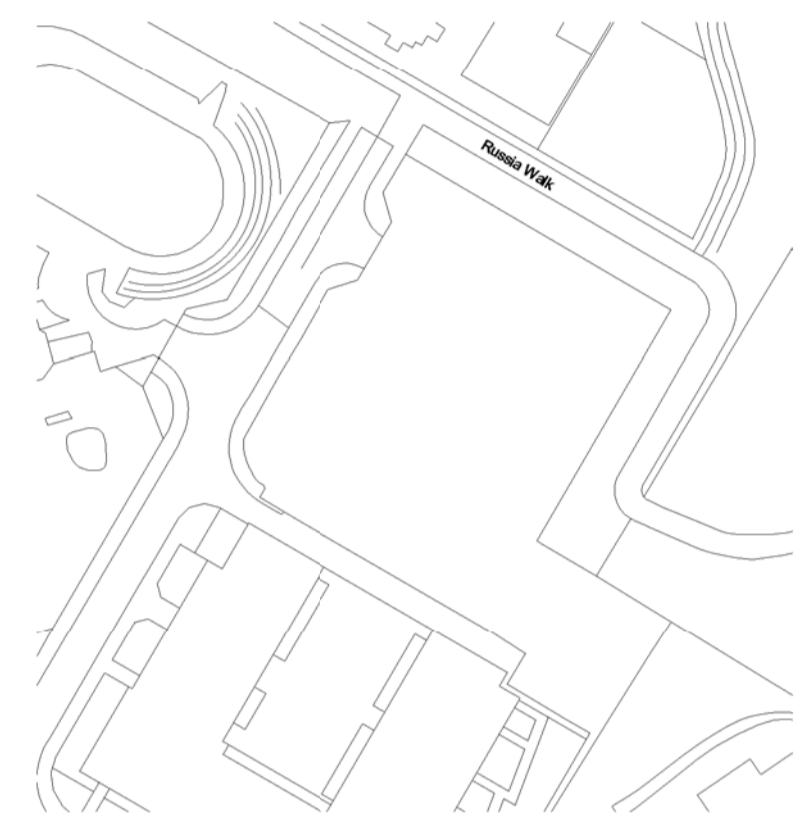
SOUTHWARK
PARK

Do not scale from this drawing. Use figured dimensions only. Figured dimensions are in millimetres. All dimensions shall be verified on site before proceeding with works. All levels are nominal: detailed site survey to be carried out to verify positions and level relationships with site features and ordnance survey. All levels are in metres. This drawing is for design intent only. This drawing is to be read in conjunction with other documentation from the architect, design team, main contractor and employer's agent. The architect must be notified of any discrepancies.

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04/05/18



KEY

— British Land Management Area Outline

Do not scale from this drawing. Use figured dimensions only. Figured dimensions are in millimetres. All levels are in metres. All dimensions and levels shall be verified on site before proceeding with works. Detailed site survey to be carried out to verify positions and level relationships with site features and ordnance survey. The Architect must be notified of any discrepancy. Boundaries are indicative only and are to be verified by others. Where building components are described in the specification as Descriptive Specification - (Contractor Design) elements shown on this drawing pertaining to those components are to be read as "Issued for Design Intent only".

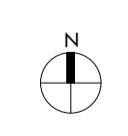
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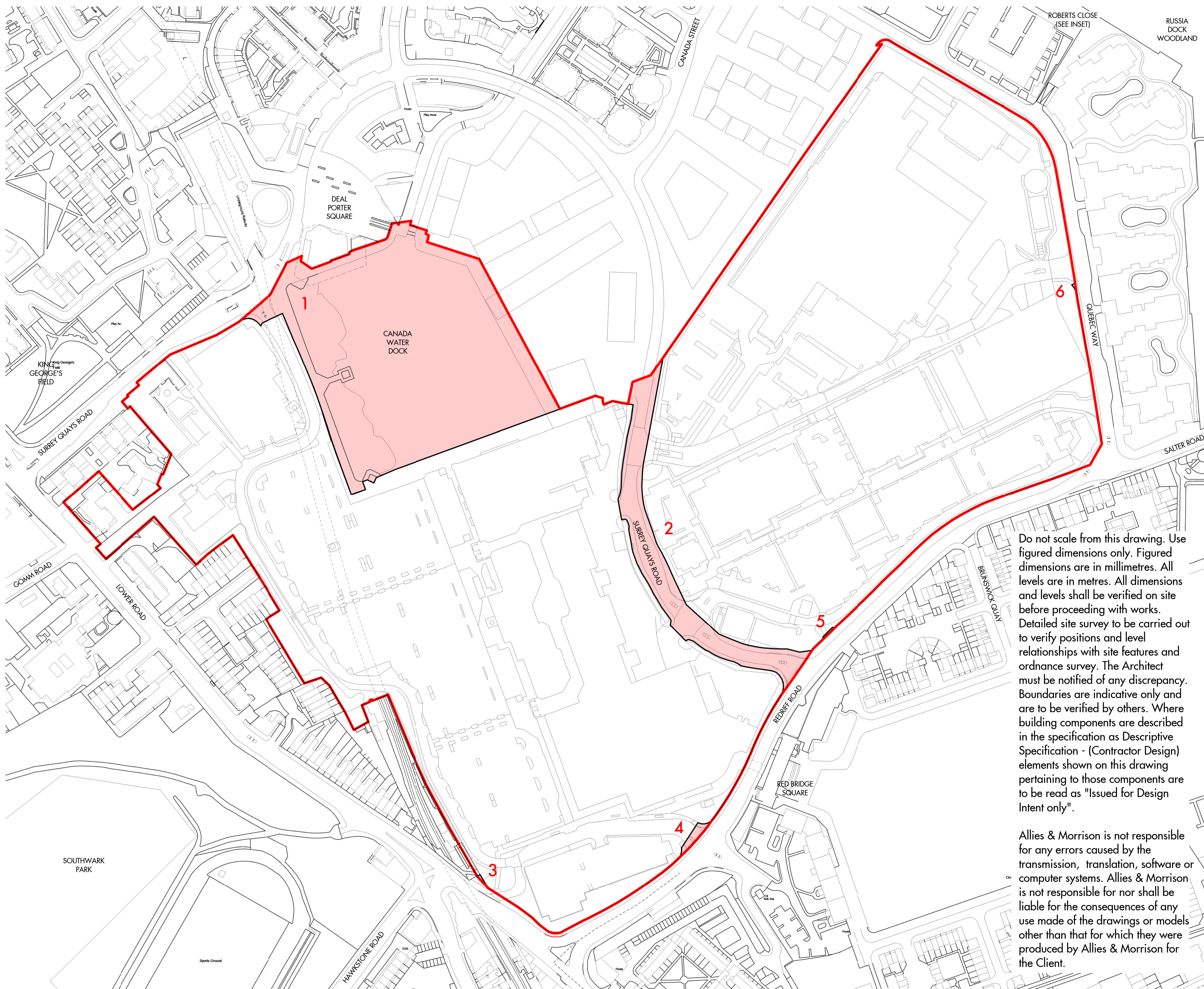
Canada Water Masterplan :
MDA - Redbridge Square

802_00_SK_206

SCALE 1 : 1250 @A1
SCALE 1 : 2500 @A3



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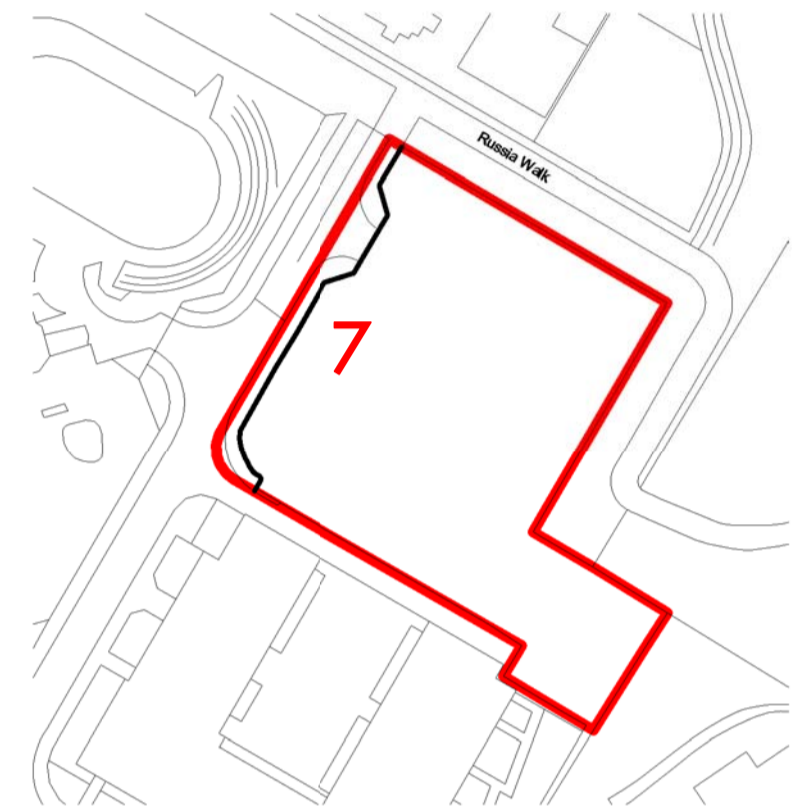
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REV	DATE	DESCRIPTION	CD
P 1	24/04/18	First Issue	DC

DRAFT AND CONFIDENTIAL

04/05/18

ROBERTS CLOSE



- KEY**
- Lease Demise Outline
 - Land not owned by British Land

Do not scale from this drawing. Use figured dimensions only. Figured dimensions are in millimetres. All levels are in metres. All dimensions and levels shall be verified on site before proceeding with works. Detailed site survey to be carried out to verify positions and level relationships with site features and ordnance survey. The Architect must be notified of any discrepancy. Boundaries are indicative only and are to be verified by others. Where building components are described in the specification as Descriptive Specification - (Contractor Design) elements shown on this drawing pertaining to those components are to be read as "Issued for Design Intent only".

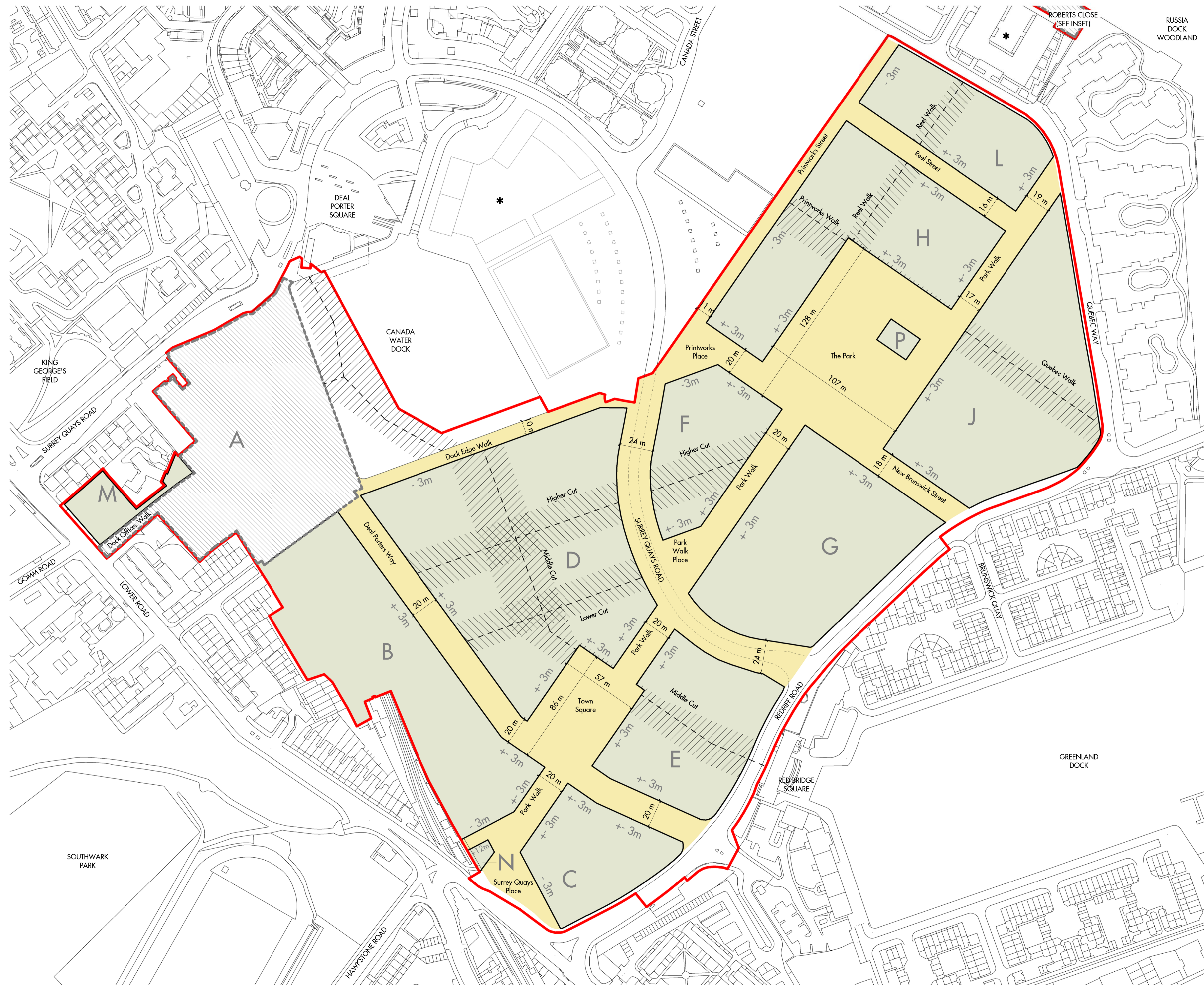
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Canada Water Masterplan :
MDA - Land not owned by British Land

802_00_SK_207
SCALE 1 : 1250 @A1
SCALE 1 : 2500 @A3

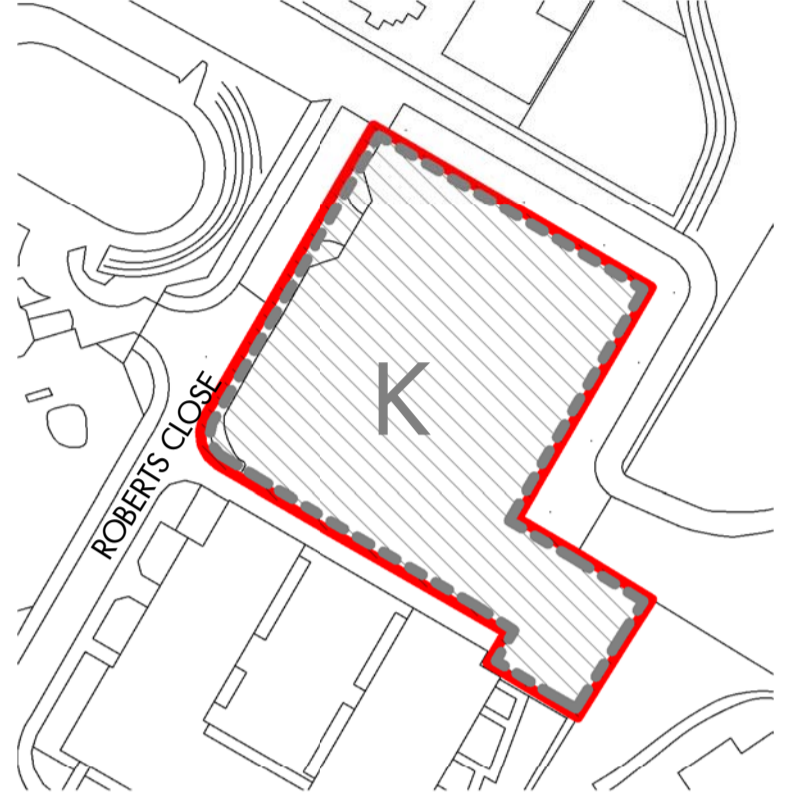
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REV	DATE	DESCRIPTION	CD
P 1	04/05/18	Planning Issue	DC

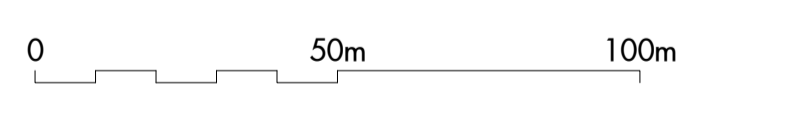
ROBERTS CLOSE SITE (INSET)



- KEY**
- Planning Application Boundary
 - Boundary of Detailed Proposal sites in respect of which detailed approval is sought
 - Development Zone Boundary
 - A Development Zone Reference
 - +/- m Limit of deviation of the Development Zone Boundary.
 - Minimum extent of Public Realm
 - Indicative location of public route
 - Limit of deviation for public route

Notes:

- Refer to Development Specification for further description of this plan, how it is to be secured by condition, and the quantum that applies.
- Refer to Design Guidelines for further description of this plan, particular guidelines and principles for the Development.
- Dimensions of the Public Realm shown on this Plan are minimum.
- Limits of Deviation defined in this drawing are relevant to other Parameter Plans. Please refer to corresponding notes on relevant Parameter Plans or Design Guidelines.
- The maximum footprint of the building on Development Zone P will be no bigger than 150 Sqm.
- Street and place names are working titles only.
- * Consented schemes under construction.



Canada Water Masterplan :
 Proposed Development Zones and Public Realm
 CWM-AAM-MP-ZZ-DR-A-07003

SCALE 1 : 1250 @A1
 SCALE 1 : 2500 @A3



HERBERT
SMITH
FREEHILLS

..... 20[•]

[BL CW HOLDINGS 2 LIMITED]

and

BL CW HOLDINGS LIMITED

HEADLEASE
of
Various parcels of land at Canada Water
in the London
Borough of Southwark

[REDACTED]

- [REDACTED]

Herbert Smith Freehills LLP

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Appendix 1: Plans

LAND REGISTRY PRESCRIBED CLAUSES

LR1. Date of lease	[•]
LR2. Title number(s)	<p>LR2.1 Landlord's title number <i>Land to be demised: [TGL147500, TGL93274, TGL185589, TGL359834, TGL106589, TGL128775][Title number to be given to the MLC PW Lease]</i></p> <p>LR2.2 Other title numbers:</p>
LR3. Parties to this lease	<p>Landlord [BL CW HOLDINGS 2 LIMITED whose registered office is at York House, 45 Seymour Street, London W1H 7LX (Co Regn. No [xx])]</p> <p>Tenant BL CW HOLDINGS LIMITED whose registered office is at York House, 45 Seymour Street, London, W1H 7LX (Co. Regn. No. 10398435)</p>
LR4. Property	<p>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.</p> <p>The premises as defined as the "Premises" in clause 1 of this lease.</p>
LR5. Prescribed statements etc.	None
LR6. Term for which the Property is leased	The term as defined as the "Term" in clause 1 of this lease.
LR7. Premium	None
LR8. Prohibitions or restrictions on disposing of this lease	This lease contains a provision that prohibits or restricts dispositions.
LR9. Rights of acquisition etc.	<p>LR9.1 Tenant's contractual rights to renew this lease, to acquire the reversion or another lease of the Property, or to acquire an interest in other land None</p> <p>LR9.2 Tenant's covenant to (or offer to) surrender this lease None</p> <p>LR9.3 Landlord's contractual rights to acquire this lease None</p>
LR10. Restrictive covenants given in this lease by the Landlord in respect of land other than the Property	None

<p>LR11. Easements</p>	<p>LR11.1 Easements granted by this lease for the benefit of the Property The easements as specified in Part 3 of schedule 1 to this lease.</p> <p>LR11.2 Easements granted or reserved by this lease over the Property for the benefit of other property The easements as specified in Part 2 of schedule 1 to this lease.</p>
<p>LR12. Estate rent charge burdening the Property</p>	<p>None</p>
<p>LR13. Application for standard form of restriction</p>	<p>The restriction as specified in clause 4.1.9 of this lease – standard form L.</p>
<p>LR14. Declaration of trust where there is more than one person comprising the Tenant</p>	<p>Not applicable</p>

THIS LEASE is made on the date and between the parties specified in the Land Registry Prescribed Clauses

1. **DEFINITIONS**

The following expressions have the respective specified meanings:

"1995 Act" means the Landlord and Tenant (Covenants) Act 1995;

"Adjoining Property" means the Estate excluding the Premises;

"Building" means the building or buildings from time to time erected or constructed on the Premises, including any replacement building;

"Conduits" means any pipe, pipeline, tube, drain, culvert, sewer, flue, duct, gutter, wire, cable, optic fibre, conduit, channel and other conducting and service media and systems of any description, function or purpose for the passage or transmission of any services or supplies, including all related structures, plant, machinery, apparatus valves, meters, pumps, switchgear and similar apparatus and any other apparatus ancillary thereto;

"Disposition" means the sale or the assignment of whole of this Lease or grant of an underlease of the whole of the Premises or of part of the Premises comprising one or more whole Plots or the assignment of the right to receive the rent reserved by this lease and **"Dispose"** shall be construed accordingly;

"Enactment" means all Parliamentary and subordinate legislation (including all regulations, directives, schemes and rules) and bye-laws in force from time to time;

"Estate" means the land and buildings known as the Canada Water estate shown edged [blue] on Plan [●] together with such other land as the Landlord may from time to time reasonably specify by (and with effect from the date of) notice to the Tenant;

"Group Company" means any company which is a subsidiary of the other or both are subsidiaries of a third company within the meaning of section 1159 of the Companies Act 2006 and **"Group Companies"** shall be construed accordingly.

"Insured Risks" means fire, lightning, explosion, riot, civil commotion, strikes, labour and political disturbances, malicious damage, aircraft and aerial devices (other than hostile aircraft and devices) and articles accidentally dropped from them, storm, tempest, flood, bursting or overflowing of water tanks and pipes, impact, earthquake, accidental damage to underground water, oil and gas pipes or electricity wires and cables, subsidence, landslip and heave and acts of terrorism, and such other property risks as the Tenant may reasonably from time to time insure, subject to any condition, exclusion or limitation which may be imposed by the Tenant's insurers but does not include any excess;

"Master Development Agreement" means the master development agreement relating to the Canada Water development dated [●] 2018 and made between (1) The Mayor and Burgesses of the London Borough of Southwark (2) BL CW Holdings Limited (3) BL CW Developments Limited and (4) The British Land Company PLC;

"Planning Law" means every Enactment and, to the extent they relate to the Premises, planning permission, statutory consent and agreement made under any Enactment relating to the use, development and occupation of land;

"Plans" means the plans annexed to this lease at Appendix 1 and **"Premises Plan"**, and **"Estate Plan"** means each of them so marked;

"Plot" means a Plot as defined in accordance with the terms of the Master Development Agreement;

"Pre-emption Land" means the interest the subject of any Disposal or proposed Disposal;

"Premises" means the land at Canada Water with HM Land Registry title numbers TGL147500, TGL359834, TGL128775, TGL93274, TGL185589 and TGL106589 more particularly described in Schedule 1;

"Statutory Successor" means any successor authority which takes on the competence and responsibilities of The Mayor and Burgesses of the London Borough of Southwark and in which the assets (or a substantial part of the assets as shall include (but not exclusively comprise) the freehold reversion immediately expectant on the determination of this lease or any part of it) of The Mayor and Burgesses of the London Borough of Southwark shall from time to time become vested;

"Stipulated Rate" means a yearly rate of interest, calculated on a daily basis (both before and after any judgement), [four] per cent above the base rate of [Barclays Bank Plc] or of such other UK bank as the Landlord may reasonably nominate at any time;

"Tenant's Mortgagee" means any mortgagee or chargee of this lease, notice of whose mortgage or charge has been given to the Landlord;

"Tenant's obligations" means every tenant covenant, as defined by the 1995 Act, of this lease and of every collateral agreement, as so defined;

"Term" means ***[499 years and 360 days from and including the Term Commencement Date]***;

"Term Commencement Date" means ***[the date of this lease]***;

"VAT" means Value Added Tax as referred to in the Value Added Tax Act 1994 (or any tax of a similar nature which may be substituted for, or levied in addition to, it); and

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

2. INTERPRETATION

2.1 Where a party is more than one person, their obligations are joint and several.

2.2 An obligation:

2.2.1 not to do or omit anything is also an obligation not to permit or suffer it being done or omitted by anyone deriving title from or tolerated by the person owing the obligation or by its or their employees or agents and to prevent or, as appropriate, to require it to be done;

2.2.2 to do or not omit anything is also an obligation to procure it; and

2.2.3 to make any payment or deposit requires it to be made so that the payee receives full value in cleared sterling funds on the date the payment is due or the deposit is made.

2.3 References in this lease to:

2.3.1 the Landlord means the person for the time being entitled to the immediate reversion or interest expectant on the Term;

2.3.2 the Tenant means the person for the time being entitled to the Term;

2.3.3 any clause or schedule are to those of this lease and references to any paragraph or Part are to those of the clause or schedule in which the reference appears;

2.3.4 a person entering the Premises or the Adjoining Property extend to anyone authorised by that person and to remaining on the Premises or the Adjoining Property (as the case may be) with any plant, equipment and materials;

2.3.5 a demand means a written one;

- 2.3.6 any consent, approval or agreement by the Landlord in connection with any proposed dealing with the Premises mean one delivered absolutely by the Landlord as a deed and, in connection with any other matter, mean one signed on the Landlord's behalf and, in every case, before the act requiring it and any statement that the consent, approval or agreement will not be unreasonably withheld also means that it will not be unreasonably delayed;
 - 2.3.7 the Premises, the Adjoining Property, any Building and the Estate extend, where the context permits, to any part of them;
 - 2.3.8 a specific Enactment includes every modification, consolidation and re-enactment and extension of it;
 - 2.3.9 the expiry of this lease mean the date when the tenancy constituted by it terminates and references to the last year of this lease mean the year ending on the expiry of this lease;
 - 2.3.10 any payment being due under this lease means that it is exclusive of any VAT and that the Landlord or the Tenant (as applicable) shall upon payment issue to the other a validly addressed VAT invoice or credit note if and when it is statutorily required to do so;
 - 2.3.11 anything which is stated to include anything else does not, by the inclusion, limit the generality of the matter referred to;
 - 2.3.12 any act, default or omission by the Tenant include any act, default or omission by anyone who claims through the Tenant or any of their employees, agents or visitors; and
 - 2.3.13 "land" has the meaning given by section 205 of the Law of Property Act 1925.
- 2.4 Clause and paragraph headings do not affect the construction of this lease.

3. **DEMISE**

The Landlord lets, with full title guarantee, the Premises to the Tenant for the Term together with the rights specified in [Part 3 of schedule 1] until the expiry of this lease, except and reserved to the Landlord, and anyone authorised by it, the rights specified in [Part 2 of schedule 1] and subject to all rights, obligations and other matters affecting the Premises.

4. **TENANT'S OBLIGATIONS**

The Tenant agrees with the Landlord:

4.1 **Rent**

To pay rent of £1 per annum, if demanded, as it falls due without appropriation, deduction or set-off and to such bank as the Landlord may nominate from time to time.

4.2 **VAT**

To pay the Landlord the equivalent of any VAT which the Landlord incurs on any amount for which the Tenant is required to reimburse or indemnify the Landlord except to the extent the Landlord lawfully obtains, or is lawfully entitled to claim, credit for such VAT, and all such VAT is payable at the same time as the sums to which it relates.

4.3 **Outgoings**

To pay all present and future rates, taxes, levies, costs, charges, impositions and other outgoings of whatever nature assessed on, or reasonably attributable to, the Premises, their use and occupation or on their owner or occupier until the expiry of this lease except

any tax payable by the Landlord on any dealing with the reversion to this lease or on the Landlord's receipt of income (save that this exception does not apply to VAT payable under clause 4.2).

4.4 Interest

To pay the Landlord interest on demand at the Stipulated Rate on money due to the Landlord under the Tenant's obligations which is not received within [21] days after the due date or (in the case of money due only on demand) date of demand, for the period commencing on the due payment date and ending when the debt is paid.

4.5 Compliance with Enactments

To comply with all Enactments relating to the Premises and the use and occupation of them and to anything which the Tenant does in connection with this lease (whether the requirement is imposed upon the owner or occupier) and not to do or omit anything which imposes a liability on the Landlord.

4.6 Preserving rights

To preserve all easements and other rights belonging to the Premises and not to give any acknowledgement that they are enjoyed by consent and not to permit any encroachment upon the Premises.

4.7 User

Not to use the Premises or exercise any right granted by this lease for any illegal purpose.

4.8 Dealings with the lease

4.8.1 Not to assign any part of the Premises.

4.8.2 Not to underlet any part of the Premises save for one or more whole Plots of or at the Premises.

4.8.3 Not to underlet the whole of the Premises or one or more whole Plots of the Premises unless the undertenant enters into a direct deed of covenant with the Landlord before completion of the underlease to comply with the Tenant's obligations under this Lease (in so far as applicable to the underlet Premises) in such form as the Landlord shall reasonably require.

4.8.4 Not to assign the whole of the Premises save where the assignee enters into a direct deed of covenant with the Landlord on or before completion of the assignment to comply with the Tenant's obligations under this Lease in such form as the Landlord shall reasonably require.

[Engrossment drafting note: alienation provisions to be considered further and updated dependant upon terms of grant of Lease to BL CW2]

4.9 Notice of dealings with the lease

Within one month after any dealing with or devolution of any estate or interest in or derived out of this lease, to give the Landlord notice of the relevant transaction with a certified copy of the relevant document and pay the Landlord's solicitor's reasonable registration fee.

4.10 Obligations affecting the reversion

To comply, by way of indemnity only, with all obligations affecting the Premises and not to interfere with any rights which benefit them including, in each case, those contained or referred to in the documents referred to in schedule 3.

4.11 Pre-emption right¹

- 4.11.1 The Tenant shall not at any time assign or transfer or underlet any part of the Premises to any third party (other than the Landlord) or otherwise assign or transfer the Pre-emption Land or assign the right to receive the rent reserved by this Lease without having first offered to assign or transfer the Pre-emption Land to the Landlord in accordance with this clause 4.11.
- 4.11.2 If the Tenant receives an offer for any assignment or transfer from a third party on terms which are reasonably satisfactory to the Tenant or otherwise wishes to assign or transfer the Pre-emption Land, the Tenant shall give notice to the Landlord of such offer (if applicable), together with full details of the price and terms which the third party proposes (the "Offer Notice").
- 4.11.3 If, within three months after the date of service of an Offer Notice, the Landlord serves a counter-notice on the Tenant confirming that it wishes to acquire the Pre-emption Land (the "Acceptance Notice"), (subject to clause 4.11.8) the Tenant shall proceed to assign or transfer the Pre-emption Land to the Landlord at the price and on the terms contained in the Offer Notice or at the price or on such terms as are otherwise agreed by the Tenant and the Landlord.
- 4.11.4 If no Acceptance Notice is received by the Tenant within three months after the date of service of the Offer Notice, the Tenant shall be entitled to sell its interest in the Pre-emption Land to any third party within six months after the date of service of the Offer Notice at [REDACTED] of the price and on terms not substantially less advantageous to the Tenant than those contained in the Offer Notice and, if the Tenant shall not sell the Pre-emption Land to the third party within such [REDACTED] period, the provisions of this clause 4.11 shall again apply.
- 4.11.5 Any assignment or transfer to the Landlord shall be on the following terms:
- (A) the assignment or transfer is to be subject to the edition of the Standard Commercial Property Conditions of Sale current at the date when the contract for the assignment or transfer is made, so far as they are applicable to and not inconsistent with or varied expressly or impliedly, the these terms;
 - (B) the assignment or transfer is to be completed on the first working day after the expiry of three months from the date of the Acceptance Notice (or on such alternative date as agreed by the Landlord and the Tenant) and shall be made by the Landlord with full title guarantee as legal and beneficial owner of the Pre-emption Land;
 - (C) the assignment shall take effect subject to and with the benefit of the entries on the official copy entries for the Pre-emption Land as at the date of the assignment or transfer; and
 - (D) completion of the assignment or transfer is not to prejudice the accrued rights of the parties.
- 4.11.6 Time is of the essence in respect of all periods referred to in clause 4.11.
- 4.11.7 Any offer to the Landlord within this clause 4.11 will be deemed to extend to all Group Companies of the Landlord and any Group Company of the Landlord may accept the Tenant's offer by serving an Acceptance Notice.

4.11.8 On any assignment or transfer by the Tenant, to procure that the assignee or transferee enters into a direct deed of covenant with the Landlord to comply, for the period from and including the date of the relevant assignment or transfer with this clause 4.11.

4.11.9 That the Tenant consents to the entry of the following restriction against title number [to be attributed to this lease] and the Landlord shall provide the Tenant with all reasonable assistance to permit the entry of the following title restriction:

No disposition of the registered estate (other than a charge) by the proprietor of the registered estate, or by the proprietor of any registered charge, not being a charge registered before the entry of this restriction, is to be registered without a certificate signed by a conveyancer that the provisions of clause [4.11.8] of a lease dated [●] made between (1) BL CW Holdings Limited and (2) BL CW Holdings 2 Limited have been complied with or that they do not apply.

5. LANDLORD'S OBLIGATIONS

The Landlord agrees with the Tenant:

5.1 Quiet enjoyment

That the Tenant may peaceably hold and enjoy the Premises without any interruption by the Landlord or any person rightfully claiming from or in trust for it.

6. OTHER AGREEMENTS AND DECLARATIONS

6.1 Forfeiture protection

6.1.1 The Landlord shall not exercise any right of forfeiture or re-entry at common law.

6.1.2 Without prejudice to Clause 6.1.1, the Landlord may not exercise any right of forfeiture or re-entry at law unless it has first given to the Tenant and any Tenant's Mortgagee (insofar as the Landlord is aware of the identity of any such Tenant's Mortgagee at the time of such notice) not less than an initial 60 Working Days' notice (the "Initial Notice") and then a further 60 Working Days' notice following the Initial Notice (the "Second Notice") of that intention and specifying the grounds for so doing.

6.1.3 [Any right of forfeiture or re-entry of the Landlord at law shall be overridden if the breach of condition is capable of remedy and within the period of 90 Working Days after the date of the Second Notice any Tenant's Mortgagee:

- (A) gives notice to the Landlord requiring it not to re-enter the Premises or forfeit this lease;
- (B) acknowledges to the Landlord by a direct deed of covenant in a form reasonably required by the Landlord that the relevant Tenant's Mortgagee is assuming the Tenant's obligations;
- (C) takes substantive steps acceptable to the Landlord (acting reasonably) towards remedying breach of the condition with reasonable speed; and
- (D) pays to the Landlord any monies which have become due under this lease and are then unpaid.]

6.1.4 [Clause 6.1.3 operates without prejudice to any other rights and remedies against forfeiture which the Tenant and any Tenant's Mortgagee may have at law.]

6.1.5 Time shall be of the essence in respect of all matters referred to in this clause 6.1.

6.2 No implied rights

6.2.1 Neither the Tenant nor the Premises is, or will be, entitled to any type of right over any land of the Landlord and, if anything is enjoyed over such land in the future, it will be enjoyed by revocable consent.

6.2.2 Clause 6.2.1 does not apply to any right described in Part 3 of schedule 1.

6.2.3 The Tenant may not enforce, or prevent the release or modification of, any type of right or obligation attaching to the Landlord's interest in any land so as to prevent or restrict its development or use.

6.2.4 Any provision of this lease which would, apart from this provision, be in conflict with this clause takes effect subject to it.

6.3 Service of notices

6.3.1 Any notice under this lease:

(A) must be in writing, addressed to the relevant party at a correct address; and

(B) may be served by:

(1) post or personal delivery (but not by facsimile, e-mail, other electronic means of transmission, any document exchange nor by any other means);

(2) an agent of the serving party but not on an agent of the party to be served.

6.3.2 An addressee's correct address is any of:

(A) the registered office of a corporate addressee; and

(B) an address for service within the United Kingdom as last notified by a foreign party to the serving party, if the addressee is a foreign party.

6.3.3 For the purpose of calculating any notice period associated with the service of a notice, the period begins on the date the notice is given to the party to be served.

6.3.4 A notice is given:

(A) by post, on the date of the second (or, if earlier receipt is proved, the first) day after the date when the notice is posted; and

(B) by personal delivery, on the date when the notice is delivered, to a correct address of the party to be served.

6.3.5 In this lease any reference to giving notice is synonymous with notifying and vice versa; and "give", "send", "serve" and "deliver" are synonymous.

6.3.6 A foreign party agrees to maintain and keep the other party notified of a correct address for the purposes of clause 6.3.2(B) at all times.

6.4 No warranty as to use

There is no warranty by the Landlord (and no exercise of any of the Landlord's powers under this lease constitutes a warranty) that the Premises are authorised under Planning Law to be used, or are otherwise fit, for any specific purpose.

6.5 Overriding lease

If, before the expiry of this lease, the Landlord grants a tenancy of the reversion immediately expectant on the determination of this lease, whether under section 19 of the 1995 Act or otherwise, any obligation of the Tenant to obtain the consent of the Landlord under this lease to any dealing with it includes an obligation to obtain the consent of the lessor under such tenancy to that dealing.

6.6 Exclusion of Third Party Rights

The parties confirm that no term of this lease [(other than clause 6.1 which is capable of being enforced by any Tenant's Mortgagee)] is enforceable under the Contracts (Rights of Third Parties) Act 1999 by a person who is not a party to it.

6.7 No Compensation

Any statutory right of the Tenant to claim compensation from the Landlord on vacating the Premises is excluded to the extent allowed by law.

6.8 Rights and Easements

The operation of section 62 of the Law of Property Act 1925 is excluded from this lease and the only rights granted to the Tenant are those set out in this lease and (subject to clause 6.12) the Tenant is not entitled to any other rights affecting any adjoining property.

6.9 Limitation of Landlord's liability

If a person who is the Landlord of this lease assigns the reversionary interest in the Premises, either by transfer, by the grant of a term of years in reversion to this lease or by operation of law (and notwithstanding that the assignment operates in equity only pending registration at HM Land Registry), that person:

- (A) is released from the Landlord's obligations under this lease; and
- (B) ceases to be entitled to the benefit of the Tenant's obligations;

as from the assignment except in respect of any antecedent breach.

6.10 Law, Jurisdiction and Severance

6.10.1 This lease and any dispute or claim arising out of or in connection with it or its subject matter, existence, negotiation, validity, termination or enforceability (including non-contractual disputes or claims) shall be governed by and construed in accordance with English law and within the exclusive jurisdiction of the English courts, to which the parties irrevocably submit.

6.10.2 Each party agrees that any claim form or other document to be served under the Civil Procedure Rules may be served on it by being delivered to or left at a correct address for the purposes of clause 6.3.2.

6.10.3 If any provision of this lease is void or prohibited under any Enactment due to any applicable law, it shall be deemed to be deleted and the remaining provisions of this lease shall continue in force.

6.11 **Not Used.**

6.12 **Further assurances**

- 6.12.1 The Landlord and the Tenant each agree and acknowledge that, at the date of this lease, the Initial Development has not yet commenced and that the provisions of this lease (including the rights granted and reserved by this lease and the Plans) may need to be varied and/or supplemented to grant the Landlord or the Tenant or both of them or any other person claiming through or deriving title from either of them further rights and/or oblige them to do such further acts and things for all purposes in connection with the delivery of the Initial Development.
- 6.12.2 In the event that the Landlord or the Tenant reasonably requests the other to agree any variation of this lease and/or grant of any additional rights granted or reserved or enter into any additional obligations pursuant to Clause 6.12.1, the Landlord and the Tenant shall each use their reasonable endeavours to agree the terms of and to document such variation and/or additional rights or obligations at the proper and reasonable cost of the requesting party.
- 6.12.3 Notwithstanding Clauses 6.12.1 and 6.12.2, the Landlord and the Tenant each agree, at any time and at the request and proper and reasonable cost of the other, to grant (in so far as lawfully able to do so) any rights (including in relation to management, access, servicing, planning and the carrying out of works) for the benefit of the Adjoining Property or the Premises (as applicable) where reasonably required by the Landlord or the Tenant respectively or any person claiming through or deriving title from them.
- 6.12.4 The Landlord and the Tenant each agree (at the other's proper and reasonable cost but subject to clause 6.12.5) to do all such further acts and things and execute or procure the execution of all such other documents as the other party may reasonably require for the purpose of giving full effect to the provisions of this lease.
- 6.12.5 The Landlord and the Tenant each agree that they shall act in good faith towards one another in relation to all matters the subject of this lease and shall not, as a term of granting any consent, approval, easement or other act or thing which the other party may reasonably require for the benefit of (in the case of Landlord) the Adjoining Property or (in the case of the Tenant) the Premises, require the payment of any substantial fine, ransom payment, special premium or other substantial consideration or collateral advantage, but shall instead be entitled to require payment of fair compensation together with any relevant professional fees properly and reasonably incurred.

IN WITNESS whereof this deed has been executed by the parties hereto and is intended to be and is hereby delivered on the date first above written.

SCHEDULE 1

PART 1

(THE PREMISES)

All that land demised by and more particularly described in the lease dated [insert date] made between (1) BL CW Holdings Limited and (2) BL CW Holdings 2 Limited of various parcels of land at Canada Water in the London Borough of Southwark

PART 2

(EXCEPTIONS AND RESERVATIONS)

The following rights are excepted and reserved out of the Premises to (save where otherwise specifically provided) the Landlord, any superior landlord (being a person entitled to any tenancy of the reversion (whether mediately or immediately) expectant on the determination of this lease or any part of it from time to time or the assignment of the right to receive the rent reserved by this lease), any tenants or occupiers of the Adjoining Property and all other persons authorised by the Landlord or by such tenants or occupiers or having the like rights:

1. The free and uninterrupted passage and running of water, soil, sewage, gas, air, smoke, electricity, light, information, telecommunications and other transmissions, services or supplies through any Conduits which are now or may at any time be in, on, under or passing through or over the Premises (but not so as to overload the same) and the right to connect into such Conduits for the benefit of the Adjoining Property.
2. The right at any time on reasonable prior notice (except in the case of emergency) to enter and remain upon any part of the Premises not covered by Buildings or other structures and immediately adjoining or adjacent to any part of the Adjoining Property for the purpose of carrying out any repairs or other work on or redevelopment or alterations to the Adjoining Property or any repairs or other work which the Landlord must or may carry out under this lease or otherwise, the Landlord remaining on the Premises only so long as is reasonably necessary to carry out such works and making good as soon as reasonably practicable any damage caused in the exercise of such rights.
3. The right to deal in any manner whatsoever with the Adjoining Property and to erect, maintain, redevelop, rebuild or alter any buildings or structures whatsoever on the Adjoining Property notwithstanding that the rights of light or air on the Premises may be diminished or affected.
4. The right to support, shelter and protection for the Adjoining Property as the same is now or at any time enjoyed from the Premises.

PART 3
(RIGHTS GRANTED)

The following rights (in common with all others for the time being authorised by the Landlord or otherwise entitled) for (save where otherwise specifically provided) the Tenant and any permitted undertenant and occupier of the Premises and those claiming through, deriving title from, and authorised by them:

1. The right of free and uninterrupted passage and running of water, surface water, drainage, sewage, soil, gas, air, smoke, electricity, light, information telecommunications and other transmissions, services and supplies to and from the Premises and the Adjoining Property in and through any Conduits and infrastructure now or at any time to be constructed or installed in or under the Adjoining Property to the extent that the same are not or do not become adopted and serve or are capable of serving the Estate and/or the Premises.
2. The right to connect into any Conduits and infrastructure now or at any time to be constructed or installed in or under the Adjoining Property and serving the Estate and/or the Premises and to lay new Conduits and infrastructure in the Premises and the Adjoining Property serving the Estate and/or the Premises and thereafter to inspect, repair, renew, replace, clean and maintain the same, the persons exercising such rights causing any such works to be carried out causing as little damage as reasonably practicable and making good as soon as reasonably practicable and to the reasonable satisfaction of the Landlord any damage so caused to the Adjoining Property provided that the Landlord may re-route or alter any such Conduits and infrastructure within the Adjoining Property, the Landlord (a) exercising all reasonable endeavours to minimise any disruption caused and (b) ensuring that the suitability and capacity of the conduits and the infrastructure is not materially adversely affected.
3. The right for the Tenant to carry out (or procure the carrying out of) development and any works required to repair, rebuild, alter, renew or reinstate the Premises or any Building and (so far as it is on or relates to the Premises) the Initial Development or any Subsequent Development following damage or destruction in each case notwithstanding any rights of light or air or other rights and easements in favour of the Adjoining Property may be diminished or affected.
4. The right (to the extent that such works cannot reasonably be carried out from within the Premises and subject to obtaining necessary consents of any other owners and occupiers) on reasonable notice to the Landlord (except in the case of emergency) to enter and remain on any part of the Adjoining Property which remains unbuilt upon and is immediately adjoining or adjacent to any part of the Premises with or without vehicles and/or equipment for the purposes of:
 - 4.1.1 inspecting, repairing, renewing, replacing, cleaning and maintaining any Conduits and infrastructure serving the Estate and/or the Premises;
 - 4.1.2 carrying out development and any works required to repair, rebuild, or reinstate the Premises or any Building and (so far as it is on or relates to the Premises) the Initial Development or any Subsequent Development following damage or destruction;
 - 4.1.3 carrying out any works required or permitted under this lease and exercising and performing any other Tenant's rights and obligations contained in this lease or as may be required by any Enactment;the persons exercising this right causing such works to be carried out causing as little damage as reasonably practicable and making good as soon as reasonably

practicable and to the reasonable satisfaction of the Landlord any damage so caused to the Adjoining Property.

5. The right of escape in the case of emergency (including practice for emergency) from the Premises over, along or through such routes within the Adjoining Property as are required to satisfy the proper requirements of any relevant competent statutory body.
6. The right of support, shelter and protection for the Premises as the same is now or at any time enjoyed from any Adjoining Property.

**SCHEDULE 2
(COVENANTS ETC.)**



APPENDIX 1
(PLANS)

EXECUTED AS A DEED by
[BL CW HOLDINGS 2 LIMITED]
acting by
[names of two of its directors or
a director and its secretary]

)
)
)
)
)

.....
Director

.....
[Director/Secretary]

EXECUTED AS A DEED by
BL CW HOLDINGS LIMITED
acting by
[names of two of its directors or
a director and its secretary]

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Director

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[Director/Secretary]