

Dated

[LANDLORD]

and

[TENANT]

and

[GUARANTOR]

LEASE

Relating to premises known as [DETAILS]

**THE LAW SOCIETY'S SHORT FORM MODEL
COMMERCIAL LEASE (OFFICE/PART)**

Draft 04.08.17

[DRAFTING NOTE: THIS LEASE IS INTENDED TO BE USED AS A TEMPLATE. IT SHOULD BE ALTERED TO REFLECT ANY REQUIREMENTS THAT ARE SPECIFIC TO THE PROPERTY, PARTIES AND TERMS OF THE TRANSACTION. A COMPARISON AGAINST THIS TEMPLATE SHOULD BE SUPPLIED WHEN THE DRAFT LEASE IS FIRST SUBMITTED TO THE TENANT'S SOLICITORS.]



The Law Society

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LEASE

LAND REGISTRY PRESCRIBED CLAUSES

LR1. Date of lease	
LR2. Title number(s)	
LR2.1 Landlord's title number(s)	[TITLE NUMBER].
LR2.2 Other title numbers	[None][TITLE NUMBER].
LR3. Parties to this lease	
Landlord	[LANDLORD] (incorporated and registered in [England and Wales] [the United Kingdom] [COUNTRY] under company registration number [COMPANY NUMBER]), the registered office of which is at [ADDRESS].
Tenant	[TENANT] (incorporated and registered in [England and Wales] [the United Kingdom] [COUNTRY] under company registration number [COMPANY NUMBER]), the registered office of which is at [ADDRESS].
[Guarantor	[GUARANTOR] (incorporated and registered in [England and Wales] [the United Kingdom] [COUNTRY] under company registration number [COMPANY NUMBER]), the registered office of which is at [ADDRESS].]
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 described as the "Premises" in clause 1 of this Lease.
LR5. Prescribed statements etc.	None.
LR6. Term for which the Property is leased	The term starting on[] and ending on []
LR7. Premium	[None.] [£ [AMOUNT] plus VAT of [AMOUNT]]
LR8. Prohibitions or restrictions on disposing of this lease	This Lease contains a provision that prohibits or restricts dispositions.
LR9. Rights of acquisition etc.	
LR9.1 Tenant's contractual rights to renew this lease, to acquire the reversion or another lease of the Property, or to acquire an interest in other land	None.
LR9.2 Tenant's covenant to (or offer to) surrender this lease	None.
LR9.3 Landlord's contractual rights to acquire this lease	None.

LR10. Restrictive covenants given in this lease by the Landlord in respect of land other than the Property	None.
LR11. Easements	
LR11.1 Easements granted by this lease for the benefit of the Property	As specified in this Lease at Part 1 of Schedule 1 .
LR11.2 Easements granted or reserved by this lease over the Property for the benefit of other property	As specified in this Lease at Part 2 of Schedule 1 .
LR12. Estate rentcharge burdening the Property	None.
LR13. Application for standard form of restriction	[None.][The Parties to this lease apply to enter the following standard form of restriction [against the title of the Property] or [against title number [NUMBER]].]
LR14. Declaration of trust where there is more than one person comprising the Tenant	<p>The Tenant is more than one person. They are to hold the Property on trust for themselves as joint tenants.</p> <p>OR</p> <p>The Tenant is more than one person. They are to hold the Property on trust for themselves as tenants in common in equal shares.</p> <p>OR</p> <p>The Tenant is more than one person. They are to hold the Property on trust [<i>complete as necessary</i>].</p>

LEASE

PARTIES

- (1) the Landlord named in clause LR3 and any other person who becomes the immediate landlord of the Tenant (the "**Landlord**"); [and]
- (2) the Tenant named in clause LR3 and its successors in title (the "**Tenant**")[: and]
- (3) [the Guarantor named in clause LR3 (the "**Guarantor**")].

IT IS AGREED AS FOLLOWS:

1. DEFINITIONS

This Lease uses the following definitions:

"Accounting Period"	the period of twelve months ending on [DATE] in each year or otherwise as the Landlord may decide and notify to the Tenant;
["Break Date"]	[DATE];]
"Building"	the property comprising land and buildings known as [DESCRIPTION] shown edged blue on the Plans including all alterations, additions and improvements and all landlord's fixtures forming part of it at any time during the Term;
"Business Day"	any day other than a Saturday, Sunday or a bank or public holiday in England and Wales;
"Common Parts"	subject to paragraph 4 of Part 2 of Schedule 1 , any part of, or anything in, the Building that does not form part of a Lettable Unit and that is used or available for use by the Landlord, the Tenant or visitors to the Building;
"Conducting Media"	any media for the transmission of Supplies but not including any service risers or any other airspace through which the media run;
"Discretionary Services"	those services and costs listed in Part 4 of Schedule 3 ;
"End Date"	the last day of the Term howsoever it ends [or the last day of any continuation of the tenancy by statute] ¹ ;
"EPC"	an energy performance certificate and recommendation report as defined in the Energy Performance of Buildings (England and Wales) Regulations 2012;
"Group Company"	in relation to any company, any other company within the same group of companies as that company within the meaning of section 42 of the Landlord and Tenant Act 1954;

¹ Exclude the words in square brackets if the Lease is contracted out.

["Index"]	the "all items" figure of the Index of [Retail] [Consumer] Prices published by the Office for National Statistics or any successor Ministry, Department or Government Agency; ²]
"Insurance Rent"	the sums described in paragraph 1.1 of Schedule 4 ;
"Insured Risks"	fire, lightning, explosion, storm, flood, tempest, subsidence, landslip, heave, earthquake, burst or overflowing water pipes, tanks or apparatus, impact by aircraft or other aerial devices and any articles dropped from them, impact by vehicles, terrorism, riot, civil commotion and malicious damage to the extent, in each case, that cover is generally available on normal commercial terms in the UK insurance market at the time the insurance is taken out, and any other risks against which the Landlord reasonably insures from time to time, subject in all cases to any excesses, limitations and exclusions imposed by the insurer;
"Interest Rate"	three per cent above the base rate for the time being in force of [NAME OF BANK] (or any other UK clearing bank specified by the Landlord);
"Lease"	this lease, which is a "new tenancy" for the purposes of section 1 of the Landlord and Tenant (Covenants) Act 1995, and any document supplemental to it;
"Lettable Unit"	(a) accommodation within the Building from time to time let or occupied or intended for letting or occupation; or (b) those premises or areas of the Building from time to time occupied or used or available for occupation or use by the Landlord (or a parent or subsidiary company or undertaking of the Landlord within the meanings of sections 1159, 1161 and 1162 of the Companies Act 2006), other than areas used only for the provision of Services to, and management of, the Building;
"Main Rent"	[AMOUNT IN WORDS] pounds (£[AMOUNT IN FIGURES]) yearly[as increased (if at all) under Schedule 2];
"Notice"	any notice, notification or request given or made under this Lease;
"Obligatory Services"	those services and costs listed in Part 3 of Schedule 3 ;
"Outgoings"	all existing and future rates, taxes, duties, charges, and financial impositions charged on the Premises except for tax on the receipt of Rents and any tax arising from the Landlord's dealing with its own interests;

² Only needed where there is to be a service charge cap or rent review calculated by reference to RPI or CPI

"Permitted Use"	offices;
"Plans"	any of the plans contained in this Lease;
"Premises"	the premises known as [ADDRESS OF PREMISES] forming part of the Building and shown edged red on the Plans including all [windows and doors,] all internal non-structural walls and the internal surfaces of the ceiling and floor slabs and walls and tenant's fixtures, but excluding the foundation, structure, loadbearing walls, beams and columns, ceiling and floor slabs and the roof of the Building [and the windows and doors of the Premises];
"Rent Commencement Date"	[DATE OR DESCRIPTION];
"Rent Days"	[25th March, 24th June, 29th September and 25th December;][the first day of every month;]
["Rent Review Date[s]"]	[DATE] in [each of] the year[s] [YEAR] [and [YEAR]] [and "Rent Review Date" means the relevant Rent Review Date];]
"Rents"	the Main Rent, the Insurance Rent, the Service Charge, any VAT payable on them and any interest payable under clause 4.3 ;
"Risk Period"	the period of [three] ³ years starting on the date of the relevant damage or destruction;
["Schedule of Condition"]	the schedule attached to this Lease and marked "Schedule of Condition"; OR the photographs of the Premises stored on the [CD-Rom/Memory Stick] entitled "Schedule of Condition" and attached to this Lease; OR the photographs of the Premises stored as a data file at [INSERT CLOUD ADDRESS];]
"Service Charge"	subject to paragraph 2 of Schedule 3 , a fair proportion of the Service Costs (calculated on a floor area basis of all the Lettable Units, or any other method as the Landlord from time to time decides);
["Service Charge Cap"]	£[FIGURE] for each Accounting Period of the Term; OR £[FIGURE] for the first Accounting Period and for each subsequent Accounting Period for which the calculation is being made the sum found by

³ Check the landlord's insurance policy for the duration of cover for loss of rent

	<p>applying the following formula:</p> <p>£[FIGURE] x (A/B)</p> <p>where:</p> <p>A is the Index at the beginning of the Accounting Period for which the calculation is being made; and</p> <p>B is the Index at the beginning of the first Accounting Period;]</p>
"Service Costs"	the costs (including any VAT that is not recoverable by the Landlord from HM Revenue & Customs) incurred by the Landlord in providing the Services;
"Service Charge Statement"	a written statement of the Service Charge and the Service Costs in an Accounting Period;
"Services"	the services listed in Part 3 and Part 4 of Schedule 3 provided in an Accounting Period;
["Superior Landlord"	the landlord of any Superior Lease;]
["Superior Lease"	the lease dated and made between (1) (2) (3) under which the Landlord's interest in the Building is held and also includes any leasehold reversion whether or not immediate to that lease;]
"Supplies"	water, gas, air, foul and surface water drainage, electricity, oil, telephone, heating, telecommunications, internet, data communications and similar supplies or utilities;
"Term"	the term mentioned in LR6;
"Title Matters"	the matters contained or referred to in title number[s] [TITLE NUMBER(S)] other than financial charges;
"Uninsured Damage"	<p>damage to or destruction of the Building, leaving the whole or substantially the whole of the Premises unfit for occupation or use by the Tenant, or preventing access to the Premises, by a risk which is not an Insured Risk because:</p> <p>(a) cover for that risk is not generally available on normal commercial terms in the UK insurance market at the time the insurance is taken out, or</p> <p>(b) the risk is not insured because of exclusions or limitations otherwise than under normal excess provisions, imposed by the insurer;</p>
"VAT"	value added tax or any similar tax from time to time replacing it or performing a similar function.

2. INTERPRETATION

In this Lease:

- 2.1 "notify", "notifies" or "notifying" means notify, notifies or notifying in writing in accordance with **clause 6.3**;
- 2.2 obligations owed by or to more than one person are owed by or to them jointly and severally;
- 2.3 all headings are for convenience only and do not affect the construction or interpretation of this Lease;
- 2.4 an obligation to do something includes an obligation not to waive any obligation of another person to do it;
- 2.5 an obligation not to do something includes an obligation not to allow or suffer another person to do it;
- 2.6 the Tenant will be liable for any breaches of its obligations in this Lease committed by any authorised occupier of the Premises or its or their respective employees, licensees or contractors or any person under its or their control;
- 2.7 reference to either the Landlord or the Tenant having a right of approval or consent under this Lease means a prior written approval or consent, which must not be unreasonably withheld or delayed except where this Lease provides that either the Landlord or the Tenant has absolute discretion;
- 2.8 apart from in clause 4.4.1, where either the Tenant or the Landlord must pay any costs that the other incurs (or any proportion of them), those costs must be reasonable and reasonably incurred;
- 2.9 reference to "the Building", "the Common Parts" or "the Premises" means the whole or an individual part or parts unless inappropriate in the context used;
- 2.10 references to statutes include statutory instruments and include those statutes and statutory instruments as amended from time to time and to any legislation that replaces them but references to the Town and Country Planning (Use Classes) Order 1987 are to that Order as in force at the date of this Lease;
- 2.11 "includes", "including" and similar words are used without qualifying the subject matter of the relevant provision;

3. **DEMISE**

The Landlord leases the Premises to the Tenant for the Term together with the rights listed in **Part 1 of Schedule 1** and reserving to the Landlord and those authorised by the Landlord the rights listed in **Part 2 of Schedule 1** subject to the Title Matters and any other easements, rights and privileges currently existing and affecting the Premises.

4. **TENANT'S OBLIGATIONS**

4.1 **Rents**

4.1.1 The Tenant must pay the Rents when they are due by electronic transfer from a United Kingdom bank account to the United Kingdom bank account notified by the Landlord to the Tenant without any deduction, set-off or counterclaim unless required to do so by law.

4.1.2 The Main Rent is payable by equal [monthly/quarterly] payments in advance on the Rent Days in every year. The first payment will be for the period starting on (and to be paid on) the Rent Commencement Date and ending on the last day of that [month/quarter].

4.2 **Outgoings and supplies**

The Tenant must pay the Outgoings and the costs of Supplies in relation to the Premises, including meter rents and standing charges, when demanded.

4.3 Interest on overdue payments

The Tenant must pay interest on Rents or other sums not paid on or by the due date (or, if no date is specified, not paid within 10 Business Days after the date of demand). Interest is payable at the Interest Rate on so much as from time to time remains unpaid for the period starting on the due date (or date of demand) and ending on the date of payment.

4.4 Fees incurred by the Landlord

4.4.1 The Tenant must pay on demand the Landlord's costs (including legal and surveyor's charges and bailiff's and enforcement agent's fees) and disbursements in connection with:

- (a) any breach of the Tenant's obligations in this Lease, including the preparation and service of a notice under section 146 of the Law of Property Act 1925; and
- (b) the preparation and service of a schedule of dilapidations served no later than six months after the End Date.

4.4.2 The Tenant must pay on demand the Landlord's costs (including legal and surveyor's charges) and disbursements in connection with any application by the Tenant for consent under this Lease, whether that application is withdrawn or consent is granted or lawfully refused.

4.5 Repair and decoration

4.5.1 The Tenant must keep the Premises in good and substantial repair and condition and clean and tidy

OR

The Tenant must keep the Premises in no worse state of repair and condition than they now are; a Schedule of Condition is attached for evidential purposes.

4.5.2 The Tenant must keep all plant, equipment and fixtures within the Premises properly maintained and in good working order in accordance with good industry practice and any requirements of the Landlord's insurers and replace them with items of equivalent or better quality if they become beyond economic repair.

4.5.3 The Tenant must decorate the Premises immediately before the End Date.⁴

4.5.4 [The Tenant must keep all car parking areas within the Premises suitably marked out and all parts of the Premises that are not built upon clear of rubbish and waste materials and, where appropriate, properly landscaped.]

4.5.5 The obligations under this **clause 4.5** exclude:

- (a) damage by any Insured Risk, except to the extent that payment of any insurance money is refused because of anything the Tenant does or fails to do; and
- (b) Uninsured Damage except where the Tenant or an undertenant has caused it.

4.6 Allow entry

4.6.1 If the Landlord requires the Tenant to remedy any breach of the Tenant's obligations under this Lease or a third party requires the Tenant to take some action to comply with any statute then the Tenant must comply with those requirements immediately in the case of an emergency or, in all other cases, begin to comply with those

⁴ Consider the appropriateness of this clause if there is a Schedule of Condition

requirements within one month after being notified of them and diligently complete any works required.

- 4.6.2 If the Tenant does not do so, the Landlord may enter the Premises and carry out any works required itself. The Tenant must repay, as a debt on demand, all the costs the Landlord incurs in so doing.

4.7 **Alterations**

- 4.7.1 The Tenant must not build any new structure on, or alter the external appearance of, the Premises or cut into any structural part of the Building.
- 4.7.2 Landlord's consent is not required for the installation or removal of tenant's fixtures or for [internal non-structural works to the Premises][the installation and removal of, or alterations to internal demountable partitioning] that will not have an adverse impact on the energy efficiency of the Building or the operation of the Landlord's plant, equipment and machinery in the Building, but the Tenant must notify the Landlord promptly after completing those works.
- 4.7.3 The Tenant must not, without the Landlord's consent, do any other works to the Premises.
- 4.7.4 Any works to the Premises must be carried out by the Tenant in a good and workmanlike manner and with good quality materials in accordance with all statutes affecting them and in accordance with any requirements of the Landlord's insurers and any reasonable principles, standards and guidelines set out in any relevant guide or handbook published by the Landlord from time to time for tenant's works carried out at the Building.

4.8 **Signs and advertisements**

The Tenant must not display any signs or advertisements on the Premises visible outside the Premises without the Landlord's consent.

4.9 **Obligations by the End Date**

- 4.9.1 By the End Date, unless required by the Landlord in writing not to do so, the Tenant must have:
- (a) removed all tenant's and trade fixtures and loose contents from the Premises and all signage installed by the Tenant or an undertenant at the Premises or elsewhere at the Building;
 - (b) reversed any alterations and removed any additions to the Premises that have been carried out by the Tenant or an undertenant;⁵
 - (c) made good all damage to the Premises or the Building caused when complying with paragraphs (a) and (b); and
 - (d) restored them to the same state and condition as they were in before the items removed were installed or added and before the alterations were made.
- 4.9.2 At the End Date the Tenant must give back the Premises with vacant possession, in good decorative order and in a state, condition and working order consistent with the Tenant's obligations in this Lease.

4.10 **User**

- 4.10.1 The Tenant must not use the Premises other than for the Permitted Use or such other use or uses as the Landlord approves.

⁵ Removal of alterations and improvements will usually be governed by the terms of the Licence for Alterations by which they were authorised.

- 4.10.2 The Tenant must not use the Premises as a betting office, an amusement arcade or in connection with gaming [, as offices whose services are principally to members of the public][, for any political or campaigning purposes] or for any sale by auction.
- 4.10.3 [The Tenant must not use the Premises for the sale of alcohol for consumption on or off the Premises.]⁶
- 4.10.4 The Tenant must not:
- (a) keep in the Premises any plant, machinery or equipment (except that properly required for the Permitted Use) or any petrol or other explosive or specially flammable substance;
 - (b) cause any nuisance or damage to the Landlord or the other tenants or occupiers of the Building or to the owners, tenants or occupiers of any adjoining premises;
 - (c) overload any part of the Premises or the Building or any plant, machinery, equipment or Conducting Media;
 - (d) do anything that blocks the Conducting Media or makes them function less efficiently including any blockage to any drains, pipes or sewers caused by any waste, grease or refuse deposited by the Tenant; or
 - (e) operate any apparatus so as to interfere with the lawful use of wireless or electronic communications apparatus elsewhere in the Building or on any adjoining premises.

4.11 Dealings

- 4.11.1 The Tenant must not assign, underlet, charge, part with or share possession or occupation of the Premises in whole or in part, except as authorised under this **clause 4.11**.
- 4.11.2 The Tenant may, with the Landlord's consent, charge the whole of the Premises except that consent will not be required for floating charges.
- 4.11.3 The Tenant may, with the Landlord's consent, assign the whole of the Premises.
- 4.11.4 For the purpose of section 19(1A) of the Landlord and Tenant Act 1927:
- (a) the Tenant may not assign to a current guarantor of any of the Tenant's obligations in this Lease;
 - (b) if reasonably required by the Landlord any consent to assign may be subject to a condition that:
 - (i) the assigning Tenant must give the Landlord an authorised guarantee agreement guaranteed by any guarantor of that Tenant;
 - (ii) a person who is not a current guarantor for the Tenant must guarantee the assignee's performance of the Tenant's obligations in this Lease; and
 - (iii) the assignee must provide the Landlord with a rent deposit of not less than six months' rent (together with VAT) reserved at the date of the assignment and charge that rent deposit to the Landlord.

⁶ Exclude where part of the Permitted Use

4.11.5 [The Tenant may, with the Landlord's consent, underlet the whole of the Premises [or [a single floor of the Premises][any part of the Premises approved by the Landlord]] if the underletting is:

- (a) to an undertenant approved by the Landlord;
- (b) at not less than the market rent; and
- (c) on the terms of an underlease approved by the Landlord that:
 - (i) prohibits assignment, underletting or charging of the underlease unless done so with the prior written consent of the Landlord; and
 - (ii) excludes the undertenant's security of tenure under the Landlord and Tenant Act 1954.

4.11.6 In relation to any underlease granted, the Tenant must not:

- (a) waive any material breach of the terms of the underlease by the undertenant or vary, reduce, defer, accelerate or commute the payment of rent under the underlease; [or]
- (b) vary the terms of [or accept a surrender of] the underlease without the Landlord's approval][; or]
- (c) [agree the reviewed rent on any rent review under the underlease or the identity of any person appointed to decide the reviewed rent without the approval of the Landlord.]]

4.11.7 The Tenant may share occupation of the Premises with a Group Company of the Tenant on condition that no relationship of landlord and tenant is created or is allowed to arise.

4.12 **Registration of dealings**

The Tenant must provide the Landlord with a certified copy of every document transferring, granting or charging any interest in the Premises within ten Business Days after the transfer, grant or charge of that interest and pay a reasonable registration fee.

4.13 **Marketing**

The Tenant must allow the Landlord at reasonable times in the day to show the Premises to potential purchasers of the Building or, during the last six months of the Term, potential tenants (who, in either case, must be accompanied by the Landlord or its agents).

4.14 **Notify the Landlord of notices or claims**

The Tenant must notify the Landlord as soon as reasonably practicable after the Tenant receives or becomes aware of any notice or claim affecting the Premises or any defect or disrepair in the Premises that may make the Landlord liable under any statute or under this Lease.

4.15 **Comply with statute**

The Tenant must do everything required under any statute in respect of the Premises and their use and occupation and the exercise of the rights granted to the Tenant under this Lease.

4.16 **Planning applications**

The Tenant must not apply for any planning permission in respect of the Premises except where any approval or consent required for the proposed development or change of use under any other provisions in this Lease has already been given and the Landlord has approved the terms of the application for planning permission.

4.17 **Rights and easements**

The Tenant must not allow any rights or easements to be acquired over the Premises. If an encroachment may result in the acquisition of a right or easement the Tenant must notify the Landlord and the Tenant must help the Landlord in any way that the Landlord requests to prevent that acquisition.

4.18 **Management of the Building**

The Tenant must comply with all reasonable regulations notified to it or contained within any relevant tenant guide or handbook for the Building published by the Landlord from time to time. No regulations may impose obligations or restrictions on the Tenant that are inconsistent with or more onerous than those under this Lease.

4.19 **Energy Performance Certificate**

4.19.1 The Tenant must not obtain an EPC in respect of the Premises without the Landlord's prior written approval to the identity of the energy assessor who is to carry out the assessment.

OR

The Tenant must not obtain an EPC in respect of the Premises unless it is carried out by an energy assessor nominated by the Landlord.

4.19.2 The Tenant must provide to the Landlord (free of charge) a copy of any EPC obtained in respect of the Premises.

5. **LANDLORD'S OBLIGATIONS**

5.1 **Quiet enjoyment**

The Tenant may peaceably hold and enjoy the Premises without any interruption by the Landlord or any person lawfully claiming through, under or in trust for the Landlord.

5.2 **Insurance**

The Landlord must comply with the Landlord's obligations in **Schedule 4**.

5.3 **Services**

The Landlord must comply with its obligations in **Part 2 of Schedule 3**.

5.4 **Repayment of rent**

5.4.1 The Landlord must refund any Main Rent and Insurance Rent paid in advance by the Tenant in relation to the period falling after the End Date within [10] Business Days after the End Date.

5.4.2 **Clause 5.4.1** does not apply if the Landlord ends this Lease under **clause 6.1** or if this Lease is disclaimed by the Crown or by a liquidator or trustee in bankruptcy of the Tenant.

5.5 **Entry Safeguards**

The Landlord must, if it enters the Premises to exercise any Landlord's rights:

5.5.1 repair any physical damage that it shall cause to the Premises by such entry but it shall not be liable beyond the cost of such repair to the Premises;

5.5.2 give the Tenant at least three Business Days' notice of such entry except in the case of an emergency when the Landlord must give as much notice as may be reasonably practicable; and

5.5.3 where reasonably practicable, exercise any of these rights outside of normal business hours of the Premises.

6. AGREEMENTS

6.1 Landlord's right to end this Lease

6.1.1 If any event listed in **clause 6.1.2** occurs, the Landlord may at any time afterwards re-enter the Premises or any part of them and this Lease will then immediately end.

6.1.2 The events referred to in **clause 6.1.1** are as follows:

- (a) any of the Rents are unpaid for 21 days after becoming due whether or not formally demanded;
- (b) the Tenant breaches its obligations in this Lease;
- (c) any Law of Property Act, administrative, court-appointed or other receiver or similar officer is appointed over the whole or any part of the Tenant's assets, or the Tenant enters into any scheme or arrangement with its creditors in satisfaction or composition of its debts under the Insolvency Act 1986;
- (d) if the Tenant is a company or a limited liability partnership, it enters into liquidation, it is wound up, an administrator is appointed or it is struck off the register of companies;
- (e) if the Tenant is a partnership, it is subject to an event similar to any listed in **clause 6.1.2(d)** with appropriate modifications so as to relate to a partnership;
- (f) if the Tenant is an individual, a receiving order is made against the Tenant, an interim receiver is appointed in relation to the Tenant's property or the Tenant becomes bankrupt; or
- (g) any event similar to any listed in **clauses 6.1.2(c) to 6.1.2(f)** occurs in relation to any guarantor of the Tenant's obligations under this Lease; and
- (h) any event similar to any listed in **clauses 6.1.2(c) to 6.1.2(g)** occurs in any jurisdiction.

6.1.3 In this **clause 6.1** references to "the Tenant", where the Tenant is more than one person, include any one of them.

6.2 No acquisition of easements or rights

6.2.1 The Tenant is to have or acquire no rights other than those in **Part 1 of Schedule 1** over the remainder of the Building or any adjoining or neighbouring property now or subsequently belonging to the Landlord or any other party.

6.2.2 The Tenant agrees with the Landlord that it is not entitled to acquire by prescription the use or access of light to the Premises.

6.2.3 The Tenant has no rights to enforce, or to prevent the release or modification of, the benefit of any covenants, rights or conditions to which any other property within the Building or any adjoining premises is or are subject.

6.3 Service of Notices

6.3.1 Any Notice must be in writing and sent by pre-paid first class post or by Royal Mail's Signed For First Class service or a similar postal service operated by another postal operator to or otherwise delivered to or left at the registered office of the intended recipient or, if it does not have a registered office, at its last known address in the

United Kingdom. Notices served on the Tenant may also be sent or otherwise delivered to or left at the Premises.

6.3.2 Unless the actual time of delivery is proved, a Notice sent by either pre-paid first class post or by Royal Mail's Signed For First class service (or similar) is to be treated as having been received by the intended recipient on the second Business Day after posting except where it is received after 4:00pm in which case it is to be treated as having been received at 9:00am on the next Business Day.

6.3.3 Service of a Notice by fax or e-mail is not a valid form of service under this Lease.

6.4 **Contracts (Rights of Third Parties) Act 1999**

Nothing in this Lease creates rights under the Contracts (Rights of Third Parties) Act 1999 intended to be enforceable by third parties.

6.5 **[⁷Contracting-out**

6.5.1 The Landlord and the Tenant confirm that before the date of [this Lease] [the agreement for the grant of this Lease dated [DATE] made between the parties to this Lease]:

(a) a notice complying with Schedule 1 to the Regulatory Reform (Business Tenancies) (England and Wales) Order 2003 which relates to this tenancy was served by the Landlord on the Tenant on [DATE]; and

(b) a statutory declaration dated [DATE] complying with paragraph 8 of Schedule 2 to that Order was made by [the Tenant] [[NAME OF DECLARANT], who the Tenant confirms was duly authorised by the Tenant to make the statutory declaration on its behalf].

6.5.2 The Landlord and the Tenant agree and declare that the provisions of sections 24–28 (inclusive) of the Landlord and Tenant Act 1954 do not apply to the tenancy created by this Lease.]

6.6 **[No Agreement for Lease**

The Landlord and the Tenant confirm that there is no agreement for this Lease.]

7. **[GUARANTOR'S OBLIGATIONS**

7.1 The Guarantor guarantees to the Landlord the compliance by the Tenant with all the Tenant's obligations in this Lease. If the Tenant defaults, the Guarantor must make good any losses suffered by the Landlord but will have no greater liability than that of the Tenant under this Lease.

7.2 If the Landlord in its absolute discretion notifies the Guarantor within three months after the date of any disclaimer of this Lease, the Guarantor must, within ten Business Days, at the Landlord's option either:

7.2.1 at the Guarantor's own cost (including payment of the Landlord's costs) accept the grant of a lease of the Premises:

(a) for a term starting and taking effect on the date of the disclaimer of this Lease;

(b) ending on the date when this Lease would have ended if the disclaimer had not happened;

⁷ Exclude the wording in square brackets in the definition of "End Date" if clause 6.5 is included

- (c) at the same rent and other sums payable under this Lease immediately before the disclaimer, subject to **paragraph 7.3**;
 - (d) containing rent review dates on each Rent Review Date under this Lease that falls after the term commencement date of the new lease; and
 - (e) otherwise on the same terms and conditions as this Lease;
- or

7.2.2 pay the Landlord any arrears of the Rents, the Outgoings and all other sums due under this Lease plus the amount equivalent to the total of the Rents, the Outgoings and all other sums due under this Lease that would be payable for the period of 6 months following the disclaimer.

7.3 If **clause 7.2.1** applies, and at the date of the disclaimer of this Lease there is outstanding an uncompleted rent review, then:

- 7.3.1 on and from the grant of the lease, the Guarantor, as tenant, must pay rent at the same rate as was payable under this Lease immediately before the disclaimer; but
- 7.3.2 the Landlord and the Guarantor must agree or have determined the rent review of the Main Rent under and in accordance with the provisions of **Schedule 2** of this Lease; and
- 7.3.3 the Main Rent as so reviewed is to become the main rent under the lease, and the Guarantor, as tenant, must pay the arrears of the reviewed rent on and from the date of the grant of the lease to it.

7.4 If **clause 7.2.2** applies then, on receipt of the payment in full, the Landlord must release the Guarantor from its future obligations under this **clause 7** (but that is not to affect the Landlord's rights in relation to any prior breaches).

7.5 The Guarantor's liability is not to be reduced or discharged by:

- 7.5.1 any failure for any reason to enforce in full, or any delay in enforcement of, any right against, or any concession allowed to the Tenant or any third party;
- 7.5.2 any variation of this Lease (except that a surrender of part will end the Guarantor's future liability in respect of the surrendered part);
- 7.5.3 any death, incapacity, disability or change in the constitution, status, or name of the Tenant, the Guarantor or of any other person who is liable, or of the Landlord; or
- 7.5.4 anything else other than a release by the Landlord by deed.

7.6 The Guarantor must not claim in competition with the Landlord in the insolvency of the Tenant and must not take any security, indemnity or guarantee from the Tenant in respect of the Tenant's obligations under this Lease.]

8. **[BREAK CLAUSE]**

8.1 The Tenant may end the Term on [any][the] Break Date by giving the Landlord not less than [LENGTH] months' notice [specifying the Break Date] following which the Term will then end on that Break Date.][if:

- 8.1.1 on the Break Date the Main Rent due up to and including that Break Date has been paid in full;⁸ [and]

⁸ See clause 5.4 for repayment of Main Rent and Insurance Rent paid in advance for the period after the Break Date

8.1.2 on the Break Date the whole of the Premises are given back to the Landlord free of the Tenant's occupation and the occupation of any other lawful occupier and without any continuing underleases; and]

8.1.3 [the Tenant has, on or before the Break Date, paid to the Landlord an amount equal to [insert figure/proportion of the Main Rent] (plus any VAT payable on that amount)].

8.2 The Landlord may waive any of the pre-conditions in [clauses 8.1.1 to 8.1.3] at any time before the [relevant] Break Date by notifying the Tenant.

8.3 [The break right in this clause 8 is personal to the Tenant named in Land Registry Prescribed Clause LR3 and ends on the date of the first deed of assignment or transfer of the Lease or on the date when that Tenant ceases to exist.]

9. [SUPERIOR LEASE

9.1 The Landlord must perform its obligations in the Superior Lease (including paying the rents) except for anything that the Tenant must do under the terms of this Lease.

9.2 The Tenant must not do anything to put the Landlord in breach of its obligations in the Superior Lease.

9.3 Before the Tenant does any act that requires a consent or approval under the Superior Lease, the Landlord must, at the request and cost of the Tenant, apply for that consent or approval, except where the Landlord has the right under this Lease to refuse to allow that act to be done.

9.4 So far as any Services are to be provided by the Superior Landlord under the Superior Lease, the Landlord must take reasonable steps to procure that those Services are provided to the Tenant. The Service Costs are to include the amounts payable for those Services under the Superior Lease and **Schedule 3** is to operate on that basis.

9.5 So far as the Superior Lease imposes obligations on the Superior Landlord to insure the Building or the Premises against damage by Insured Risks and to remedy any such damage, the Landlord must take reasonable steps to procure that those obligations are performed, the Insurance Rent is to include the amount payable for that insurance under the Superior Lease and **Schedule 4** is to operate on that basis.

9.6 The Landlord must promptly give the Tenant copies of any notices, communications or documentation received from the Superior Landlord relating to the Premises and must make such representations or requests to the Superior Landlord about insurance and Services as the Tenant reasonably requires.

9.7 This clause 9 ceases to operate if this Lease remains subsisting after the Superior Lease is surrendered, merged or otherwise ceases to exist.]

10. JURISDICTION

10.1 This Lease and any non-contractual obligations arising out of or in connection with it are governed by the law of England and Wales.

10.2 Subject to clause 10.3 and any provisions in this Lease requiring a dispute to be settled by an expert or by arbitration, the courts of England and Wales have exclusive jurisdiction to decide any dispute arising out of or in connection with this Lease, including in relation to any non-contractual obligations.

10.3 Any party may seek to enforce an order of the courts of England and Wales arising out of or in connection with this Lease, including in relation to any non-contractual obligations, in any court of competent jurisdiction.

11. LEGAL EFFECT

This Lease takes effect and binds the parties from and including the date at clause LR1.

SCHEDULE 1

Rights

Part 1 The Tenant's Rights

The following rights are granted to the Tenant in common with the Landlord, any person authorised by the Landlord and all other tenants and occupiers of the Building:

1. **Running of services**

The passage of Supplies from and to the Premises through the Conducting Media at the Building.

2. **Access and servicing**

2.1 Access to and egress from the Premises on foot only over the Common Parts designated by the Landlord for the Tenant's use.

2.2 Subject to clause 4.18, to use any service area designated by the Landlord for the Tenant's use for loading and unloading and otherwise servicing the Premises and the service roads with or without vehicles to come and go to and from that service area.

3. **Refuse disposal**

To deposit rubbish in any receptacles or waste compactors within the Common Parts provided by the Landlord for that purpose and designated by the Landlord for the use of the Tenant.

4. **Support and shelter**

Support and shelter for the Premises from the Building.

5. **[Parking**

To use those areas shown coloured [COLOUR] on [the Plan][Plan [NUMBER]] (or an equivalent number of parking spaces in any location or locations within or adjoining the Building notified by the Landlord to the Tenant at any time) for the parking of [NUMBER] vehicles belonging to persons working at or authorised visitors to the Premises.]

6. **[Toilet facilities**

To use any toilet facilities within the Common Parts designated by the Landlord as facilities for the use of the Tenant.]

7. **[Escape**

On foot only, in emergencies and for fire escape drills, to use all fire escape routes in the Building designated by the Landlord for the use of the Tenant whether or not forming part of the Common Parts.]

8. **Roof Space**

To erect and maintain wireless network equipment, television aerials and satellite dishes and plant on the roof of the Building only in such location or locations as the Landlord may from time to time designate, subject to the Landlord re-imbursing the Tenant the costs it has properly incurred in relocating the equipment, aerials, satellite dishes and plant following a requirement from the Landlord to do so and subject to the following conditions:

8.1 the Tenant complying with **clause 4.7**;

8.2 the equipment, aerials, satellite dishes or plant not exceeding two metres in height;

- 8.3 the Landlord having first approved its size, design and connections to the Premises; and
- 8.4 it being used only in connection with the Permitted Use of the Premises.

Part 2 Landlord's Rights

The following rights are reserved to the Landlord and all those authorised by the Landlord and are subject to the Landlord complying with its obligations in **clause 5.5**:

1. Support and shelter

Support and shelter for the remainder of the Building from the Premises.

2. Running of services

Subject to **clause 4.18**, the passage and running of Supplies from and to the remainder of the Building through existing Conducting Media (if any) within the Premises.

3. Entry on to the Premises

3.1 To enter the Premises to do anything that the Landlord is expressly entitled or required to do under this Lease or for any other reasonable purpose in connection with this Lease including to inspect the state of repair and condition of the Premises and carry out any valuations for insurance or any other purpose.

3.2 If the relevant work cannot be reasonably carried out without entry onto the Premises, to enter them to:

- 3.2.1 inspect, clean, maintain, repair, alter, decorate, rebuild or carry out works upon the Building;
- 3.2.2 carry out any services set out in **Schedule 3**; or
- 3.2.3 for any other reasonable management purpose.

4. Common Parts and Conducting Media

4.1 In an emergency, or when works are being carried out to them, to close off or restrict access to the Common Parts, so long as (except in an emergency) alternative facilities are provided that are not materially less convenient.

4.2 To change, end the use of or reduce the extent of any Common Parts or Conducting Media so long as alternative facilities are provided that are not materially less convenient or, if no alternative is provided, the use and enjoyment of the Premises is not materially adversely affected.

5. Adjoining premises

To carry out works of construction, demolition, alteration or redevelopment on the Building and any adjoining premises (and to permit others to do so) as the Landlord in its absolute discretion considers fit (whether or not these works interfere with the flow of light and air to the Premises) and the right in connection with those works to underpin and shore up the Premises.

6. Ancillary rights

The right, where necessary, to bring plant and equipment onto the Premises and to place scaffolding and ladders upon the exterior of or outside the Building in exercising the Landlord's rights under this Lease.

SCHEDULE 2

Rent review

1. Defined terms

This **Schedule 2** uses the following definitions:

"Assumptions"

that:

- (a) if the Building or any part of it has been damaged or destroyed, it has been reinstated before the Rent Review Date;
- (b) the Premises are fit for immediate occupation and use by the willing tenant;
- (c) the Premises may lawfully be let to and used for the Permitted Use by any person throughout the term of the Hypothetical Lease;
- (d) the Tenant has complied with its obligations under this Lease and (except to the extent that there has been a material or persistent breach by the Landlord) the Landlord has complied with its obligations under this Lease; and
- (e) on the grant of the Hypothetical Lease the willing tenant would receive the benefit of a rent free period, rent concession or any other inducement of a length or amount that might be negotiated in the open market for fitting-out purposes only and that the Market Rent is the rent that would become payable after the end of that period, or concession or payment of that inducement.

"Disregards"

any or all of the following:

- (a) an effect on rent of the Tenant having been in occupation of the Premises and any goodwill arising from that occupation;
- (b) an increase in rent attributable to any improvement, including any tenant's initial fitting-out works, whether or not within the Premises:
 - (i) carried out by and at the cost of the Tenant before or during the Term; and
 - (ii) not carried out pursuant to an obligation to the Landlord or the Landlord's predecessors in title (and any obligations relating to the method or timing of works in any document giving consent will not be treated as an obligation for these purposes);
- (c) a reduction in rent attributable to works that have been carried out by the Tenant;

and in the "Disregards", reference to "the Tenant" includes predecessors in title to the Tenant, and undertenants of the Tenant and their predecessors in title.

"Hypothetical Lease"

a lease:

- (a) of the whole of the Premises;
- (b) on the same terms as this Lease (including this **Schedule 2**) except for:
 - (i) the amount of Main Rent reserved immediately before the Rent Review Date;

- (ii) any rent free period, rent concession or any other inducement received by the Tenant in relation to the grant of this Lease; and
- (iii) any break clause in this Lease;
- (c) by a willing landlord to a willing tenant;
- (d) with vacant possession;
- (e) without any premium payable by or (subject to **paragraph (e)** of the definition of "Assumptions") to the willing tenant;
- (f) for a term of [LENGTH] years starting on the Rent Review Date; [and]
- (g) with rent review dates every [five] years[.]; and]
- (h) [with a right for the tenant to bring the Hypothetical Lease to an end on [or at any time after] the [NUMBER] anniversary of the date on which the term starts.]

"Market Rent"

the yearly rent at which the Premises might reasonably be expected to be let on the open market on the Rent Review Date, on the terms of the Hypothetical Lease and applying the Assumptions and the Disregards.

2. Rent review

2.1 On the Rent Review Date the Main Rent is to be reviewed to the higher of;

2.1.1 the Main Rent reserved immediately before the Rent Review Date; and

2.1.2 the Market Rent.

2.2 The reviewed Main Rent will be payable from and including the Rent Review Date.

3. Resolution of disputes

3.1 The Market Rent at the Rent Review Date may be agreed between the Landlord and the Tenant. If they have not done so (whether or not they have tried) by the Rent Review Date, either the Landlord or the Tenant can require the Market Rent to be decided by an independent [expert/arbitrator]. If the Landlord and the Tenant do not agree on who should decide the Market Rent, the [expert/arbitrator] is to be appointed by the President of the Royal Institution of Chartered Surveyors on the application of either the Landlord or the Tenant. [The arbitration must be conducted in accordance with the Arbitration Act 1996.] [The expert will:]

3.1.1 [invite the Landlord and the Tenant to submit to him a proposal for the Market Rent with any relevant supporting documentation;

3.1.2 give the Landlord and the Tenant an opportunity to make counter submissions;

3.1.3 give written reasons for his decisions, which are to be binding on the parties; and

3.1.4 be paid by the Landlord and the Tenant in the shares and in the manner that he decides (or failing a decision, in equal shares).]

3.2 The [expert/arbitrator] must be an independent chartered surveyor of not less than ten years' standing who is experienced in the rental valuation of property similar to the Premises and who knows the local market for such premises.

3.3 If the [expert/arbitrator] dies, becomes unwilling or incapable of acting or it becomes apparent for any other reason that he is unable to decide the Market Rent within a reasonable time, he may be replaced by a new [expert/arbitrator] who must be appointed on the terms set out in this **paragraph 3**.

3.4 Responsibility for the costs of referring a dispute to an [expert/arbitrator], including costs connected with the appointment of the [expert/arbitrator] but not the legal and other professional costs of any party in relation to a dispute, is to be decided by the [expert/arbitrator] and failing a decision, those costs are to be shared equally between the parties.

4. **Consequences of delay in agreeing the revised rent**

4.1 If, by the Rent Review Date, the reviewed Main Rent has not been ascertained, then:

4.1.1 the Main Rent reserved under this Lease immediately before the Rent Review Date continues to be payable until the reviewed Main Rent has been ascertained;

4.1.2 following the ascertainment of the Main Rent, the Landlord is to demand the difference (if any) between the amount the Tenant has actually paid and the amount that would have been payable had the Main Rent been ascertained before the Rent Review Date; and

4.1.3 the Tenant must pay that difference to the Landlord within 10 Business Days after that demand and interest at the rate (if positive) of three per cent below the Interest Rate calculated on a daily basis on each instalment of that difference from the date on which each instalment would have become payable to the date of payment. If not paid those sums are to be treated as rent in arrears.

5. **Rent review memorandum**

When the Market Rent has been ascertained, a memorandum recording the Main Rent reserved on review must be entered into. The Landlord and the Tenant are to each bear their own costs in relation to that memorandum.

6. **Time not of the essence**

Time is not of the essence for the purposes of this **Schedule 2**.

SCHEDULE 3

Services and Service Charge

Part 1 Administrative provisions

1. Apportionment

The Service Charge is to be treated as accruing on a day-to-day basis in order to calculate yearly rates and for the purposes of apportionment to periods of other than one year.

2. Service Charge

2.1 The Tenant must pay the Service Charge.

2.2 In calculating the Service Charge for any of the Services, the Landlord's surveyor may make any adjustment that is fair and reasonable in all the circumstances, having regard to the relative benefits obtained by the Tenant and other tenants and occupiers at the Building from those Services, including by dividing the services set out in **Part 3 and Part 4 of this Schedule** into separate categories and applying weighting to those categories to take account of this and any differing uses or operating hours.

2.3 The Service Charge must not be increased by reason only that any Lettable Units remain unoccupied or unlet, or are let or occupied on terms that do not require the tenant or other occupier to pay a service charge or cap the amount of the service charge payable.

2.4 In the first Accounting Period the Service Charge must not exceed the Service Charge Cap.

OR

In the first [insert a number expressed as a word] Accounting Periods the Service Charge must not exceed the applicable Service Charge Cap.

OR

In each Accounting Period the Service Charge must not exceed the Service Charge Cap applicable to that Accounting Period.

3. Service charge statements

3.1 After the end of each Accounting Period, the Landlord must give to the Tenant the Service Charge Statement for that period and use its reasonable endeavours to do so within four months of its end.

3.2 Service Costs incurred in one Accounting Period, if not included in the Service Charge Statement for that Accounting Period for any reason, are to be included in the Service Charge Statement for the Accounting Period in which the omission becomes apparent or the amount becomes known.

3.3 The Tenant is entitled upon prior appointment to inspect evidence of the Service Costs at such location as the Landlord reasonably specifies. The Tenant must ask to inspect the evidence not later than four months after receipt of the Service Charge Statement.

4. On-account payments of service charge

4.1 Until the Service Charge for each Accounting Period has been calculated, the Tenant must pay, by equal [monthly][quarterly] payments on the Rent Days, a provisional sum by way of Service Charge at the level that the Landlord reasonably requires.

4.2 The Tenant must also pay on demand any additional sum or sums on account of the Service Charge that the Landlord reasonably requires where the Landlord incurs any Service Costs and the sums held on account by the Landlord are insufficient to meet those costs.

5. **Balancing payments of service charge**

5.1 When the Service Charge for each Accounting Period has been calculated:

5.1.1 the Tenant must pay any amount due from it within ten Business Days of written demand; and

5.1.2 the Landlord must credit any amount due to the Tenant against the next payment or payments to be made by the Tenant under **paragraph 4**. Any amount owing at the End Date must be repaid to the Tenant within ten Business Days of its calculation.

5.2 The Landlord is entitled to recover from the Tenant Service Charge referable to a period up to and including the End Date but which is calculated and demanded after the End Date.

6. **Service charge disputes**

If any dispute arises in connection with the Service Charge, the Landlord and the Tenant must attempt to resolve it by appropriate alternative means before resorting to court proceedings. The Service Charge Statement is to become binding on the parties (except for obvious error) three months after it is delivered to the Tenant or (if later) once any dispute relating to it and arising during that period has been settled or decided.

Part 2 Landlord's obligations

1. **Provision of services**

1.1 The Landlord, acting reasonably and in the interests of good estate management:

1.1.1 must perform the Obligatory Services and do so in an efficient manner at all appropriate times;

1.1.2 may perform the Discretionary Services; and

1.1.3 may vary, reduce or extend the Discretionary Services.

2. **Landlord's rights and responsibilities**

2.1 The Landlord:

2.1.1 may from time to time employ such agents, contractors or others as the Landlord decides and may include the cost of doing so in the Service Costs; and

2.1.2 is not to be held responsible for any interruption in the supply of the Services due to any circumstances outside the Landlord's control or due to any necessary maintenance, repair, replacement, renewal, servicing, inspection or testing, but must take all reasonable steps to restore the supply as soon as reasonably practicable.

2.2 The Landlord may not include in the Service Costs:

2.2.1 costs arising from any damage or destruction to the Building caused by an Insured Risk;

2.2.2 costs incurred in dealing with any lettings, rent collection or rent reviews at the Building; or

2.2.3 unrecovered costs due from another tenant or occupier of the Building.

Part 3 Obligatory Services ⁹

1. Repairing (and, by way of repair, renewing, rebuilding and replacing), decorating, maintaining and cleaning the foundations, roof, structure and exterior of the Building and all Common Parts and Conducting Media.
2. Cleaning the external surfaces of the window and window frames in the Building and providing and maintaining plant, facilities and equipment for these purposes.
3. Lighting, heating, [air-conditioning] and ventilation of the Building.
4. Providing hot and cold water to, and maintaining operational supplies in, the toilets in the Common Parts.
5. Paying the costs of utilities, including procurement costs, meter rents and standing charges, incurred in providing the Services.
6. Paying all existing and future rates, taxes, duties, charges and financial impositions charged on the Common Parts or the Building as a whole.
7. Providing, inspecting, maintaining (including by maintenance contracts and insurance against sudden and unforeseen breakdown), repairing, renewing, replacing, upgrading and operating:
 - 7.1 all plant, machinery, apparatus and vehicles used in providing the Services and all signage in the Common Parts; and
 - 7.2 security, fire fighting and fire detection equipment (excluding portable fire extinguishers in the Premises), fire alarm systems, public address systems, telecommunications systems, closed circuit television systems and traffic control.
8. Employing or procuring all staff (including remuneration, incidental benefits and all associated costs and overheads) for the management and security of the Building and otherwise in connection with the Services.
9. Providing accommodation for staff, plant, furniture, equipment and vehicles used in providing the Services, and all outgoings on them.
10. Employing or procuring agents, contractors or others as the Landlord decides in connection with the Services.
11. Carrying out any works and providing and maintaining all facilities that are required under any statute or by insurers in relation to the Building.

Part 4 Discretionary Services

1. Storing, compacting, recycling and disposing of refuse.
2. Planting, replanting and maintaining landscape features in the Common Parts.
3. Providing facilities for visitors to the Building.
4. Pest and infection control.
5. Gritting, and clearing snow from, the Common Parts.
6. Providing seasonal decorations within the Building.
7. Lighting the exterior of the Building.
8. Providing any further services for maintaining and securing the amenities of the Building.

⁹ Parts 3 and 4 are not fixed. The items are interchangeable. Discuss with the client which services are obligatory and which are not and which are relevant to the Building as a whole.

9. Managing and administering service charge accounts for the Services and the Building including, where relevant, certifying, examining or auditing those accounts.
10. Interest costs reasonably incurred by the Landlord on borrowing from a UK clearing bank or, if the Landlord uses its own moneys, an amount equal to the interest costs that would have been incurred if the Landlord had borrowed from a UK clearing bank at reasonable commercial rates.

SCHEDULE 4

Insurance and Damage Provisions

1. Tenant's insurance obligations

1.1 The Tenant must pay on demand:

1.1.1 a fair and reasonable proportion of:

- (a) the sums the Landlord actually pays to comply with **paragraph 2.1**;
- (b) if not included in the Service Costs, the sums that the Landlord pays to insure all plant, machinery, apparatus and vehicles used in providing the Services;
- (c) the cost of valuations of the Building and the Premises for insurance purposes made not more than once a year; and
- (d) the amount of any excess or deductible under any insurance policy that the Landlord incurs or will incur in complying with **paragraphs 2.3 and 2.4**;

1.1.2 all of the sums that the Landlord pays for insuring loss of the Main Rent and Service Charge for the Risk Period;

1.1.3 a sum equal to any amount that the insurers refuse to pay following damage or destruction by an Insured Risk to the Building because of the Tenant's act or failure to act; and

1.1.4 the whole of any additional or increased premiums that the insurers may require as a result of the carrying out or retention of any works to the Premises or the Tenant's or any lawful occupier's use of the Premises.

1.2 The Tenant must comply with the requirements of the insurers and must not do anything that invalidates any insurance.

1.3 The Tenant must not use the Premises for any purpose or carry out or retain any works to the Premises that may make an additional premium payable for the insurance of the Premises or the Building, unless it has first agreed to pay the additional premium.

1.4 The Tenant must notify the Landlord as soon as practicable after it becomes aware of any damage to or destruction of the Premises by any of the Insured Risks.

1.5 The Tenant must keep insured, in a sufficient sum and with a reputable insurer, public liability risks relating to the Premises.

2. Landlord's insurance obligations

2.1 The Landlord must insure (with a reputable insurer):

2.1.1 the Building against the Insured Risks in their full reinstatement cost (including all professional fees and incidental expenses, debris removal, site clearance and irrecoverable VAT);

2.1.2 against public liability relating to the Building; and

2.1.3 loss of the Main Rent and Service Charge for the Risk Period,

subject to all excesses, limitations and exclusions as the insurers may impose and otherwise on the insurer's usual terms.

- 2.2 In relation to the insurance, the Landlord must:
- 2.2.1 procure the Tenant's interest in the Premises to be noted either specifically or generally on the policy;
 - 2.2.2 take reasonable steps to procure that the insurers waive any rights of subrogation they might have against the Tenant (either specifically or generally);
 - 2.2.3 notify the Tenant promptly of all material variations; and
 - 2.2.4 provide the Tenant with a summary of its main terms upon the Tenant's written request.
- 2.3 The Landlord must take reasonable steps to obtain any consents necessary for the reinstatement of the Building following destruction or damage by an Insured Risk.
- 2.4 Where it is lawful to do so, the Landlord must reinstate the Building so far as practicable following destruction or damage by an Insured Risk. Reinstatement need not be identical if the replacement is similar in size, quality and layout. This obligation is subject to the Tenant complying with **paragraph 1.1.1(d)** and, where applicable, **paragraph 1.1.3**.
- 2.5 Nothing in this **paragraph 2** imposes any obligation on the Landlord to insure or to reinstate tenant's fixtures forming part of the Premises or the Building.
- 2.6 Nothing in **paragraph 2** requires the Landlord to reinstate any Lettable Units other than the Premises.
- 2.7 The Landlord's obligations under **paragraphs 2.3 and 2.4** do not apply:
- 2.7.1 unless and until the Tenant has paid the amounts referred to in **paragraph 1.1.1(d)** and, where applicable, **paragraph 1.1.3**; or
 - 2.7.2 if the Landlord notifies the Tenant under **paragraph 4.1** that it ends the Lease.
- 2.8 Subject to the insurance premiums being reasonable and proper and reasonably and properly incurred, the Landlord is entitled to retain all insurance commissions for its own benefit.
3. **Rent suspension**
- 3.1 **Paragraph 3.2** is to apply if the Building is damaged or destroyed by any Insured Risk so that the Premises are unfit for occupation or use or inaccessible. **Paragraph 3.2** does not apply to the extent that the Landlord's insurance has been vitiated or payment of any policy moneys refused because of anything the Tenant has done or has failed to do and the Tenant has not complied with **paragraph 1.1.3**.
- 3.2 Subject to **paragraph 3.1**, the Main Rent and Service Charge or a fair proportion of them, depending on the nature and extent of the damage or destruction, ceases to be payable from and including the date of damage or destruction until the earlier of:
- 3.2.1 the date that the Premises are again fit for occupation and use and accessible and ready to receive the Tenant's fitting out works and
 - 3.2.2 the end of the Risk Period.
- 3.3 If **paragraph 3.2** applies, the Landlord must refund to the Tenant, as soon as reasonably practicable, a due proportion of any Main Rent and Service Charge paid in advance that relates to any period on or after the date of damage or destruction.
- 3.4 Any dispute about the application of this **paragraph 3** is to be decided at the request of either party by a single arbitrator under the Arbitration Act 1996.

4. **Termination**

4.1 This **paragraph 4** is to apply if:

4.1.1 the Building is damaged or destroyed leaving the Premises unfit for occupation or use by the Tenant or preventing access to the Premises; and

4.1.2 when the Risk Period ends, the Building has not been reinstated sufficiently for the Premises to be:

- (a) fit for occupation and use by the Tenant;
- (b) accessible by the Tenant; and
- (c) ready to receive the Tenant's fitting out works.

4.2 Either the Landlord or the Tenant may end this Lease immediately by notifying the other at any time after the end of the Risk Period but before such reinstatement has been completed. The exercise of this right by the Tenant is subject to the Tenant complying with **paragraph 1.1.1(d)** and, where applicable, **paragraph 1.1.3**.

4.3 If this Lease ends under **paragraph 4.2**:

4.3.1 that does not affect the rights of any party for any prior breaches;

4.3.2 the Tenant must give vacant possession of the Premises to the Landlord; and

4.3.3 the Landlord is entitled to retain all insurance moneys.

5. **Uninsured Damage**

5.1 Subject to **paragraph 5.2**, if there is Uninsured Damage:

5.1.1 **paragraph 3** applies as if that damage to or destruction of the Premises or the Building had been by an Insured Risk;

5.1.2 the Landlord may by service of a notice ("Election Notice") on the Tenant elect to rebuild or reinstate the Premises;

5.1.3 if the Landlord serves an Election Notice, the Landlord must reinstate the Uninsured Damage in accordance with **paragraphs 2.3 and 2.4**; and

5.1.4 if the Landlord does not serve an Election Notice within [] [months][years] following the date on which the Uninsured Damage occurs, then either the Landlord or the Tenant may at any time (unless in the meantime the Landlord serves an Election Notice) immediately terminate this Lease by notifying the other and **paragraph 4.3** is to apply.

5.2 **Paragraph 5.1 of this Schedule** does not apply if the Tenant has caused the Uninsured Damage.

Executed as a deed by the Landlord acting by)

[a director and its secretary] or by [two directors]:)

Signature of Director

Signature of Director/Secretary

Executed as a deed by the Landlord acting by)

[NAME OF DIRECTOR] a director in the presence of:)

Signature of Director

Signature of Witness:

Name of Witness:

Address of Witness:

Occupation of Witness:

Executed as a deed by the Landlord)

in the presence of:)

Signature of Witness:

Name of Witness:

Address of Witness:

Occupation of Witness:

Executed as a deed by the Tenant acting by)
[a director and its secretary] or by [two directors]:)

Signature of Director

Signature of Director/Secretary

Executed as a deed by the Tenant acting by)
[NAME OF DIRECTOR] a director in the presence of:)

Signature of Director

Signature of Witness:

Name of Witness:

Address of Witness:

Occupation of Witness:

Executed as a deed by the Tenant)
in the presence of:)

Signature of Witness:

Name of Witness:

Address of Witness:

Occupation of Witness:

[Executed as a deed by the Guarantor acting by)
[a director and its secretary] or by [two directors]:)

Signature of Director

Signature of Director/Secretary]

Executed as a deed by the Guarantor acting by)
[NAME OF DIRECTOR] a director in the presence of:)

Signature of Director

Signature of Witness:

Name of Witness:

Address of Witness:

Occupation of Witness:

Executed as a deed by the Guarantor)
in the presence of:)

Signature of Witness:

Name of Witness:

Address of Witness:

Occupation of Witness: