

DATED

2020

LEASE

relating to

LAND AND BUILDINGS AT UNIT 1 STOCKTON INDUSTRIAL ESTATE TS20 1TY

between

SMITH CARPETS LIMITED

and

NEWCASTLE BED COMPANY LIMITED

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THIS LEASE is dated

2020

PARTIES

- (1) SMITH CARPETS LIMITED, incorporated and registered in England and Wales with company number 01546998 whose registered office is at 7 Main Road Stockton on Tees TS5 3AL (**Landlord**).
- (2) NEWCASTLE BED COMPANY LIMITED incorporated and registered in England and Wales with company number 05789471 whose registered office is at 30 West Road Newcastle upon Tyne NE15 8JP (**Tenant**).

AGREED TERMS

1. INTERPRETATION

- 1.1** The definitions and rules of interpretation set out in this clause apply to this lease.

Act of Insolvency:

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

- (h) the Tenant or any guarantor otherwise ceasing to exist (but excluding where the Tenant or any guarantor dies); or
- (i) the presentation of a petition for a bankruptcy order or the making of a bankruptcy order against the Tenant or any guarantor.

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

Annual Rent: rent at an initial rate of One hundred and seventy seven thousand six hundred and sixty (£177,660) then as reviewed in accordance with the provisions of Clause 8 and Schedule 1 hereafter per annum.

Common Parts: the roads, paths, loading bay, Service Media and other parts of the Estate other than the Property and the Lettable Units.

Contractual Term: a term of years beginning on 20 April 2020 and ending on, and including 19 April 2025

CDM Regulations: the Construction (Design and Management) Regulations 2007.

Default Interest Rate: seven percentage points above the Interest Rate.

Estate: each and every part of the adjoining and neighbouring property in which the Landlord has an interest known as Stockton Industrial Estate and registered under title number CE154897 edged in blue on Plan 2.

Insurance Rent: the aggregate in each year of the gross cost of the premium before any discount or commission for the insurance of:

- (a) the Property, other than any plate glass, for its full reinstatement costs (taking inflation of buildings costs into account) against loss or damage by or in consequence of the Insured Risks, including costs of demolition, site clearance, site protection and shoring-up, professionals and statutory fees and incidental expenses, the cost of any work which may be required under any law and VAT in respect of all those costs, fees and expenses;
- (b) loss of Annual Rent of the Property for three years; and
- (c) any insurance premium tax payable on the above.

Insured Risks: means fire, explosion, lightning, earthquake, storm, flood, bursting and overflowing of water tanks, apparatus or pipes, impact by aircraft and articles dropped from them, impact by vehicles, riot, civil commotion and any other risks against which the Landlord decides to insure against from time to time and **Insured Risk** means any one of the Insured Risks

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

Lettable Unit: a building area or structure on the Estate, other than the Property, that is capable of being let and occupied on terms similar to those of this lease.

LTA 1954: Landlord and Tenant Act 1954.

Permitted Use: use for storage, mobile plant screening and the handling of wood pellets in relation to the principle activities of the Tenant only

Plan 1: the plan attached to this lease marked plan 1 .

Plan 2: the plan attached to this lease marked plan 2

Property: land and buildings at Unit 1 Stockton Industrial Estate shown edged red on Plan 1 but excluding any Service Media in, on, under or over that unit (whether in existence at the date of this lease or installed during the lease period) that are used by that unit in common with any other part of the Estate.

Rent Commencement Date: 20 April 2020

Rent Payment Dates: 1st January, 1st April, 1st July and 1st October in every year.

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

Review Dates: 1 July 2022 (“the First Review Date”) and every anniversary of that date.

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

Third Party Rights: all rights, covenants and restrictions affecting the Estate.

VAT: value added tax chargeable under the Value Added Tax Act 1994 or any similar replacement or additional tax.

VATA 1994: Value Added Tax Act 1994.

- 1.2 A reference to this **lease**, except a reference to the date of this lease or to the grant of this lease, is a reference to this deed and any deed, licence, consent, approval or other instrument supplemental to it.
- 1.3 A reference to the **Landlord** includes a reference to the person entitled to the immediate reversion to this lease. A reference to the **Tenant** includes a reference to its successors in title and assigns.
- 1.4 In relation to any payment, a reference to a **fair proportion** is to a fair proportion of the total amount payable, determined by the Landlord acting reasonably.
- 1.5 The expressions **landlord covenant** and **tenant covenant** each has the meaning given to it by the Landlord and Tenant (Covenants) Act 1995.

- 1.6 Unless the context otherwise requires, references to the **Common Parts**, the **Estate**, a **Lettable Unit** and the **Property** are to the whole and any part of them or it.
- 1.7 The expression **neighbouring property** does not include the Estate.
- 1.8 A reference to the **term** is to the Contractual Term
- 1.9 A reference to the **end of the term** is to the end of the term however it ends.
- 1.10 References to the **consent** of the Landlord are to the consent of the Landlord given in accordance with clause 36.5 and references to the **approval** of the Landlord are to the approval of the Landlord given in accordance with clause 36.6.
- 1.11 A **working day** is any day which is not a Saturday, a Sunday, a bank holiday or a public holiday in England.
- 1.12 Unless otherwise specified, a reference to a particular law is a reference to it as it is in force for the time being, taking account of any amendment, extension, application or re-enactment and includes any subordinate laws for the time being in force made under it and all orders, notices, codes of practice and guidance made under it.
- 1.13 A reference to laws in general is to all local, national and directly applicable supra-national laws in force for the time being, taking account of any amendment, extension, application or re-enactment and includes any subordinate laws for the time being in force made under them and all orders, notices, codes of practice and guidance made under them.
- 1.14 Any obligation in this lease on the Tenant not to do something includes an obligation not to agree to or suffer that thing to be done and an obligation to use best endeavours to prevent that thing being done by another person.
- 1.15 Unless the context otherwise requires, where the words **include(s)** or **including** are used in this lease, they are deemed to have the words "without limitation" following them.
- 1.16 A **person** includes a corporate or unincorporated body.
- 1.17 References to **writing** or **written** do not include faxes or e-mail.
- 1.18 Except where a contrary intention appears, a reference to a clause or Schedule, is a reference to a clause of, or Schedule to, this lease and a reference in a Schedule to a paragraph is to a paragraph of that Schedule.

1.19 Clause, Schedule and paragraph headings do not affect the interpretation of this lease.

2. GRANT

2.1 The Landlord lets with full title guarantee the Property to the Tenant for the Contractual Term.

2.2 The grant is made together with the ancillary rights set out in clause 3, excepting and reserving to the Landlord the rights set out in clause 4, and subject to the Third Party Rights.

2.3 The grant is made with the Tenant paying the following as rent to the Landlord:

- (a) the Annual Rent and all VAT in respect of it;
- (b) the Insurance Rent
- (c) all interest payable under this lease; and
- (d) all other sums due under this lease.

3. ANCILLARY RIGHTS

3.1 The Landlord grants the Tenant the following rights (the **Rights**):

- (a) the right to use the roads and paths on the Estate for the purposes of vehicular and pedestrian access to and egress from the Property and to and from the parts of the Common Parts referred to in clause 3.1(c), along such routes as shall be designated from time to time by the Landlord (acting reasonably)
- (b) subject to availability and to the payment by the Tenant of the Landlord's charges in respect thereof and to the installation of meters therefor at the cost of the Tenant (if required) the right (subject to the control of the Landlord) to receive and take from the Landlord supplies of water and electricity to the Property from the Landlord's mains
- (c) the right to enter the Common Parts so far as is reasonably necessary to carry out any works to the Property required or permitted by this lease;
- (d) a right of support and protection from the rest of the Estate
- (e) the right to site a modular building of a size and type approved by the Landlord in the position marked X on Plan 2 for use in association with the Permitted Use.
- (f) the right to use the Landlord's weighbridge situate on the Estate

3.2 The Rights are granted in common with the Landlord and any other person authorised by the Landlord.

- 3.3** The Rights are granted subject to the Third Party Rights insofar as the Third Party Rights affect the Common Parts and the Tenant shall not do anything that may interfere with any Third Party Right.
- 3.4** The Tenant shall exercise the Rights only in connection with its use of the Property for the Permitted Use and in accordance with any regulations made by the Landlord as mentioned in clause 27.1.
- 3.5** The Tenant shall comply with all laws relating to its use of the Common Parts pursuant to the Rights.
- 3.6** In relation to the Rights mentioned in clause 3.1(a) to clause 3.1(b), the Landlord may, at its reasonable discretion, change the route of any means of access to or egress from the Property and may change the area over which any of those Rights are exercised.
- 3.7** In relation to the Rights mentioned in clause 3.1 (b), the Landlord may, at its discretion, re-route or replace any such Service Media and that Right shall then apply in relation to the Service Media as re-routed or replaced
- 3.8** In exercising the Rights mentioned in clause 3.1(c) and 3.1 (d), the Tenant shall cause as little inconvenience and damage to the Common Parts and the other tenants and occupiers of the Estate as is reasonably practicable and shall promptly make good (to the reasonable satisfaction of the Landlord) any damage caused to the Common Parts by reason of the Tenant exercising that Right.
- 3.9** In exercising the Rights the Tenant shall in particular ensure that it does not block access to any communal working areas used by the Landlord, its tenants, occupiers, servants and invitees
- 3.10** Except as mentioned in this clause 3, neither the grant of this lease nor anything in it confers any right over the Common Parts or any Lettable Unit or any neighbouring property nor is it to be taken to show that the Tenant may have any right over the Common Parts or any Lettable Unit or any neighbouring property, and section 62 of the Law of Property Act 1925 does not apply to this lease.

4. RIGHTS EXCEPTED AND RESERVED

- 4.1** The following rights are excepted and reserved from this lease to the Landlord for the benefit of the Estate and to the extent possible for the benefit of any neighbouring or adjoining property in which the Landlord acquires an interest during the term:
- (a) rights of light, air, support and protection to the extent those rights are capable of being enjoyed at any time during the term;

- (b) the right to use and to connect into Service Media at, but not forming part of, the Property which are in existence at the date of this lease or which are installed or constructed during the Contractual Term; the right to install and construct Service Media at the Property to serve any part of the Estate (whether or not such Service Media also serve the Property); and the right to re-route any Service Media mentioned in this paragraph;
- (c) at any time during the term, the full and free right to develop any part of the Estate (other than the Property (subject to clause 4.1(f)) or any part of the Common Parts over which rights are expressly granted by this deed) and any neighbouring or adjoining property in which the Landlord acquires an interest during the term as the Landlord may think fit;
- (d) the right to erect scaffolding at the Property or on the Estate and attach it to any building on the Property in connection with any of the Reservations;
- (e) the right to build on or into any boundary wall of the Property in connection with any of the Reservations; and
- (f) the right to re-route any means of access to or egress from the Property and to change the areas over which the Rights mentioned in *clause 3.1(a) and clauses 3.1 (c) and 3.1 (f) are exercised*;

notwithstanding that the exercise of any of the Reservations or the works carried out pursuant to them result in a reduction in the flow of light or air to the Property or loss of amenity for the Property.

4.2 The Landlord reserves the right to enter the Property at reasonable times in the daytime upon giving 48 hours notice in writing save in case of emergency:

- (a) to repair, maintain, install, construct re-route or replace any Service Media or structure relating to any of the Reservations; and
- (b) for any other purpose mentioned in or connected with:
 - (i) this lease;
 - (ii) the Reservations; and
 - (iii) the Landlord's interest in the Property or the Estate

provided that in exercising such right the Landlord causes as little disruption or inconvenience to the Tenant as is practicable .

4.3 The Reservations may be exercised by the Landlord and by anyone else who is or becomes entitled to exercise them, and by anyone authorised by the Landlord.

- 4.4** The Tenant shall allow all those entitled to exercise any right to enter the Property, to do so with their workers, contractors, agents and professional advisors, and to enter the Property at any reasonable time (whether or not during usual business hours) and, except in the case of an emergency, after having given reasonable notice (which need not be in writing) to the Tenant.
- 4.5** No party exercising any of the Reservations, nor its workers, contractors, agents and professional advisors, shall be liable to the Tenant or to any undertenant or other occupier of or person at the Property for any loss, damage, injury, nuisance or inconvenience arising by reason of its exercising any of the Reservations except for:
- (a) physical damage to the Property; or
 - (b) any loss, damage, injury, nuisance or inconvenience in relation to which the law prevents the Landlord from excluding liability or
 - (c) any loss, damage, injury, nuisance or inconvenience which results from the illegal act or negligence of the party exercising the Reservation.

5. THIRD PARTY RIGHTS

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

6. THE ANNUAL RENT

- 6.1** The Tenant shall pay the Annual Rent and any VAT in respect of it by equal instalments in advance on or before the Rent Payment Dates. The payments shall be made by banker's standing order or by any other method that the Landlord requires at any time by giving notice to the Tenant.
- 6.2** The first instalment of the Annual Rent and any VAT in respect of it shall be made on the date of this lease and shall be the proportion, calculated on a daily basis, in respect of the period beginning on the Rent Commencement Date and ending on the day before the next Rent Payment Date.

7. INSURANCE

- 7.1** Subject to clause 7.2, the Landlord shall keep the buildings on the Property (other than any plate glass at the Property) insured against loss or damage by the Insured Risks for the full reinstatement cost (taking inflation of building costs

into account). The Landlord shall not be obliged to insure any part of the Property installed by the Tenant

7.2 The Landlord's obligation to insure is subject to:

- (a) any exclusions, limitations, excesses and conditions that may be imposed by the insurers; and
- (b) insurance being available in the London insurance market on reasonable terms acceptable to the Landlord.

7.3 The Tenant shall pay to the Landlord within 14 days of written demand:

- (a) the Insurance Rent
- (b) any amount that is deducted or disallowed by the insurers pursuant to any excess provision in the insurance policy; and
- (c) any costs that the Landlord incurs in obtaining a valuation of the Property for insurance purposes

7.4 The Tenant shall:

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

or any person at the Property with the actual or implied authority of any of them.

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

- (a) provide accommodation or facilities identical in layout or design so long as accommodation reasonably equivalent to that previously at the Property is provided; or
- (b) repair or rebuild if the Tenant has failed to pay any of the Insurance Rent; or
- (c) repair or rebuild the Property after a notice has been served pursuant to clause 7.7.

7.6 If the Property is damaged or destroyed by an Insured Risk so as to be unfit for occupation and use and/or the services incapable of reasonable use then and/or the Property is inaccessible, unless the policy of insurance of the Property has been vitiated in whole or in part in consequence of any act or omission of the Tenant, any undertenant or their respective workers, contractors or agents or any other person on the Property with the actual or implied authority of any of them, payment of the Annual Rent, or a fair proportion of it according to the nature and extent of the damage, shall be suspended until the Property has been reinstated and made fit for occupation and use and the services capable of reasonable use (as the case may be) or a period of three years whichever shall be the shorter.

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

7.8 Provided that the Tenant has complied with its obligations in this clause the Tenant may terminate this lease by giving notice to the Landlord if, following damage or destruction by an Insured Risk, the Property has not been reinstated so as to be fit for occupation and/or use and/or the services capable of reasonable use within three (3) months after the date of damage or destruction. On giving this notice this lease shall determine but this shall be without prejudice to any right or remedy of the Landlord in respect of any breach of the tenant covenants of this lease. Any proceeds of the insurance (other than any insurance for plate glass) shall belong to the Landlord

7.9 The Tenant covenants to maintain third party public liability insurance for not less than £10,000,000 (ten million pounds)..

8. RENT REVIEW

The Annual Rent will be reviewed on the Review Dates as provided in Schedule 1 of this lease.

9. RATES AND TAXES

9.1 The Tenant shall pay all present and future rates, taxes and other impositions payable in respect of the Property, its use and any works carried out there, other than:

- (a) any taxes payable by the Landlord in connection with any dealing with or disposition of the reversion to this lease;
- (b) any taxes, other than VAT and insurance premium tax, payable by the Landlord by reason of the receipt of any of the rents due under this lease; or
- (c) business rates payable to the local authority which shall be the responsibility of the Landlord.

9.2 The Tenant shall not make any proposal to alter the rateable value of the Property or that value as it appears on any draft rating list, without the approval of the Landlord.

9.3 If, after the end of the term, the Landlord loses rating relief (or any similar relief or exemption) because it has been allowed to the Tenant, then the Tenant shall pay the Landlord an amount equal to the relief or exemption that the Landlord has lost.

10. UTILITIES

10.1 The Tenant shall pay all costs in connection with the supply and removal of electricity, gas, water, sewage, telecommunications data and other services and utilities to and from the Property.

10.2 The Tenant shall comply with all laws and with any proper requirements of the relevant suppliers relating to the use of those services and utilities.

10.3 If any such Services supplied by the Landlord the Tenant shall pay to the Landlord the Landlord's charges in respect thereof upon demand and shall enter into a supply agreement with the Landlord in the Landlord's standard form.

11. COMMON ITEMS

The Tenant shall comply with all reasonable regulations the Landlord may make from time to time in connection with the use of any Service Media, structures or other items at the Estate and in connection with the security of the Estate.

12. VAT

12.1 All sums payable by the Tenant are exclusive of any VAT that may be chargeable subject to receipt of a valid VAT invoice. The Tenant shall pay VAT in respect of all taxable supplies made to it in connection with this lease on the due date for making any payment or, if earlier, the date on which that supply is made for VAT purposes.

12.2 Every obligation on the Tenant, under or in connection with this lease, to pay the Landlord or any other person any sum by way of a refund or indemnity, shall include an obligation to pay an amount equal to any VAT incurred on that sum by the Landlord or other person except, to the extent that the Landlord or other person obtains credit for such VAT under the Value Added Tax Act 1994.

13. DEFAULT INTEREST AND INTEREST

13.1 If any Annual Rent or any other money properly payable under this lease has not been paid within 21 days of the date it is due, whether it has been formally demanded or not, the Tenant shall pay the Landlord interest at the Default Interest Rate (both before and after any judgment) on that amount for the period from the due date to and including the date of payment subject on each occasion to a minimum payment of £1000.

13.2 If the Landlord does not demand or accept any Annual Rent or other money due or tendered under this lease because the Landlord reasonably believes that the Tenant is in breach of any of the tenant covenants of this lease, then the Tenant shall, when that amount is accepted by the Landlord, also pay interest at the Interest Rate on that amount for the period from the date the amount (or each part of it) became due until the date it is accepted by the Landlord.

14. COSTS

14.1 The Tenant shall pay the reasonable costs and expenses of the Landlord including any solicitors' or other professionals' costs and expenses (incurred both during and after the end of the term) in connection with or in reasonable contemplation of any of the following:

- (a) the enforcement of the tenant covenants of this lease;

- (b) serving any notice in connection with this lease under section 146 or 147 of the Law of Property Act 1925 or taking any proceedings under either of those sections, notwithstanding that forfeiture is avoided otherwise than by relief granted by the court;
- (c) serving any notice in connection with this lease under section 17 of the Landlord and Tenant (Covenants) Act 1995;
- (d) the preparation and service of a schedule of dilapidations in connection with this lease within six months after the end of the term; or
- (e) any consent or approval applied for under this lease, whether or not it is granted (unless the consent or approval is unreasonably withheld by the Landlord in circumstances where the Landlord is not unreasonably to withhold it).

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

15. NO DEDUCTION, COUNTERCLAIM OR SET-OFF

The Annual Rent and all other money due under this lease are to be paid by the Tenant or any guarantor (as the case may be) without deduction, counterclaim or set-off.

16. ASSIGNMENTS

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

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

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

- (a) a condition that the assignor enters into an authorised guarantee agreement which:
 - (i) is in respect of all the tenant covenants of this lease;
 - (ii) is in respect of the period beginning with the date the assignee becomes bound by those covenants and ending on the date when the assignee is released from those covenants by virtue of section 5 of the Landlord and Tenant (Covenants) Act 1995;
 - (iii) imposes principal debtor liability on the assignor;

- (iv) requires (in the event of a disclaimer of this lease) the assignor to enter into a new tenancy for a term equal to the unexpired residue of the Contractual Term; and
 - (v) is otherwise in a form reasonably required by the Landlord.
- (b) a condition that a person of standing acceptable to the Landlord acting reasonably enters into a guarantee and indemnity in the form set out in the Schedule (with such amendments and additions as the Landlord may reasonably require).

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

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

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

17. UNDERLETTINGS

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

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

17.3 The Tenant shall not underlet the Property:

- (a) together with any property or any right over property that is not included within this lease;
- (b) at a fine or premium or reverse premium; nor
- (c) allowing any rent free period to the undertenant that exceeds the period as is then usual in the open market in respect of such a letting.

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

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

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

- (a) an agreement between the Tenant and the undertenant that the provisions of sections 24 to 28 of the LTA 1954 are excluded from applying to the tenancy created by the underlease;
- (b) the reservation of a rent which is not less than the full open market rental value of the Property at the date the Property is underlet and which is payable at the same times as the Annual Rent under this lease (but this shall not prevent an underlease providing for a rent-free period of a length permitted by clause 17.3(c));
- (c) provisions for the review of rent at the same dates and on the same basis as the review of rent in this lease, unless the term of the underlease does not extend beyond the next Review Date;
- (d) a covenant by the undertenant, enforceable by and expressed to be enforceable by the Landlord (as superior landlord at the date of grant) and its successors in title in their own right, to observe and perform the tenant covenants in the underlease and any document that is supplemental or collateral to it and the tenant covenants in this lease, except the covenants to pay the rents reserved by this lease; and
- (e) provisions requiring the consent of the Landlord to be obtained in respect of any matter for which the consent of the Landlord is required under this lease,

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

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

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

18. SHARING OCCUPATION

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

19. CHARGING

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

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

20. PROHIBITION OF OTHER DEALINGS

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

21. REGISTRATION AND NOTIFICATION OF DEALINGS AND OCCUPATION

21.1 In this clause a Transaction is:

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

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

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

- (a) give the Landlord's solicitors notice of the Transaction; and

- (b) deliver two certified copies of any document effecting the Transaction to the Landlord's solicitors; and
- (c) pay the Landlord's solicitors a registration fee of £50 (plus VAT)].

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

22. REPAIRS

22.1 The Tenant shall keep the Property and any fixtures and fittings thereon clean and tidy and in good and substantial repair and condition and free of all defects.

22.2 The Tenant shall keep the external areas of the Property in a clean and tidy condition and not allow any rubbish or waste to be left there.

23. ALTERATIONS

23.1 The Tenant shall not make any external or structural alteration or addition to the Property and shall not make any opening in any boundary structure of the Property.

23.2 The Tenant shall not install any Service Media on the exterior of the Property nor alter the route of any Service Media at the Property without the consent of the Landlord.

24. SIGNS

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

24.2 The Tenant shall not attach any Signs to the exterior of the Property without the consent of the Landlord.

24.3 Before the end of the term, the Tenant shall remove any Signs placed by it at the Property and shall make good any damage caused to the Property by that removal.

25. RETURNING THE PROPERTY TO THE LANDLORD

25.1 At the end of the term the Tenant shall return the Property to the Landlord in the repair and condition required by this lease.

25.2 At the end of the term, the Tenant shall remove from the Property all chattels belonging to or used by it.

25.3 The Tenant irrevocably appoints the Landlord to be the Tenant's agent to store or dispose of any chattels or items it has fixed to the Property and which have been left by the Tenant on the Property for more than ten working days after the end of the term. The Landlord shall not be liable to the Tenant by reason of that storage or disposal. The Tenant shall indemnify the Landlord in respect of any claim made by a third party in relation to that storage or disposal.

25.4 If the Tenant does not comply with its obligations in this clause, then, without prejudice to any other right or remedy of the Landlord, the Tenant shall pay the Landlord an amount equal to the Annual Rent at the rate reserved immediately before the end of the term for the period that it would reasonably take to put the Property into the condition it would have been in had the Tenant performed its obligations under this clause. The amount shall be a debt due on demand from the Tenant to the Landlord.

26. USE

26.1 The Tenant shall not use the Property for any purpose other than the Permitted Use.

26.2 The Tenant shall not use the Property for any illegal purpose nor for any purpose or in a manner that would cause loss, damage, injury a legal nuisance to the Landlord, the other tenants or occupiers of the Lettable Units or any owner or occupier of neighbouring property.

26.3 The Tenant shall not overload any structural part of the Property nor any machinery or equipment at the Property nor any Service Media at or serving the Property.

27. MANAGEMENT OF THE ESTATE

27.1 The Tenant shall observe all reasonable and proper regulations made by the Landlord from time to time in accordance with the principles of good estate management and notified to the Tenant relating to the use of the Common Parts and the management of the Estate.

27.2 Nothing in this lease shall impose or be deemed to impose any restriction on the use of any other Lettable Unit or any neighbouring property.

28. COMPLIANCE WITH LAWS

28.1 The Tenant shall comply with all laws relating to:

- (a) the Property and the occupation and use of the Property by the Tenant;
- (b) the use of all Service Media and machinery and equipment at or serving the Property;

- (c) any works carried out at the Property; and
 - (d) all materials kept at or disposed from the Property.
- 28.2** Without prejudice to any obligation on the Tenant to obtain any consent or approval under this lease, the Tenant shall carry out all works that are required under any law to be carried out at the Property whether by the owner or the occupier.
- 28.3** Within five working days after receipt of any notice or other communication affecting the Property or the Estate (and whether or not served pursuant to any law) the Tenant shall:
 - (a) send a copy of the relevant document to the Landlord; and
 - (b) in so far as it relates to the Property, take all steps necessary to comply with the notice or other communication and take any other action in connection with it as the Landlord may reasonably require.
- 28.4** The Tenant shall not apply for any planning permission for the Property without the Landlord's consent.
- 28.5** The Tenant shall comply with its obligations under the CDM Regulations, including all requirements in relation to the provision and maintenance of a health and safety file. The Tenant shall maintain the health and safety file for the Property in accordance with the CDM Regulations and shall give it to the Landlord at the end of the term.
- 28.6** The Tenant shall supply all information to the Landlord that the Landlord reasonably requires from time to time to comply with the Landlord's obligations under the CDM Regulations.
- 28.7** As soon as the Tenant becomes aware of any defect in the Property, it shall give the Landlord notice of it. The Tenant shall indemnify the Landlord against any liability under the Defective Premises Act 1972 in relation to the Property by reason of any failure of the Tenant to comply with any of the tenant covenants in this lease.
- 28.8** The Tenant shall keep the Property equipped with all fire prevention, detection and fighting machinery and equipment and fire alarms which are required under all relevant laws or required by the insurers of the Property or reasonably recommended by them or reasonably required by the Landlord and shall keep that machinery, equipment and alarms properly maintained and available for inspection.
- 28.9** The Tenant shall comply with the Dangerous Substances and Explosive Atmospheres Regulations and all other operational regulations and permits

required for the Permitted Use and supply copies thereof to the Landlord whenever requested.

29. ENCROACHMENTS, OBSTRUCTIONS AND ACQUISITION OF RIGHTS

29.1 The Tenant shall not grant any right or licence over the Property to any person.

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

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

29.3 The Tenant shall not obstruct the flow of light or air to the Property or any other part of the Estate nor obstruct any means of access to the Property or the Estate.

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

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

- (a) immediately notify the Landlord; and
- (b) take all steps (including proceedings) the Landlord reasonably requires to prevent or secure the removal of the obstruction.

30. BREACH OF REPAIR AND MAINTENANCE OBLIGATIONS

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

30.2 If the Tenant has not begun any works needed to remedy that breach within two months following that notice (or if works are required as a matter of emergency, then immediately) or if the Tenant is not carrying out the works with all due speed, then the Landlord may enter the Property and carry out the works needed.

30.3 The costs incurred by the Landlord in carrying out any works pursuant to this clause (and any professional fees and any VAT in respect of those costs) shall be a debt due from the Tenant to the Landlord and payable on demand.

30.4 Any action taken by the Landlord pursuant to this clause shall be without prejudice to the Landlord's other rights, including those under clause 28.

31. INDEMNITY

The Tenant shall keep the Landlord indemnified against all expenses, costs, claims, damage and loss (including any diminution in the value of the Landlord's interest in the Estate and loss of amenity of the Estate) arising from any breach of any tenant covenants in this lease, or any act or omission of the Tenant, any undertenant or their respective workers, contractors or agents or any other person on the Property or the Common Parts with the actual or implied authority of any of them.

32. LANDLORD'S COVENANT FOR QUIET ENJOYMENT

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

33. RE-ENTRY AND FORFEITURE

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

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

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

34. LIABILITY

34.1 At any time when the Landlord, the Tenant or a guarantor is more than one person, then in each case those persons shall be jointly and severally liable for their respective obligations arising by virtue of this lease. The Landlord may release or compromise the liability of any one of those persons or grant any time or concession to any one of them without affecting the liability of any other of them.

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

34.3 In any case where the facts are or should reasonably be known to the Tenant, the Landlord shall not be liable to the Tenant for any failure of the Landlord to perform any landlord covenant in this lease unless and until the Tenant has given the Landlord notice of the facts that give rise to the failure and the Landlord has not remedied the failure within a reasonable time.

35. ENTIRE AGREEMENT

35.1 This lease and any documents annexed to it constitute the whole agreement between the parties and supersede all previous discussions, correspondence, negotiations, arrangements, understandings and agreements between them relating to their subject matter.

35.2 Each party acknowledges that in entering into this lease and any documents annexed to it it does not rely on, and shall have no remedies in respect of, any representation or warranty (whether made innocently or negligently) except that the Tenant relies on written representations made by the Landlord's Solicitors to the Tenant's Solicitors in replies to enquiries.

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

36. NOTICES, CONSENTS AND APPROVALS

36.1 A notice given under or in connection with this lease shall be:

- (a) in writing unless this lease expressly states otherwise and for the purposes of this clause an e-mail is not in writing;
- (b) given by hand or by pre-paid first-class post or other next working day delivery service at the party's registered office address (if the party is a company) or (in any other case) at the party's principal place of business

36.2 If a notice is given in accordance with clause 33.1, it shall be deemed to have been received:

- (a) if delivered by hand, at the time the notice is left at the proper address;
- (b) if sent by pre-paid first-class post or other next working day delivery service, on the working day after posting;

36.3 This clause does not apply to the service of any proceedings or other documents in any legal action or, where applicable, any arbitration or other method of dispute resolution.

36.4 Section 196 of the Law of Property Act 1925 shall otherwise apply to notices given under this lease.

36.5 Where the consent of the Landlord is required under this lease, a consent shall only be valid if it is given by deed, unless:

- (a) it is given in writing and signed by a person duly authorised on behalf or the Landlord; and
- (b) it expressly states that the Landlord waives the requirement for a deed in that particular case.

If a waiver is given, it shall not affect the requirement for a deed for any other consent.

36.6 Where the approval of the Landlord is required under this lease, an approval shall only be valid if it is in writing and signed by or on behalf of the Landlord, unless:

- (a) the approval is being given in a case of emergency; or
- (b) this lease expressly states that the approval need not be in writing.

36.7 If the Landlord gives a consent or approval under this lease, the giving of that consent or approval shall not imply that any consent or approval required from a third party has been obtained, nor shall it obviate the need to obtain any consent or approval from a third party.

37. GOVERNING LAW AND JURISDICTION

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

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

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

38.1 The parties confirm that:

- (a) the Landlord served a notice on the Tenant, as required by section 38A(3)(a) of the LTA 1954, applying to the tenancy created by this lease, before this lease was entered into;
- (b) _____ who was duly authorised by the Tenant to do so] made a statutory declaration dated _____ in

accordance with the requirements of section 38A(3)(b) of the LTA 1954; and

- (c) there is no agreement for lease to which this lease gives effect.

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

39. CONTRACTS (RIGHTS OF THIRD PARTIES) ACT 1999

A person who is not a party to this lease shall not have any rights under or in connection with it by virtue of the Contracts (Rights of Third Parties) Act 1999 but this does not affect any right or remedy of a third party which exists, or is available, apart from that Act.

40. LANDLORD AND TENANT (COVENANTS) ACT 1995

This lease creates a new tenancy for the purposes of the Landlord and Tenant (Covenants) Act 1995.

41. BREAK CLAUSE

DEFINITIONS

Landlord's Break Date: a date which is not less than 4 months after the service of a Break Notice by the Landlord

Tenant's Break Date: a date which is not less than 6 months after the service of a Break Notice by the Tenant

Break Notice: Written notice to terminate this lease on the Landlord's Break Date or Tenant's Break Date as applicable.

41.1 Exercise of break

Either party may terminate this lease by serving a Break Notice on the other party.

41.2 A Break Notice served by the Tenant shall be of no effect if at the Tenant's Break Date:

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

41.3 Termination

41.3.1 Subject to clause 41.2 following service of a Break Notice this lease shall terminate on either a Landlord's Break Date or a Tenant's Break Date as applicable

41.3.2 Termination of this lease on either a Landlord's Break Date or a Tenant's Break Date shall not affect any other right or remedy that either party may have in relation to any earlier breach of this lease.

41.3.2 Time shall be of the essence for this clause.

SCHEDULE 1
Rent Review

1 Definitions

For all purposes of this schedule the terms defined in this paragraph 1 have the meanings specified.

1.1 "The Base Figure"

"The Base Figure" means upon the First Review Date the published Index figure for the month immediately prior to May 2018 and upon each subsequent Review Date the published index figure immediately prior to the last Review Date

1.2 "The Increase"

"The Increase" means fifty percent (50%) of the amount, if any, by which the Index last published immediately prior to the relevant Review Date exceeds the Base Figure.

1.3 "The Index"

"The Index" means the "all items" index figure of the Index of Retail Prices published by the Department of National Statistics or any successor Ministry or Department.

1.4 "Index Rent" means the figure calculated in accordance with this Schedule 1.

1.5 "A Review Period" means a period beginning on any Review Date and ending on the day before the next Review Date and qualified uses of the term are to be construed accordingly

2 Ascertaining the Annual Rent

The Annual Rent

Until the first Review Date the Annual Rent is to be the Initial Rent, and thereafter during each successive Review Period the Annual Rent is to be a sum equal to the greater of:

(a) the Annual Rent payable under this Lease immediately before the relevant Review Date (or if payment of rent has been suspended as provided in this Lease, the rent that would have been payable had there been no such suspension); or

(b) the Index Rent

3. Calculation of the Index Rent

3.1. The Index Rent shall be determined at the relevant Review Date as being the Initial Rent plus the amount that bears the same proportion to the Initial Rent as the Increase bears to the Base Figure.

3.2. Changes in the Index

If the reference base used to compile the Index changes after the date of this Lease then the figure taken to be shown in the Index after the change is to be the figure that would have been shown in the Index if the reference base current at the date of this Lease had been retained.

4. Further Provisions

It is further agreed in relation to the ascertainment and payment of revised rent as follows:

4.1 Arbitration of problems

If it becomes impossible to calculate the Index Rent for any Review Period by reference to the Index because of any change in the methods used to compile the Index after the date of this Lease or for any other reason whatever, or if any dispute or question whatever arises between the parties as to the amount of the Index Rent for any Review Period or the construction or effect of Schedule, then the Annual Rent for that Review Period or the disputed matter is to be determined by an arbitrator to be appointed either by agreement between the parties or, in the absence of agreement, by the President for the time being of the Royal Institution of Chartered Surveyors, or any person authorised by him to make appointments on his behalf, on the application of either the Landlord or the Tenant. This is to be deemed to be a submission to arbitration within the meaning of the Arbitration Act 1996. The arbitrator is to have full power to

determine, on such dates as he considers appropriate, what the increase in the Index would have been had it continued on the basis assumed for the operation of this rent review and in view of the information assumed to be available for it. If that determination is also impossible, the arbitrator must determine a reasonable rent for the Property on such dates as he considers appropriate, having regard to the purposes and intent of the provisions in this Lease for the review of the Annual Rent. The fees or charges of such an arbitration shall be borne equally by the Landlord and the Tenant and if the arbitrator is unwilling to make a determination due to the failure of either party to pay its share of the costs the Landlord may pay the Tenant's share of the costs and vice versa any amount so paid shall be a debt due forthwith from the defaulting party to the other.

- 4.2 If the Tenant shall fail to pay any costs awarded against it and the amount shall be paid by the Landlord the amount so paid shall be repaid by the Tenant chargeable on demand together with interest at the Interest Rate

5. Rent Memoranda

When the amount of any revised rent to be ascertained has been so ascertained memoranda of it shall be signed by or on behalf of the Landlord and the Tenant and annexed to this Lease and its counterpart and the Landlord and the Tenant shall bear their own costs in respect of such memoranda

6. Payment of Shortfall

If the revised rent to be determined in accordance with this Schedule 1 has not been determined by the relevant Review Date then the Annual Rent payable immediately preceding the relevant Review Date shall continue to be payable on account of the revised rent at the rate previously payable and within 14 days of the revised rent being ascertained the Tenant shall pay to the Landlord any shortfall between the existing Annual Rent and the new revised rent for the period from the relevant Review Date to the next Rent Payment Date together with interest at the Interest Rate on any shortfall such interest to be calculated on a day to day basis from the relevant Review Date on which it would have been payable if the revised rent had then been ascertained to the date of actual payment of any shortfall.

7. Effect of Restrictions on Revision Date

If at any Review Date or during any Review Period there is in force by virtue of any Act of Parliament regulation instrument or order a restriction upon the Landlord's right to review the Annual Rent or upon the Landlord's right to collect or retain the full amount of the Annual Rent or any increase therein resulting from any ascertainment of revised rent under this Schedule then:

7.1 During the continuance of such restriction the Tenant shall pay the Annual Rent at the highest level from time to time recoverable under that restriction; and

7.2 Upon the ending removal or modification of such restriction the Landlord at the Landlord's option may at any time thereafter by notice to the Tenant in writing require either:

7.2.1 that there shall be an additional rent review at a day specified in such notice which day shall not be earlier than the date of the ending removal or modification of the restriction and shall for all the purposes of this Schedule be a Review Date in which case the Annual Rent payable under this Lease from such day to the next succeeding Review Date shall be determined in like manner as the Annual Rent for any applicable Review Period; or

7.2.2 that the collection of any increase or increases in the Annual Rent not previously recoverable shall be postponed to take effect on the first day after the ending removal or modification of the restriction upon which such increase or increases may be collected and or retained in whole or in part and on as many occasions as shall be required to ensure the collection of the whole of the increase or increases or as much thereof as shall be legally recoverable.

Executed as a deed by SMITH
CARPETS LIMITED acting by,

.....
Director

a director and

a director **OR** its secretary

.....
Director **OR** Secretary

Executed as a deed by
NEWCASTLE BED COMPANY
LIMITED acting by one director

.....
Director

in the presence of:-

Witness signature

Witness name

Address

.....

Occupation