

DATED 2008

OTTLEY CORP

(1)

- and -

SAINSBURY'S SUPERMARKETS LTD

(2)

L E A S E

- of -

Part Ground Floor
105 Salisbury Road
London NW6

Simmons Stein
Compass House
Pynnacles Close
Stanmore
Middlesex HA7 4AF
GSS/WAUI

LAND REGISTRY

LAND REGISTRATION ACTS 2002

LESSORS TITLE NUMBER : MX372719
PROPERTY LEASED : Part Ground Floor 105 Salusbury Road
London NW6
INITIAL YEARLY RENT : £130,000

LEASE

DATED 2008

BETWEEN :

(1) OTTLEY CORP c/o Compass House Pynacles Close Stanmore Middlesex
HA7 4AF

("the Landlord")

(2) SAINSBURY'S SUPERMARKETS LTD whose registered office is at 33
Holborn London EC1N 2HT (Company Registration Number 03261722)

("the Tenant")

1. IN THIS LEASE

Interpretation

1.1 The following expressions shall have the following meanings:

"Act"	means any Act of Parliament now or hereafter to be passed
"approved and authorised"	means as the case may be approved or authorised in writing by the Landlord such authorisation not to be unreasonably withheld or delayed
"associated company"	means a company in the same group of companies as the Tenant

PARTICULARS

(Land Registry Prescribed Clauses)

LR1 Date of Lease: 2008

LR2 Title Numbers: LR2.1 Landlord's Title Number
Mx372719
LR2.2 Other Title Numbers
None

LR3 Parties: Landlord
OTTLEY CORP c/o Compass House
Pynacles Close Stanmore Middlesex HA7
4AF

Tenant
SAINSBURY'S SUPERMARKETS LIMITED
(Company Registration Number 03261722)
whose registered office is at 33 Holborn
London EC1N 2HT

Other Parties

LR4 Property: Part Ground Floor 105 Salusbury Roac
London NW6

LR5 Prescribed Statements: None

LR6 Term for which the Property is leased: 20 years from the 7th July 2008

LR7 Premium:

LR8 Prohibition or Restrictions This lease does contain a provision that
on disposing of this Lease: prohibits or restricts dispositions

LR9 Rights of Acquisitions etc: LR9.1 Tenant's contractual rights of Acquisition
None

LR9.2 Tenant's covenant to (or offer to) surrender this Lease
None

	<u>LR9.3</u>	<u>Landlord's contractual rights to acquire this Lease</u> None
LR10 Restrictive Covenants given in this Lease by the Landlord in respect of land Other than the Property:		None
LR11 Easement:	<u>LR11.1</u>	<u>Easements granted by this Lease for the benefit of the Property</u> Part I of the Second Schedule
	<u>LR11.2</u>	<u>Easements granted or reserved by this Lease over the Property for the benefit of other property</u> Part II of the Second Schedule
LR12 Estate Rentcharge Burdening the Property:		None
LR13 Application for Standard Form of Restriction:		None
LR14 Declaration of Trust where there is more than one Person comprising the Tenant		Not applicable

"Authorised Guarantee Agreement"	means an agreement between the Landlord and the Tenant entered into by the Tenant as guarantor in the circumstances set out in clause 3.14 hereof and containing the provisions set out in the Fifth Schedule and such other provisions as the Landlord and Tenant may agree (acting reasonably)
"Building"	means the property described in part I of the First Schedule
"Common Parts"	means the roadways ramps service yard forecourt car park stairways corridors emergency exit routes and entranceways in the Building and any other parts of the Building intended for general use
"Consent of the Landlord"	means a consent in writing of the Landlord signed by or on behalf of the Landlord
"Insured Risks"	means the risks from time to time covered by the policy or policies of insurance effected by the Landlord pursuant to the covenant in Clause 4.2 to the extent that insurance against such risks can from time to time be arranged with an insurer of good repute and reasonable cost and on reasonable terms but excluding any risks for which from time to time are not available in the London market and at a reasonable premium and which shall include cover against <ul style="list-style-type: none"> (a) loss or damage by fire storm tempest flood lightning explosion aircraft (other than hostile aircraft) articles dropped therefrom riot or civil commotion malicious persons earthquake damage impact bursting and

0 2 4 6 8 10m

--- SAINSBURY'S DEMISE
 --- FIRE ESCAPE ROUTE

SALES AREA
 APPX. 244 m²
 (2,626 ft²)

BACK-UP & CIRC.
 APPX. 164 m²
 (1,765 ft²)

SUB LET UNIT -
 APPX. 135 m²
 (1,453 ft²)

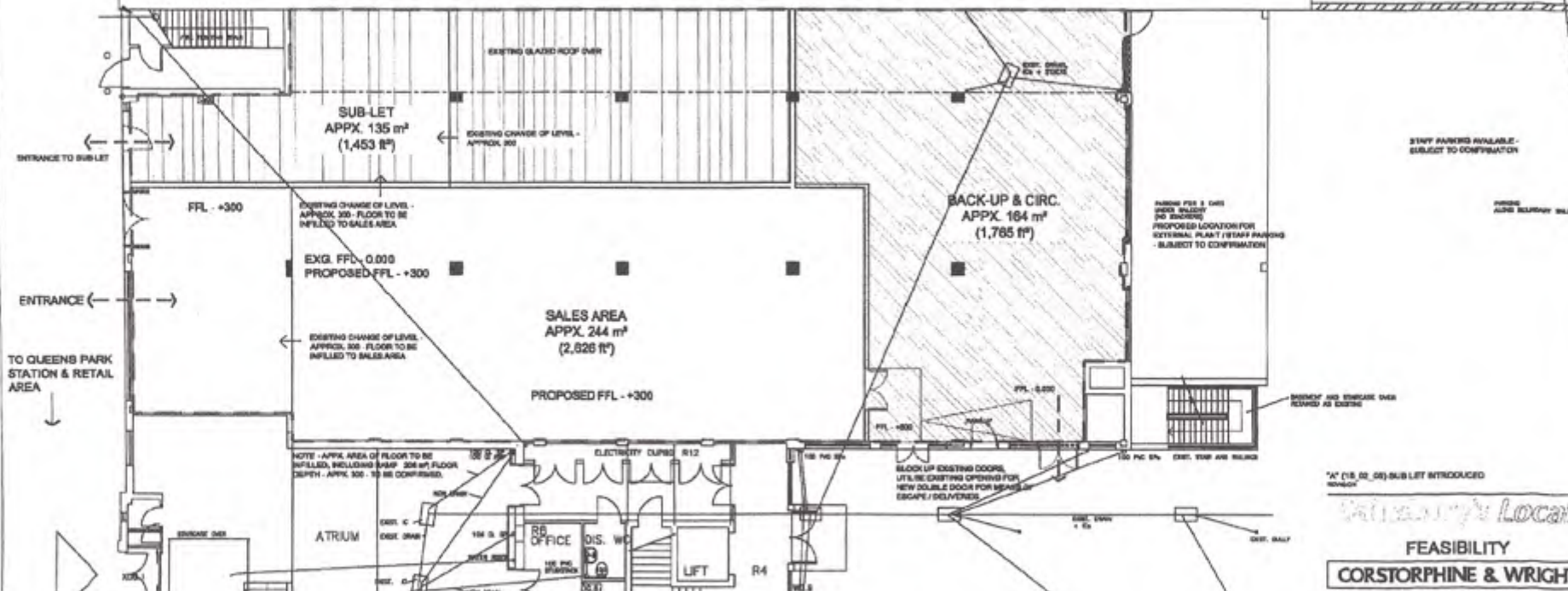
NOTE - ALL AREAS STATED ARE GROSS INTERNAL; THE AREA STATED FOR THE BACK UP INCLUDES THE DIVIDING WALL BETWEEN THE SALES & BACK UP AREAS.

OVERALL UNIT SIZE - G.I.A APPX. 548 m² (5,898 ft²)
 SAINSBURY'S UNIT SIZE - G.I.A APPX. 408 m² (4,391 ft²)

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NOTES

NOTE - DRAWING PREPARED FROM SHELL ARCHITECTURAL DRAWING - ACCURACY CANNOT BE GUARANTEED. UNIT WILL REQUIRE CHANGE OF USE FROM A3 TO A1 RETAIL.



A (15.02.05) SUB LET INTRODUCED

Bainbury's Local

FEASIBILITY

CORSTORPHINE & WRIGHT

ARCHITECTURE 100% PLANNING INTERIOR DESIGN PLANNING SUPERVISION
 Morley House, 28 Holborn Viaduct, London, EC1A 2AT
 Tel: 020 7942 0000 Fax: 020 7942 0020
 Email: corstorphine@corstorphine.com

Project
 BAINSBURY'S LOCAL
 105 GALSURRY ROAD
 QUEENS PARK

Drawing No.
 FEASIBILITY
 PROPOSED STORE LAYOUT

Drawn SV	Checked	Scale 1:100 @A3	Date 11.02.05
Project No. 05098	Sheet No. 102	Revision A	

overflowing of pipes tanks sprinklers and other apparatus and impact by road vehicles landslip heave subsidence and terrorism (provided it is available on reasonable terms)

(b) all liability of the Landlord to third parties arising out of or in connection with the demise of the Premises by this Lease and

(c) such other risks as the Landlord or Tenant shall from time to time during the Term determine acting reasonably (subject to such excesses, exclusions and limitations as the insurer requires)

"Landlord"

includes where the context admits the estate owner for the time being of the reversion immediately expectant on the termination of the Term and in Clause 3.14 and 3.15 includes any superior landlord in addition to the Landlord

"Landlord's
Surveyor"

means the Surveyor for the time being of
the Landlord

"last year of
the Term"

means the year of the Term ending on the
termination of the Term

"notice"

means notice in writing

"part with
possession"

includes an agreement to part with possession

"Permitted Part"

means either the whole of the area marked "Sub Let Unit" on Plan 3 or up to a maximum of two self contained units within the Premises

"Plans"

means the plans annexed hereto

"Planning Acts"

means the Act or Acts for the time being in force relating to

	Town and Country Planning
"Premises"	means the property described in Part II of the First Schedule together with all additions and improvements thereto and all fixtures and fittings therein or thereon
"Prescribed Rate"	means either 3 per cent over the base rate of Barclays Bank plc (or such other Bank being a member of the Committee of the London Clearing Banks as the Landlord may from time to time nominate) or if no such base rate can be ascertained then the rate at the relevant time which said Bank (or alternative Bank as aforesaid) shall utilise for equivalent purposes
"President"	means the President for the time being of the Royal Institution of Chartered Surveyors or his duly appointed deputy
"Principal Rent"	means the rent first reserved in Clause 2 or the rent from time to time payable following a review of rent pursuant to the provisions of the Third Schedule
"Retained Property"	means the Building excluding the Premises and those parts of the Building designed or intended for letting or exclusive occupation if let on the same or similar terms as this Lease
"Rents"	means the rents reserved in Clause 2
"Service Conduits and Appliances"	means gas pipes water pipes drains ducts telecommunications cables electric mains wires supply lines appliances air conditioning apparatus and services that serve the Premises

"Service Rent"	means the rent thirdly reserved in Clause 2
"Tenant"	includes where the context so admits the successors in title of the Tenant
"Term"	means the term hereby granted and includes where appropriate any extension thereof by agreement or pursuant to any Act
"termination of the Term"	means the determination of the Term whether by effluxion of time re-entry notice surrender (whether by operation of law or otherwise) or by any other means whatsoever
"Title Matters"	the matters contained or referred to in the register of title number MX37219
"Uninsured Damage"	means damage by terrorism or some other action or event where such risks are not fully insured or are subject to some special limitation excess or exclusion such that the full cost of reinstatement (save for normal excesses) is not recoverable by the Landlord under its insurance policy but not where such irrecoverability is wholly or in part by reason of any act, neglect or default of the Tenant or its servants and agents
"VAT"	means value added tax or any other tax of a similar nature and unless otherwise expressly stated all reference to rents or other sums payable by the Tenant are exclusive of VAT

1.2 Where the context requires :

1.2.1 words importing the singular include the plural and vice versa

1.2.2 words importing the masculine include the feminine and neuter

- 1.2.3 where a party consists of more than one person covenants and obligations of that party shall take effect as joint and several covenants and obligations
- 1.3 References to any Act include references to any statutory modification or re-enactment thereof for the time being in force and any order instrument regulation or bye-law made or issued thereunder
- 1.4 References to legal costs shall be construed as including all Counsel's fees reasonably and properly incurred and reasonable solicitors' costs
- 1.5 The paragraph headings shall not in any way affect the construction of this Lease
- 1.6 Reference in this Lease to any clause or sub-clause or Schedule without further designation shall be construed as a reference to the relevant clause or sub-clause or Schedule to this Lease so numbered

Demise

2. The Landlord demises the Premises to the Tenant with full title guarantee **TOGETHER WITH** the rights granted in Part I of the Second Schedule **RESERVING** to the Landlord the rights set out in Part II of the Second Schedule and subject to and with the benefit of the Title Matters **TO HOLD** for the term of 20 years from the 7th day of July 2008 (determinable as herein provided) Paying during the Term First until the 7th day of October 2008 the yearly rent of a peppercorn if demanded and thereafter until the 7th day of July 2013 the yearly rent of £130,000 and thereafter the yearly rent payable from time to time under the Third Schedule such rent to be paid without any deduction (except as required by any Act) by four equal quarterly payments in advance on the usual quarter days the first payment (for the period beginning on the 7th day of October 2008 and ending on the 24th day of December 2008 and

calculated by multiplying the yearly rent of £130,000 by the fraction of which the numerator is the number of days between those dates (both included) and the denominator is 365) to be made on the 7th day of October 2008 and Secondly the yearly rent ascertained in accordance with the provisions of the Fourth Schedule

Tenant's covenants

3. The Tenant covenants with the Landlord:

Rent

3.1 To pay the Rents at the times and in manner aforesaid and if so required by direct debit or bankers standing order and without any deduction by way of set off (whether legal or equitable or of any other description) or otherwise

Outgoings and Shared Expenses

3.2

3.2.1 To defray (or in the absence of direct assessment on the Premises to pay to the Landlord a fair proportion of) all existing and future rates taxes assessments charges and outgoing payable in respect of the Premises or any part thereof by any estate owner landlord tenant or occupier thereof (save only for any such occasioned by any disposition of or dealing with or the ownership of any estate or interest expectant in reversion on the termination of the Term)

3.2.2 To pay to the suppliers thereof all charges for gas and electricity and other services (including meter rents) consumed at the Premises during the Term

Repair cleaning decoration etc

3.3

3.3.1 To keep in good and substantial repair and condition throughout the

Term the shop front and the inside of the Premises and every part thereof including without prejudice to the generality of the foregoing the floors and ceilings the inside plaster surfaces of the walls and ceilings enclosing the Premises the shop front shop fascia window frames door frames and doors the glass in the shop front windows and doors and the Landlord's fixtures therein (damage by the Insured Risks and Uninsured Damage excepted save to the extent that the policy or policies effected by the Landlord shall have been vitiated or payment of the policy monies refused in consequence of some act or default on the part of or suffered by the Tenant or his servants agents or licensees)

3.3.2

In every fifth year of the Term and in the last three months of the last year of the Term howsoever determined (provided that the Tenant shall not be obliged to decorate more than once in any 18 month period) in a proper and workmanlike manner to prepare and paint the shop fascia and all inside surfaces of the Premises usually painted with good quality paint and if necessary to strip and repaper all inside surfaces usually papered and to restore all other inside surfaces to their proper condition and appearance In complying with this covenant in the last three months of the last year of the Term howsoever determined to use only materials of an approved colour quality and finish (such approval not to be unreasonably withheld or delayed)

3.3.3

To clean the inside and outside surfaces of the windows in the Premises as often as shall be reasonably necessary

Rights of entry and inspection

3.4

To permit the Landlord and any authorised person at all reasonable times upon prior written notice save in cases of emergency to enter the Premises in exercise of the right reserved in Paragraph 2 of Part II of the

Second Schedule **PROVIDED THAT** the Landlord shall cause as little damage and inconvenience to the Tenant or undertenant's business as possible and shall make good all damage to the Premises or the Tenant's stock or fixtures or fittings so caused as soon as reasonably practicable and with or without other persons for any purpose connected with the interest of the Landlord in the Premises or the Building PROVIDED further that where such entry may prejudice the security arrangements of the Tenant the Landlord will make a prior appointment with the Tenant and shall enter in the company of any employee of the Tenant at all times (if requested by the Tenant)

Compliance with notices to remedy

3.5

3.5.1 As soon as reasonably practicable following receipt and in any event within 3 months or sooner if an emergency) to comply with any notice given by the Landlord requiring the Tenant to remedy any breach of the Tenant's covenants in Clause 3.3.1 found upon any inspection

3.5.2 If the Tenant fails to comply with clause 3.5.1 to permit the Landlord and any authorised person to enter the Premises to remedy any such breach (at the Tenant's expense)

3.5.3 To pay to the Landlord within 14 days of written demand all the costs and expenses incurred by the Landlord under the provisions of this sub-clause together with interest at the Prescribed Rate from the date of the Landlord's demand

Yielding up etc

3.6 At the termination of the Term

3.6.1 To yield up the Premises (tenant's or trade fixtures only excepted) in good and substantial repair and condition and fully in accordance with

the foregoing covenants

- 3.6.2 To make good any damage caused to the Premises by the removal of the Tenant's fixtures fittings furniture and effects and by the reinstatement of the Premises pursuant to any covenant with the Landlord
- 3.6.3 To reimburse to the Landlord all expenditure reasonably and properly incurred by the Landlord within 3 months after the termination of the Term in repairing painting and decorating the Premises so as to put them into the condition required by the foregoing Tenant's covenants

Alterations and waste

- 3.7 Subject to the proviso to this clause not to:
 - 3.7.1 commit any waste
 - 3.7.2 erect any new buildings structures pipes wires masts or posts upon the Building or on the Premises or make any alteration in the external appearance of the Building or the Premises without the consent of the Landlord not to be unreasonably withheld or delayed
 - 3.7.3 make or permit to be made any alterations improvements or additions affecting the structure of the Building or the Premises without the consent of the Landlord (not to be unreasonably withheld or delayed) and without
 - 3.7.3.1 obtaining and complying with all necessary consents of any competent authority and paying all charges of any competent authority in respect of such consents
 - 3.7.3.2 notifying the Landlord in writing of the intention to make such alterations and supplying to the Landlord such information as shall be necessary to enable the nature of the alterations to be understood

PROVIDED that internal nonstructural alterations additions or

replacements which are within the Premises and which do not affect any part of the exterior or structure of the Building may be made without consent

Signs

3.8

3.8.1 Not to affix or display or permit or suffer to be affixed or displayed upon any part of the exterior of the Premises any placard poster notice advertisement name or sign whatsoever except a sign stating the name of the Tenant in its corporate design and the trade or business of the Tenant of a style and size first approved by the Landlord which approval shall not be unreasonably withheld or delay Provided Always that notwithstanding the above whilst the Tenant is Sainsbury's Supermarkets Ltd or an associate company, the Tenant may fix and display in or on the Premises its trade signs promotional material and advertisements and signs in its corporate design which it displays in the usual course of its business without having first obtained the prior written consent of the Landlord

3.8.2 The Tenant may fix or display on the shop front and fascia of the Premises any other signs with the Landlord's consent such consent not to be unreasonably withheld or delayed

Notices of a competent authority

3.9

3.9.1 Within seven days of the receipt by the Tenant of any notice order requisition direction or plan given made or issued to or by a competent authority affecting the Premises or the occupation or user thereof to supply a copy thereof to the Landlord and at the request and cost of the Landlord to make or join in making such objections or representations

- 3.9.2 against or in respect thereof as the Landlord may reasonably require
- To pay to the Landlord within 21 days of written demand all reasonable proper costs charges and expenses which may be incurred by the Landlord in abating a nuisance on or arising from the Premises and executing all such works as may be necessary to abating such a nuisance in obedience to a notice served by a local or public authority

Requirements of any Act or competent authority

- 3.10 To comply in every respect with the provisions of any Act or the requirements of any competent authority in respect of the Premises or any part thereof or in respect of the occupation or user thereof and to indemnify the Landlord against all claims demands expenses and liability in respect thereof and to pay all reasonable and proper costs charges and expenses incurred by the Landlord in connection with any such provision or requirement

Planning Acts

- 3.11 Without prejudice to the generality of the last preceding sub-clause in relation to the Planning Acts to:
- 3.11.1 Comply with the provisions of the Planning Acts and of any planning permission relating to or affecting the Premises and to indemnify the Landlord against all actions proceedings claims demands losses damages and liability whatever arising as a consequence of the Tenant's non-compliance
- 3.11.2 At the reasonable and proper expense of the Tenant to obtain and if necessary renew all planning permissions and any other consents and to serve all necessary notices required for the execution by the Tenant of any operations or the commencement or continuance of any use on the Premises which constitutes "development" within the meaning of the

Planning Acts

- 3.11.3 Not to implement any planning permission without the prior written consent of the Landlord which may not be unreasonably withheld or delayed
- 3.11.4 Unless the Landlord otherwise directs in writing to carry out and complete before the termination of the Term any works required to be carried out to the Premises as a condition of any planning permission granted during the Term and implemented by the Tenant whether or not the date by which the planning permission requires such works to be carried out is within the Term
- 3.11.5 To produce to the Landlord within 21 days of written demand all plans documents and other evidence as the Landlord reasonably requires to satisfy itself that the provisions of this clause have been complied with
- 3.11.6 Except where the Tenant is Sainsbury's Supermarkets Ltd or an associated company of Sainsbury's Supermarkets Ltd where a planning permission has been granted to the Tenant in relation to the Premises subject to conditions provide security for compliance with such conditions as the Landlord reasonably so requests and not to implement such planning permission until such security has been provided

User permitted

- 3.12 To use and occupy the Premises as a retail shop or shops for any use within Classes A1, A3, A4 or A5 of the Town and Country Planning (Use Classes) Order 1987 as shall first be approved by the Landlord which approval shall not be unreasonably withheld or delayed including as ancillary thereto an automated teller machine lottery outlet and storage or for such other use as the Landlord shall approve (such approval not to be unreasonably withheld or delayed)

User Prohibited

3.13

- 3.13.1 Not to store or bring upon the Premises any materials or liquid of a specially combustible inflammable dangerous or offensive nature
- 3.13.2 Not to do any act or thing whereby any insurance effected on the Building and the Premises may be rendered void or voidable or the rate of premium thereon may be increased and to comply with all requirements of the insurers notified to the Tenant in writing as to fire precautions relating to the Premises and to notify the Landlord forthwith on the happening of an event against which insurance has been effected pursuant to this Lease
- 3.13.3 Not to do on the Premises or any part thereof any act or thing whatsoever which may be or tend to be a nuisance or damage to of the Landlord or the owners or occupiers of any part of the Building
- 3.13.4 Not to use the Premises or any part thereof for any illegal or immoral purposes
- 3.13.5 Not to bring into or upon the Premises or do anything which might impose on the Building or the Premises any load or weight in excess of that which the Premises are designed or constructed to bear with due margin for safety
- 3.13.6 Except as authorised by this Lease not to bring keep store stack or lay out upon any unbuilt upon part of the Common Parts any materials equipment plant bins crates cartons boxes waste receptacles or any other items which are or might become untidy unclean unsightly or in any way detrimental to the Common Parts
- 3.13.7 Not to obstruct the Common Parts or any means of escape or to do anything which might be or become a source of danger to persons using

the Common Parts or means of escape

- 3.13.8 Not to deposit or permit to be deposited any waste rubbish or refuse in the Common Parts save in proper receptacles in any bin area designated
- 3.13.9 Not to hold in the Premises any sale by auction public exhibition or political meeting
- 3.13.10 Not to use the Premises or any part thereof for gambling betting gaming or wagering except for the sale of National Lottery tickets or similar legal lotteries or as a betting office or as a cinema club cinema or place for displaying or showing any films or video tapes or for any use whereby an admission charge or membership fee or any other form of levy is made or for an amusement arcade or for the display or any pornographic obscene material or any sex aids or any items associated with the business of a sex shop or the sale of any pornographic books magazines or video tapes or as a club and not to play or use any musical instrument record playing loud speaker or similar apparatus in such a manner as to cause a nuisance outside the Premises

PROVIDED that it shall be a breach of this sub-clause 3.14 for the Tenant to permit or suffer any act expressly prohibited in this sub-clause

Assignment etc

3.14

- 3.14.1 Not to hold on trust for another or (save pursuant to a transaction permitted by and effected in accordance with the provisions of this Lease) part with the possession of the whole or any part of the Premises or permit another to occupy the whole or any part of the Premises

3.14.2 Not to assign or charge part only of the Premises

3.14.3 Not to charge the whole of the Premises without the prior written consent

- of the Landlord (such consent not to be unreasonably withheld)
- 3.14.4 Not to assign the whole of the Premises without the prior written consent of the Landlord such consent not to be unreasonably withheld or delayed provided that the Landlord shall be entitled:-
- 3.14.4.1 To withhold its consent in any circumstances set out in sub clause 3.14.5
- 3.14.4.2 where reasonable to do so to impose the matters set out in subclause 3.14.5 as a condition of its consent
- 3.14.5 The circumstances referred to in clause 3.14.4.1 are as follows:
- 3.14.5.1 where the assignee enjoys diplomatic or state immunity
- 3.14.5.2 where the assignee is a company incorporated in or an individual resident in a jurisdiction outside the United Kingdom in respect of which there is no applicable treaty for the mutual enforcement of civil judgments
- 3.14.5.3 where in the reasonable and proper opinion of the Landlord the value of the Landlord's reversion to the Premises would be diminished or otherwise materially adversely affected by the proposed assignment on the assumption (whether or not a fact) that the Landlord wished to sell its reversion the day following completion of the assignment of this Lease to the proposed assignee
- 3.14.6 The conditions referred to in clause 3.14.4.2 are as follows:-
- 3.14.6.1 the execution and delivery to the Landlord prior to the assignment in question of an Authorised Guarantee Agreement if it is reasonable for it to request one
- 3.14.6.2 the payment to the Landlord of the Principal Rent which has fallen due under the Lease prior to the date of assignment which has been demanded in writing at least 14 days prior to the date of the assignment

- 3.14.6.3 if reasonable the execution and delivery to the Landlord prior to the assignment of a rent deposit deed in a form to be agreed by the Landlord and the assignee acting reasonably together with the payment by way of cleared funds of the sums specified in the rent deposit deed being the equivalent of 6 months Principal Rent provided such rent deposit deed will not be required where the assignment is to an associated company of Sainsbury's Supermarkets Ltd.
- 3.14.7 On a permitted assignment to a limited company and if the Landlord shall reasonably so require to procure that some guarantor or guarantors acceptable to the Landlord acting reasonably enter into direct covenants with the Landlord to accept a new lease of the Premises upon a disclaimer of the Lease if so required by notice to the guarantors within two months after such disclaimer such new lease to be for the residue of the Term unexpired at the date of such disclaimer and at the Rents then payable and subject to the terms of this Lease in every respect and to be granted at the cost of the guarantors in exchange for a counterpart duly executed by the guarantors provided always for so long as the assignment is to an associated company of Sainsbury's Supermarkets Ltd no guarantor will be required
- 3.14.8 Notwithstanding Clause 3.14.1 the Tenant may share the occupation of the whole or any part of the Premises with an associate company for so long as both companies shall remain members of that group and otherwise than in a manner that transfers or creates a legal estate
- 3.14.9 The Tenant may (having given written notice to the Landlord containing all relevant information) grant licences or concessions to third parties (not creating a relationship of landlord and tenant) for use of the sale of goods or for demonstration purposes in respect of areas within the

Premises provided that:

- (a) on aggregate such areas shall not exceed 50% of the retail selling space within the Premises; and
- (b) the Premises shall continue to appear to the public to be traded as a single shop unit

Underletting

3.15

3.15.1 Not to underlet part only of the Premises other than a Permitted Part with the prior consent of the Landlord which consent shall not be unreasonably withheld PROVIDED THAT the rent to be reserved by the Tenant shall be not less than the open market rent for the Permitted Part and requiring the undertenant to pay by way of additional rent a fair and proper proportion of the costs incurred by the Tenant in complying with the Tenant's covenants herein contained and without having obtained before the grant of such underlease an agreement between the parties to such underlease excluding the operation of the Landlord and Tenant Act 1954 Sections 24 to 28 (inclusive) in relation to the tenancy created by such underlease

3.15.2 Not to underlet the whole of the Premises without the prior consent of the Landlord such consent not to be unreasonably withheld or delayed and

3.15.2.1 without procuring a direct covenant from the undertenant with the Landlord to observe and perform the Tenant's covenants and conditions in this Lease

3.15.3 That each and every permitted underlease shall be granted without any fine or premium at a rent not less than the open market rent for the Premises such rent being payable in advance on the days on which rent

is payable under this Lease and shall contain provisions approved by the Landlord including:

- 3.15.3.1 where the term exceeds 5 years contain provisions for the review of rent on each fifth anniversary of the term and otherwise on the same terms as those contained in the Third Schedule
- 3.15.3.2 prohibiting the undertenant from doing or allowing any act or thing in relation to the underlet premises inconsistent with or in breach of the provisions of this Lease
- 3.15.3.3 for re-entry by the underlandlord on material breach of any covenant by the undertenant
- 3.15.3.4 imposing an absolute prohibition against all dispositions of or other dealings whatever with the Premises without the prior consent of the Landlord under this Lease such consent not to be unreasonably withheld or delayed
- 3.15.4 To use reasonable endeavours to enforce the performance and observance by every undertenant of the provisions of the underlease

and not at any time either expressly or by implication to waive any breach of the covenants or conditions on the part of any undertenant or assignee of any underlease nor (without the consent of the Landlord such consent not to be unreasonably withheld or delayed) vary the terms of any permitted underlease

3.15.5 In relation to any permitted underlease :

3.15.5.1 to ensure that the rent is paid in accordance with the provisions of the underlease

Registration

- 3.16 Within 28 days of any assignment charge underlease or sub-underlease or any transmission or other devolution relating to the Premises to produce for registration with the Landlord's solicitor such deed or document or a certified copy of it and to pay the Landlord's solicitor's reasonable and proper charges for the registration of every such document such charges not being less than Thirty Pounds (£30) plus VAT

Glass Insurance

- 3.17 For so long as the Tenant is not Sainsburys Supermarkets Ltd or an associated company of Sainsbury's Supermarkets Ltd to insure and keep insured against loss or damage by accident all plate glass in the shop front windows doors and partitions in the Premises to the full replacement value thereof in some insurance office of repute and to produce the policy and the last premium receipt to the Landlord within 14 days of written demand but save as aforesaid not to effect or maintain any insurance in respect of the Premises (except as to the Tenant's fixtures)

Notice of damage

- 3.18 In the event of the Premises being destroyed or damaged to give notice thereof immediately to the Landlord stating (if possible) the cause of such destruction or damage

Indemnities

- 3.19 To be responsible for and to keep the Landlord fully indemnified against all damage damages losses reasonable and proper costs expenses actions demands proceedings claims and liabilities made against or suffered or incurred by the Landlord arising directly or indirectly out of

any breach or non-observance by the Tenant of the covenants conditions or other provisions of this Lease

Boards

- 3.20 To permit the Landlord during the last six months of the Term (but not in circumstances where the Tenant has indicated it wishes to take a new lease of the Premises) to affix and retain without interference upon any suitable and conspicuous part of the Building (but not so as materially to affect the access of light and air to the Premises or obscure the Tenant's signage or shop front) a notice for re-letting the same (if the termination of the Term is a prospective possibility) or selling the Landlord's interest in the Building and to permit persons with written authority of the Landlord or the Landlord's agents at reasonable times of the day upon prior written notice to view the Premises

Landlord's costs

- 3.21 To pay to the Landlord on demand all reasonable and proper costs charges and expenses (including legal and surveyor's fees and costs and commission payable to a bailiff) of and incidental to :
- 3.21.1 every application made by the Tenant for the consent of the Landlord whether the same be granted or refused or proffered subject to any lawful qualification or condition or whether the application be withdrawn (save where the Landlord's consent is unreasonably withheld or delayed in breach of the terms of this Lease)
- 3.21.2 the preparation and service of a notice under Section 146 of the Law of Property Act 1925 and any proceedings under sections 146 and 147 of that Act notwithstanding that forfeiture is avoided otherwise than by relief granted by the Court
- 3.21.3 any notice validly given by the Landlord under this Clause

- 3.21.4 any schedule relating to wants of repair to the Premises whether served before or within 3 months after the termination of the Term

Interest

- 3.22 If any sum payable by the Tenant to the Landlord under this Lease shall not be paid within 21 days of the same becoming due (and save in respect of Principal Rent after written demand by the Landlord) to pay to the Landlord by way of additional rent interest thereon at the Prescribed Rate calculated on a day to day basis from the date of demand down to the date of payment shall be paid by the Tenant within 21 days of written demand

VAT

- 3.23 Whenever any sum is payable by the Tenant on which VAT or other tax is payable to pay to the Landlord upon receipt of a valid VAT invoice in addition to such sum the amount of the VAT or other tax thereon at the rate applicable to that payment

Obstruction and encroachments

- 3.24 In case any encroachment or easement whatsoever shall be attempted to be made or acquired by any person whomsoever to give notice thereof to the Landlord immediately the same shall come to the knowledge of the Tenant and at the cost of the Landlord do all such things as may be proper for preventing any new encroachment or easement being made or acquired

Landlord's covenants

4. The Landlord covenants with the Tenant :

Quiet Enjoyment

- 4.1 That the Tenant paying the Rents and performing and observing the covenants and stipulations on the part of the Tenant herein shall

peaceably hold and enjoy the Premises during the Term without any interruption by the Landlord or any person rightfully claiming under or in trust for the Landlord or through title paramount

Insurance

- 4.2 To insure the Building and keep the same insured against :
- 4.2.1 loss or damage the Insured Risks as are insurable with reputable insurers in such amount as is sufficient to cover the full amount of the costs (including reasonable provision for escalation of such costs between the date of destruction or damage and the date of rebuilding or reinstating the Building including all applicable VAT) of completely rebuilding or reinstating the Building or in such higher amount as the Tenant shall by notice to the Landlord from time to time specify and
- 4.2.2 professional fees in such amount as are appropriate in respect of the cost of site clearance (including demolition and debris removal) and three years rent firstly reserved of the Building at the rate for the time being payable or prospectively payable including all applicable VAT
- 4.2.3 (to the extent to which the same is not covered by paragraph 4.2.1) breakdown of the boilers lifts and other plant in the Building **AND** to effect such insurance with an Insurance Company or Underwriters and through such agency as the Landlord (acting reasonably) from time to time deems fit and proper and to produce to the Tenant within 14 days of request the policy or policies of such insurance and the receipt for the current premium or premiums
- 4.2.4 The Landlord covenants with the Tenant in relation to the policy of insurance effected by the Landlord pursuant to its obligations contained in clause 4 of this Lease as follows:-
- 4.2.4.1 To produce to the Tenant within 21 days of a written demand a copy of

the policy and of the latest premium renewal receipt or reasonable evidence of the terms of the policy and the fact that the last premium has been paid

- 4.2.4.2 To procure either that the interest of the Tenant and any undertenant and its or their mortgagees are noted or endorsed on the insurance policy or that the insurers issue a waiver of subrogation rights with regards to the Tenant any undertenant and its or their mortgagees
- 4.2.4.3 To notify the Tenant in writing of any change in the risks covered by the policy from time to time
- 4.2.4.4 Not knowingly to do or omit to do anything that could cause the policy to become or voidable whether wholly or in part

Reinstatement

- 4.3 If the Building shall be destroyed or damaged by any of the Insured Risks so that the Premises and Common Parts are unfit for occupation and use and subject to the Landlord using all reasonable endeavours to obtain any planning or other permissions necessary for rebuilding or reinstating the Building to expend the insurance monies receivable by the Landlord (other than money received for loss of rent) in rebuilding or reinstating the Building with all reasonable speed and will to the extent that the insurance monies are insufficient make up the shortfall and of its own resources **PROVIDED THAT** if for any reason the rebuilding or reinstatement of the Building is prevented or frustrated all such insurance monies shall be the absolute beneficial property of the Landlord

Repair of Building and provision of services

- 4.4 To use its best endeavours to comply with the obligation in paragraph 2 of the Fourth Schedule

Provisos

5. PROVIDED as follows:

Re-entry

5.1 If:

5.1.1 the Principal Rent or any part thereof shall be in arrear for 21 days next after becoming payable (whether formally demanded or not) or

5.1.2 there shall be any material breach non-performance or non-observance of any material of the Tenant's covenants or

5.1.3 the Tenant (being an individual) shall become bankrupt or (being a company) shall enter in liquidation whether compulsory or voluntary (save for the purpose of amalgamation or reconstruction of a solvent company) or have a receiver or an Administrative Receiver appointed over its undertaking or

5.1.4 the Tenant shall enter into any arrangement or composition for the benefit of the Tenant's creditors or shall suffer any distress or execution to be levied on the Tenant's goods at the Premises

it shall be lawful for the Landlord at any time thereafter to re-enter the Premises or any part thereof in the name of the whole and thereupon the Term shall absolutely determine but without prejudice to any rights or action of the Landlord or the Tenant in respect of any antecedent breach by the other of any of the covenants herein

Payment of rent not waiver

5.2 No demand for or receipt or acceptance of any part of the Rents or any payment on account thereof shall operate as a waiver by the Landlord of any right which the Landlord may have to forfeit this Lease by reason of any material breach of covenant by the Tenant and the Tenant shall not in any proceedings for forfeiture be entitled to rely on any such demand

receipt or acceptance as aforesaid as a defence PROVIDED that this proviso shall have effect in relation only to a demand receipt or acceptance made during such period as may in all the circumstances be reasonable for enabling the Landlord to conduct any negotiation with the Tenant for remedying the breach commenced upon the Landlord becoming aware of such breach

Suspension of rent

- 5.3 If the Building shall at any time during the Term be so damaged or destroyed by any of the Insured Risks or Uninsured Damage as to be unfit for occupation and use or incapable of reasonable access or its essential services or fire escapes then (unless the insurance money shall be wholly or partly damaged irrecoverable by reason solely or in part of any act or default of the Tenant) the Rents or a fair proportion thereof according to the nature and extent of the damage sustained shall be suspended until the date when the Premises shall again be rendered fit for occupation and use with its essential services access and fire exits restored or until the date the Lease is terminated under clause 5.4 whichever date shall be the earlier and any dispute with reference to this proviso shall be referred to arbitration in accordance with the Arbitration Act 1996

Determination if destruction

- 5.4 If the Building is destroyed or damaged to such an extent that the Premises are unfit for occupation and use and if the Premises are not made fit for occupation and use with its essential services and access and fire exits restored within 3 years after that destruction or damage occurs then either the Landlord or the Tenant may by written notice to the other served at any time after that date (but before the Premises are

again fit for occupation and use) determine this Lease and if such notice is served:

- 5.4.1 this Lease shall forthwith determine but the determination shall be without prejudice to any right of action of either party in respect of any previous breach of this Lease by the other; and
- 5.4.2 all monies payable under the insurance policies shall be paid to and belong to the Landlord absolutely.

No warranty as to use

- 5.5 Nothing herein shall be deemed to constitute any warranty by the Landlord that the Premises or any part thereof are under the Planning Acts authorised for use for any specific purpose

Uninsured Damage

- 5.6.1 If there is Uninsured Damage to the Premises or the Building then within six months of the damage or destruction in question the Landlord shall give written notice to the Tenant stating whether or not it proposes to rebuild or reinstate the Premises or the Building ("the Election Notice") If the Election Notice states that the Landlord does propose to rebuild or reinstate the Premises then for the purposes of this Lease the Uninsured Damage shall be deemed to have been damaged by an Insured Risk in respect of which the full insurance monies are recoverable by the Landlord under its insurance policy
- 5.6.2 If the Election Notice states that the Landlord does not propose to rebuild or reinstate the Premises and/or the Building within six months of the date of damage or if no Election Notice is served strictly within the period of three months referred to then the Tenant may elect to reinstate the Premises itself at its own cost by serving a counter-notice

5.6.3 If no Election Notice or counter-notice is served then either party may determine this Lease by serving upon the other not less than one nor more than three months' notice in writing

5.6.4 If this Lease is determined then the Tenant shall be permitted a reasonable time to remove from the Premises any fixtures fittings or equipment belonging to it and shall not be required to reinstate any alterations or additions made by it nor to yield up the Premises in the state of repair and condition which would (but for the Uninsured Damage) be required by this Lease

Service of notices

5.7 Section 196 of the Law of Property Act 1925 as amended by the Recorded Delivery Service Act 1962 shall apply to the service of any notice required to be served under this Lease

No implied rights

5.8 Section 62 of the Law of Property Act 1925 shall not apply to this Lease and save as expressly provided in Part I of the Second Schedule neither the grant of this Lease nor anything contained in it shall by implication of law of otherwise operate to confer on the Tenant any easement right or privilege

Representations

5.9 The Tenant acknowledges that it has not entered into this Lease in reliance wholly or partly on any statement or representation made by or on behalf of the Landlord

Arbitration

5.10 Any dispute arising from events dealt with in this schedule shall be determined by a sole arbitrator to be agreed upon by the Landlord and the Tenant or in default of agreement to be nominated at the request of

either of them or both of them jointly by the President and in either case in accordance with the Arbitration Act 1996 (but it is hereby agreed that such arbitrator shall not take the initiative in ascertaining the facts and/or the law and that section 34(2)(g) of the Arbitration Act 1996 shall not apply).

Disputes between Tenants

5.11 Any right in favour of the Landlord or those authorised by it to enter upon the Premises shall be exercised by the Landlord in accordance with the following provisions:-

- (a) The Landlord shall in all circumstances discuss with the Tenant the Landlord's proposals to enter and to view the Premises in advance with the Tenant in order to minimise any inconvenience and damage caused to the Premises and or the Tenant as a consequence of such entry or viewing of the Premises and wherever possible shall enter outside the Tenant's usual trading hours
- (b) The Landlord hereby covenants with the Tenant to make good forthwith any damage caused to the Premises or any fixtures fittings or Tenants stock at the Premises to the reasonable satisfaction of the Tenant and in a good and workmanlike manner
- (c) None of the rights reserved in favour of the Landlord to enter upon the Premises shall adversely interfere with the Premises or the business carried out thereat or the rights granted to the Tenant nor shall entitle the Landlord to derogate from its grant and the rights will be exercised in such a manner as to cause as little inconvenience interference and damage as practicable to the

H.M. LAND REGISTRY

MX 372719

ORDNANCE SURVEY
PLAN REFERENCE

T02483

SECTION K

Scale 1/1250

ADMINISTRATIVE AREA GREATER LONDON : BRENT

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This title plan shows the general position of the boundaries: it does not show the exact line of the boundaries. Measurements scaled from this plan may not match measurements between the same points on the ground. For more information see Land Registry Public Guide 7 - Title Plans.

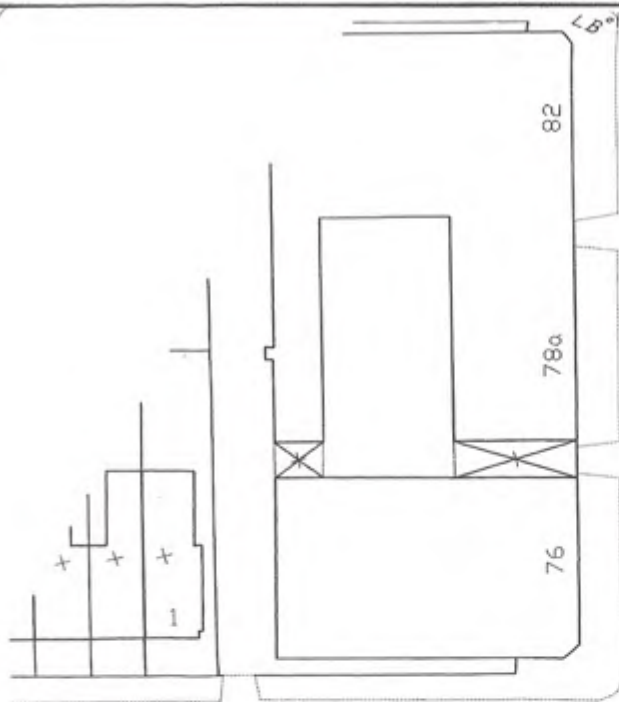
This official copy shows the state of the title plan on 16 August 2005 at 12:09:31. It may be subject to distortions in scale. Under s.67 of the Land Registration Act 2002, this copy is admissible in evidence to the same extent as the original. Issued on 16 August 2005.

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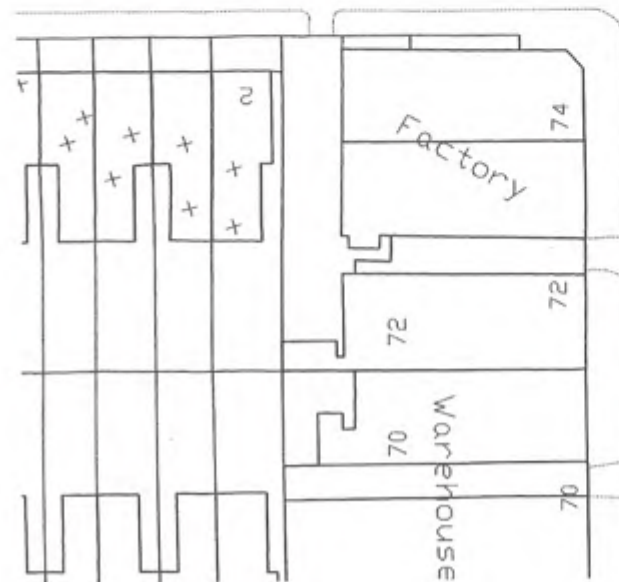
PLAN 1

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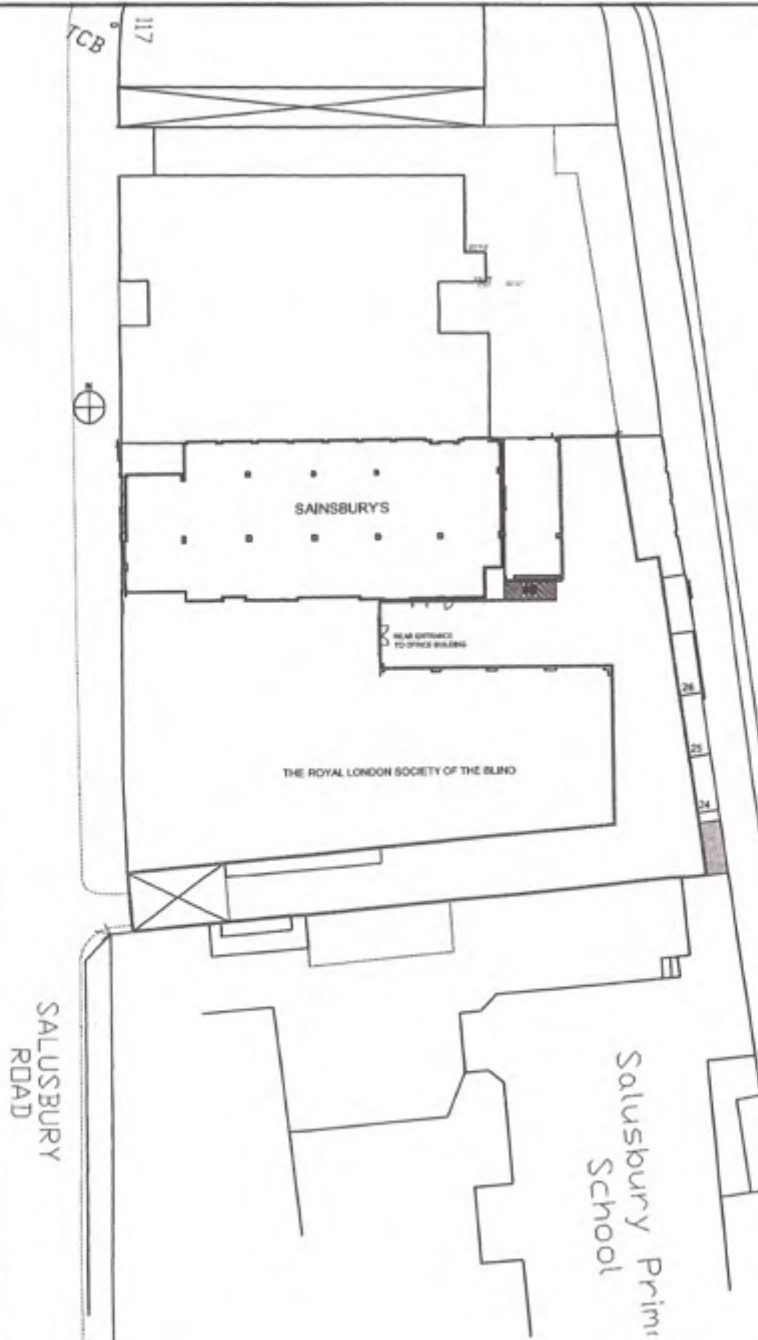
J M Bennett



HOPEFIELD AVENUE

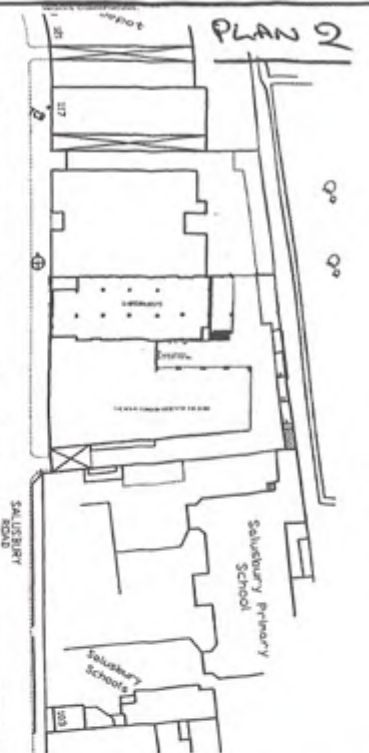


1:500 BLOCK PLAN



1:1250 LOCATION PLAN

- KEY:**
- EXTENT OF SAINSBURY'S DEMISE COMMON PARTS
 - SAINSBURY'S STAFF CAR PARKING
 - REFUSE AREA



PLAN 2

Revision	Date	Description
1	23_07_08	THICKNESS OF EDGING LINES INCREASED

Design Consultants

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Status: **DEMISE**

Client: **Sainsbury's**

Project Title: **SAINSBURY'S LOCAL
105 SALUSBURY ROAD
QUEENS PARK NW6**

Drawing Title: **DEMISE DRAWING
BLOCK & LOCATION PLAN**

Project Number 08_362	Drawing Number 502	Revision A
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Drawn SV	Checked	Scale 1:500/1:1250@A3	Date 23_07_08
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Tenant the business carried out and any Tenants' fixtures and fittings stock

- (d) The Landlord shall give the Tenant reasonable prior written notice of its intention to enter with full particulars of the nature and probably duration of the Landlord's entry on to the Premises and shall comply with the reasonable requirements of the Tenant
- (e) If the Landlord does not make good any damage caused by such entry then the Tenant may do so and recover the cost from the Landlord

Contracts (Rights of Third Parties) Act 1999

- 6. The parties to this Lease do not intend that any of its terms will be enforceable by virtue of the Contracts (Rights of Third Parties) Act 1999 by any person not a party to it

Land Registry Entries

- 7. On determination of this Lease (whether by effluxion of time or otherwise) to apply to the Land Registry for closure of the Tenants registered title to this Lease and for removal of all notices relating to this Lease from the Landlord's title

IN WITNESS the parties have duly executed this Deed

THE FIRST SCHEDULE

Part I

The Building

ALL THAT property and buildings known as 105 107 and 109 Salusbury Road London NW6 as the same is registered at the Land Registry under Title Number MX372719 edged red on Plan 1

Part II

The Premises

ALL THOSE premises on the ground floor of the Building and shown edged red on Plan 2 and shall include

- (a) the floorboards screed plaster and other finishes to the floors and the walls columns and ceilings and all floor coverings
- (b) the shop front and fascia
- (c) the raised floors and false ceilings (including light fittings) and the void between the ceilings and false ceilings
- (d) all non-load bearing walls and columns in the Premises and one half of the fitments of such walls dividing the Premises
- (e) all doors and windows their frames glass and fitments
- (f) all services and plant and machinery solely serving the Premises
- (g) all alterations and additions
- (h) the glass roof immediately above the Premises

but excluding from the Premises all structural parts of the Building any external and internal load bearing walls and all external parts (other than shop front and fascia and the windows and window frames) and all service apparatus serving other parts of the Building

THE SECOND SCHEDULE

Part I

Rights Granted

- (1) The use in common with the Landlord all authorised persons and the other occupiers for the time being of the Building of the Common Parts

- (2) The right in common with the occupiers of the remainder of the Building to park a private motor car in each of the 3 spaces numbered 24 25 and 26 and shown coloured yellow on Plan 2 Provided that the Landlord shall have the right at any time and from time to time to change the location of such spaces
- (3) The passage and use of all such Service Conduits and Appliances in the Building as serve the Premises
- (4) The right to enter the Building to inspect or carry out works of maintenance or repair to the Premises where they could not otherwise be carried out or where they would be considerably more expensive if such access were not possible such access to be on reasonable times on reasonable notice (save event of emergency) and subject to such reasonable regulations as the Landlord shall impose
- (5) The right of support protection and shelter for the Premises from the Building
- (6) In the event of emergency a right for the Tenant its customers servants visitors and invitees to gain egress from the Premises over the Common Parts and in particular to exit the area via the roadway leading from the rear of the Premises to Salusbury Road
- (7) The right to install maintain and retain external air conditioning cassettes in the Building to serve the Premises in such positions as may be approved by the Landlord such consent not to be unreasonably withheld or delayed
- (8) The right to store and use refuse bins in the area hatched blue and shown on Plan 2 or in such other place as the Landlord may specify from time to time (acting reasonably)
- (9) The right to erect a satellite dish on the roof of the Building in such place as shall be approved by the Landlord (such approval not to be unreasonably withheld or delayed) PROVIDED THAT the Landlord shall be entitled at any time upon giving not less than three months prior notice in writing to the Tenant

to require the Tenant to relocate the satellite dish to a suitable alternative location on the Building and to make good any damage occasioned thereby to the reasonable satisfaction of the Landlords' Surveyor

Part II

Rights Reserved

- (1) The passage and use of all such Service Conduits and Appliances as pass or run into through along under or over the Premises (save for those exclusively servicing the Building)
- (2) The right for the Landlord and all authorised persons at all reasonable times upon prior notice except in case of emergency to enter the Premises for the purpose of cleaning or repairing any Service Conduits and Appliances or for the purpose of cleaning repairing or rebuilding the Building
- (3) The right for any authorised tenant or occupier of any other part of the Building by prior arrangement with the Tenant at reasonable times in the daytime and at any time in case of emergency to enter the Premises for the purpose of cleaning or repairing that other part of the Building making good any damage so caused provided that if such tenant or occupier fails to make good such damage the Landlord shall forthwith do so at its own cost
- (4) All rights of light air and other easements and rights (but without prejudice to those expressly hereinbefore granted to the Tenant) now or hereafter belonging to or enjoyed by the Premises from or over the remainder of the Building
- (5) The right to build or rebuild or repair or rebuild or repair or alter or improve the Building or any adjoining or neighbouring land or building in any manner whatsoever and to let the same for any purpose or others deal therewith notwithstanding that the light or air to the Premises is in any such case thereby diminished PROVIDED ALWAYS the Tenants use and enjoyment of the

Premises and the Common Parts are not materially adversely affected

THE THIRD SCHEDULE

Review of Principal Rent

1. In this Schedule:

"Review Date"

means the 7th day of July in the years 2013, 2018 and 2023 and any other date that becomes a Review Date pursuant to paragraph 6

"the Assumptions"

mean the following assumptions at the Relevant Review Date:-

- (i) that the Premises are available for letting by a willing lessor to a willing lessee in the open market without premium or other capital sum being paid by the lessee or a rental concession being made which on a new letting might be granted to an incoming Tenant in respect of a period for fitting out works
- (ii) that the term of the Lease is for a term commencing on the relevant Review Date equal in duration to the Term
- (iii) that the Premises are let with vacant possession fit and fitted out for immediate occupation and use

- (iv) that otherwise the letting is upon the terms of this Lease (other than the amount of the Principal Rent but including these provisions for rent reviews)
- (v) that all the Tenant's covenants in this Lease have been materially complied with and that in case the Premises have been destroyed or damaged or have become inaccessible by any of the Insured Risks they have been completely rebuilt or reinstated and rendered accessible and
- (vi) that the Premises may be used for a use within A1 & A3 Class of the Town and Country Planning (Use Classes) Order ("Order") which the Premises are being used for at the relevant Review Date

"the Disregarded
Matters"

means :

- (i) any effect on rent of the fact that the Tenant its undertenants or any of their respective predecessors in title have been or are in occupation of the Premises
- (ii) any goodwill attached to the Premises by reason of the carrying on thereat

- by the Tenant or its undertenants or their respective predecessors of any business and
- (iii) any increase in rental value of any alteration or improvement to the Premises made (otherwise than pursuant to any obligation of the Tenant to carry out such work) by the Tenant at the sole expense of the Tenant and with the prior consent of the Landlord if required
 - (iv) any effect on rent of the fact that there is a Justices Licence or other authorisation permitting the sale of alcohol from the Premises
 - (v) any effect on rent of the fact that the Premises can be used as a National Lottery outlet or that there is an automated teller machine at the Premises
 - (vi) any temporary works of construction demolition alteration or repair being carried out at or near the Premises
 - (vii) any effect on rent that the Premises can be used for any additional Class within the Order included in the Permitted Use other than the Class

	within which the use of the Premises at the relevant Review Date falls
"Market Rent"	means the yearly rent at which the Premises might reasonably be expected to be let in the open market at the relevant Review Date making the Assumptions but disregarding the Disregarded Matters
"President"	means the President for the time being of the Royal Institution of Chartered Surveyors or his duly appointed deputy
"Surveyor"	means a surveyor agreed upon by the Landlord and the Tenant or in default of agreement appointed by the President
"agree" or "agreed"	means agree or agreed in writing between the Landlord and the Tenant

2. From each Review Date the Principal Rent shall be such as may at any time be agreed between the Landlord and the Tenant as the Principal Rent payable from that Review Date or (in default of such agreement) whichever is the greater of (a) the Market Rent or (b) the Principal Rent contractually payable immediately before that Review Date
3. If by a date two months before the Review Date the rent payable from that Review Date has not been agreed the Landlord and the Tenant may agree upon a person to act as the Surveyor who shall determine the Market Rent but in default of such agreement then the Landlord or the Tenant may at any time whether before or after the Review Date make application to the President to appoint a surveyor to determine the Market Rent and such application shall if practicable be a specialist in the letting of property similar to the Premises in the

area in which the Premises are situate

- 4.1 Unless the Landlord and the Tenant otherwise agree (but subject to the next sub-paragraph) the Surveyor shall act as an arbitrator and the provisions of the Arbitration Acts for the time being in force shall apply
- 4.2 If the Surveyor refuses to act or is incapable of acting or dies the Landlord or the Tenant may apply to the President for the further appointment of a surveyor
5. If by a Review Date the Principal Rent payable from that Review Date has not been ascertained pursuant to this Schedule the Tenant shall continue to pay the Principal Rent at the rate previously payable and on the quarter day next after such ascertainment the Tenant shall pay to the Landlord the difference for the period ending on that quarter day between the Principal Rent paid and the Principal Rent so ascertained together with interest on such difference for such period at 4% less than the Prescribed Rate calculated as at the Review Date and each quarter day thereafter until the date of payment
6. If at any Review Date there is by virtue of any Act a restriction upon the Landlord's right to review the Principal Rent or if at any time there is by virtue of any Act a restriction upon the right of the Landlord to recover the Principal Rent otherwise payable then upon the ending removal or modification of such restriction the Landlord may at any time thereafter give to the Tenant not less than one month's notice requiring an additional rent review upon a quarter day specified therein which quarter day shall for the purposes of this Schedule be a Review Date
7. A memorandum of the Principal Rent ascertained from time to time in accordance with this Schedule shall be signed by and on behalf of the Tenant and the Landlord respectively and exchanged between them
8. Time shall not be of the essence in agreeing or determining the reviewed rent or appointing an arbitrator

THE FOURTH SCHEDULE

Repair of the Building Services and the Service Rent

1. In this Schedule:

"Accounting Year"

means subject to paragraph 5.1 a period of twelve months ending on the 31st December in each year of the Term

"Service Costs"

means the total sum computed under paragraph 3

"Service Rent"

means a fair and proper proportion of the Services Costs as determined by the Landlord (acting reasonably) being not more than 10 per centum of the Service Costs

"Service Rent
Document"

means an estimate served under paragraph 4.1 or an account served under paragraph 4.2

"Expert"

means a chartered surveyor agreed upon by the Landlord and the Tenant or in default of agreement within six weeks of the nomination in writing of a surveyor by one party to the other appointed by the President on the application of either party

"Reserve"

means the total of the sums received by the Landlord in respect of matters referred to in paragraph 3.2 provided that the Tenant will not be obliged to contribute to the Reserve during the last year of the Term unless it is

progressing an application to renew the
Lease

2. The Landlord covenants:

- 2.1 to repair decorate and cleanse as often as reasonably necessary the foundations roofs outside walls and structural parts of the Building and the glass in the outside walls of the Building and the external window frames and door frames (but not the shop front in the Premises the inside plaster surfaces of the walls and ceilings of the Premises and of any other premises in the Building let or intended to be let by the Landlord) and the Common Parts used by the Tenant or over which the Premises derive benefit
- 2.2 to repair and to maintain in good working order and (where beyond economic repair) replace all plant machinery apparatus and equipment comprising or serving the Building the lighting in the Common Parts used by the Tenant the fire alarm and smoke detector systems in the Building and all Service Conduits in the parts of the Building which are used by the Tenant which serve the Building except any which are within and exclusively serve the Premises or are within and exclusively serve any other premises in the Building let or intended to be let by the Landlord PROVIDED ALWAYS for the avoidance of doubt the Tenant will not be under any obligation to contribute towards the maintenance repair inspection or other costs incurred in relation to the lifts or lift shafts within the Building serving the remainder of the Building or costs in connection with aquarium situated on the ground floor of the Building
- 2.3 To provide :
- (a) appropriate lighting and heating of the Common Parts used by the Tenant
 - (b) such porters caretakers and other staff reasonably necessary for the good management of the Building and the car park as it shall acting

reasonably decide

- (c) cleaning of the Common Parts used by the Tenant as often as is reasonably necessary
- (d) cleaning of the outside glass surfaces of the Building as often as is necessary
- (f) maintenance of landscaped areas within the curtilage of the Building

3. The Service Costs shall be the total of :

3.1 the reasonable and proper cost in any Accounting Year within the Term to the Landlord of complying with his covenants in paragraphs 2.1 and 2.2 of this Schedule including the reasonable and proper cost of any inspections reasonably required in connection therewith

3.2 an amount (to be revised annually by the Landlord acting reasonably towards the estimated cost to the Landlord of complying with his covenant in paragraph 2.1 and 2.2 of this Schedule (save to the extent such costs are recovered by way of the Service Rent) such amount to be ascertained on the assumptions:

- (a) that the future decoration of the outside of the Building will be carried out in every fifth year of the Term and of the Common Parts used by the Tenant in every third year of the Term provided that any expenditure on any such item during an Accounting year shall first be met out of the Reserve to the extent of the credit in the Reserve in respect of the item in question

3.3 the reasonable cost in any Accounting Year to the Landlord of complying with his covenant in paragraph 2.3 of this Schedule (including where appropriate any reasonable and proper sums payable by the Landlord to independent contractors) including/together with the reasonable and proper cost of :

- (a) fuel power gas electricity and water (but not gas and electricity consumed by the Tenant in the Premises nor any other tenant in premises demised to such tenant) consumed in the supply of any service referred to in paragraph 2 of this

Schedule

- (b) cleaning materials and equipment for the cleaning of the Common Parts and the outside glass surfaces of the Building
 - (c) the renewal of bulbs tubes and any other light fittings or equipment
 - (d) wages and statutory contributions in respect of the necessary employees of the Landlord engaged in providing the services referred to in this Schedule
 - (e) any contracts in respect of the repair maintenance and running costs of the plant machinery apparatus and equipment in the Building
 - (f) general and water rates and all other reasonable outgoings in respect of the Common Parts
 - (g) professional fees in relation to periodic valuations of the Building for insurance purposes (but so that such fees shall not be payable more than once in each year)
 - (h) any other reasonable expenses reasonably and properly incurred by the Landlord in or incidental to the provision of the services referred to in this Schedule and/or any other services which the Landlord acting reasonably in accordance with principles of good estate management shall provide for the Building or any part thereof
 - (i) the preparation of accounts and certificates relating to the Service Costs and the Service Rent
- 3.4 a reasonable management fee for the management and supervision of the Building and the carrying out of the matters referred to in this Schedule being either if the Landlord employs managing agents the reasonable fees of such managing agents or if such management or supervision is provided by the Landlord a sum equal to the scale of fees from time to time recommended by the Royal Institution of Chartered Surveyors for the performance of management supervision and rent collection services or if no such scale be

recommended as settled by the Expert PROVIDED ALWAYS such fee shall not exceed 5% of the Service Costs.

- 3.5 Value Added Tax payable by the Landlord in respect of the supply to by or on behalf of the Landlord of any of the matters referred to in this Schedule where such Value Added Tax is otherwise irrecoverable by the Landlord

→ 4. The Service Rent shall be payable as follows :

→ 4.1 As soon as practicable but not more than two months before the beginning of an Accounting Year the Landlord shall serve on the Tenant an estimate prepared by the Landlord's Surveyor of the amount of the Service Rent the sum so estimated being payable by four equal quarterly payments in advance on the usual quarter days

4.2 As soon as practicable after the end of each Accounting Year (and in any event such certified account to be prepared within 3 months after the end of each Accounting year) the Landlord shall cause his auditors to prepare an account to be certified as true and correct of the amounts under each of the sub-paragraphs 3.1 to 3.6 of paragraph 3 of this Schedule and a calculation of the Service Rent and thereupon the amount of the Service Rent for that Accounting Year shall (subject only to the provisions of paragraph 6 of this Schedule and in the absence of manifest error or fraud)) be final and binding on the Tenant

4.3 If the Service Rent for any Accounting Year shall exceed the sum estimated under sub-paragraph 4.1 of this paragraph the amount of the excess shall be paid by the Tenant to the Landlord on the usual quarter day next after receipt of the account by the Tenant and in the case of the last year of the Term within 14 days of written demand

4.4 If the Service Rent shall be less than the sum estimated under sub-paragraph 4.1 of this paragraph the amount of the over-payment shall be credited to the Tenant against the next payment of the Rents following the receipt of the

account by the Tenant and in the case of the last year of the Term refunded to the Tenant immediately following the issue of the certified accounts

5. Provided :

5.1 The Landlord shall be entitled to change the Accounting Year whenever the Landlord in his sole discretion (acting reasonably) shall think necessary and expedient and in such event the Landlord shall notify the Tenant in writing of such revised Accounting year and make necessary adjustments resulting from such change

5.2 If at any time during the Term the total property that enjoys or is capable of enjoying the benefit of any of the services to which the Service Costs relate is permanently increased or decreased or if the benefit of any such services is permanently extended to any adjoining or neighboring property or if some other event occurs as a result of which the Service Rent is no longer appropriate to the Premises then with effect from the computing date following that event the Service Rent may be varied by agreement between the Landlord and the Tenant then the Service Rent payable shall be such percentage as shall be determined by the Landlords Surveyor (acting as an expert and not as an arbitrator) as being fair and reasonable in the light of the event in question PROVIDED THAT any variation shall not materially increase the costs payable by the Tenant unless equitable to do so PROVIDED FURTHER THAT nothing in this Lease shall imply an obligation on the part of the Landlord to provide the Service Costs to any adjoining or neighboring property

5.3 If any part of the Building intended to be let is for the time being unlet by the Landlord a sum equal to the Service Rent attributable to the unlet part shall be borne by the Landlord

5.4.1 All sums received by the Landlord in respect of the Reserve shall be held by the Landlord upon trust during the period of eighty years from the date hereof

(which shall be the perpetuity period applicable to the provisions of this Schedule) to apply the same and any income thereof for the purposes for which the same were collected and subject thereto upon trust for the persons who at the expiry of that period shall be the tenants of the Building in shares equal to the proportion which the Service Rent payable by them respectively bears to 100% of all the Service Rents

- 5.4.2 At the end of the perpetuity period the Reserve shall be applied in putting the Building into good repair and the surplus shall be distributed amount the tenants in the Building so that the Tenant shall receive a share equal to the same fraction of the surplus as the fraction of the Service Costs for which the Tenant is liable by way of Service Rent
- 5.4.3 The power of appointing a new trustee of the trust referred to in this sub-paragraph is vested in the Landlord who in the absence of an express appointment shall be the Landlord for the time being
- 5.4.4 The Landlord shall have all such powers of investment and all other administrative powers in relation to the Reserve and any income arising therefrom as if he were the beneficial owner thereof PROVIDED that the Landlord shall not be entitled to exercise any of the said powers for is own benefit or in any manner inconsistent with the purposes of the trust referred to in this sub-paragraph
- 6. If the Tenant shall dispute any item or charge in a Service Rent Document the Tenant shall within one month of the service of the Service Rent Document (as to which period time shall not be of the essence) serve on the Landlord a notice specifying the disputed item or items
 - 6.1 Any such dispute shall be determined by the Expert who shall act as an arbitrator and whose fees shall be borne as he directs
 - 6.2 The Tenant shall not be entitled to dispute the cost of any work or service

included in the calculation of the Service Rent on the ground that the work or service could be performed for or cost less than that in fact incurred by the Landlord or in good faith estimated by the Landlord's Surveyor unless the Tenant acting reasonably considers that such cost is more than 10% in excess of the cost that would have been reasonable in the circumstances

- 6.3 Until the Expert's determination the Tenant shall be entitled to withhold payment of that part of the Service Rent in dispute
- 6.4 If the Expert's determination shows that the Tenant has made an overpayment in respect of the Service Rent the Landlord shall pay to the Tenant the amount of such overpayment within 14 days after the Expert's determination shall have been received by the Landlord

THE FIFTH SCHEDULE

Authorised Guarantee Agreement

- 1. The Covenantor hereby covenants with the Landlord that
 - (a) From the date of the deed effecting the assignment of the Lease by the Covenantor to the Covenantee until the date on which the Covenantee assigns the Lease other than by an excluded assignment as defined by Section 11 of the Landlord and Tenant (Covenants) Act 1995 the Covenantee will pay the Rents and all other moneys payable under the Lease at the times and in the manner stated and will fully observe and perform the covenants agreements stipulations and conditions in the Lease on the part of the tenant to be observed and performed and in case of default by the Covenantee the Covenantor will pay and make good to the Landlord and will indemnify the Landlord within 21 days of written demand against all losses damages costs and expenses arising out of any default the Covenantee
 - (b) if for any reason the term created by the Lease shall be prematurely

determined or a liquidator or a trustee in bankruptcy of the Covenantor disclaims the Lease or if the Lease shall otherwise be disclaimed in circumstances releasing the estate of the Covenantor from liability or if the Lease is determined by forfeiture or re-entry and if within 3 months of any such event the Landlord shall by notice in writing so require the Covenantor will enter into a new lease of the Premises at the cost of the Covenantor on the same terms for the residue then unexpired of the Term

- (c) if the Landlord does not require the Covenantor to take a new lease pursuant to sub-clause (b) the Covenantor will pay to the Landlord within 21 days of written demand a sum equal to the rent and other moneys that would have been payable under this Lease but for such determination disclaimer forfeiture or re-entry until the expiration of 3 months therefrom or until the Premises shall have been relet whichever shall first occur provided the Landlord shall use all reasonable endeavours to relet the Premises

- 2. The liability of the Covenantor hereunder shall not be affected by any neglect or forbearance of the Landlord in enforcing payment of rent or observance of performance of the said covenants and conditions or any refusal by the Landlord to accept rent at a time when the Landlord was entitled (or would after service of a notice under section 146 of the Law of Property Act 1925 have been entitled) to re-enter the Premises or any variation of the terms of the Lease (but subject always to Section 18 of the Landlord and Tenant (Covenants) Act 1995) or any change in the constitution structure or powers of the Covenantor the Covenantor or the Landlord or any act which is beyond the powers of the Covenantor or the surrender of part of the Premises

- 3. The Covenantor shall not be entitled to participate in any security held by the Landlord in respect of the Covenantor's obligations or stand in the Landlord's place in respect of such security

4. Where the Covenantor is more than one person the release of one or more of them shall not release the others
5. Words and expressions used herein shall be the same meaning as in the Lease

SIGNED as a DEED on behalf of OTTLEY CORP
incorporated in Panama by DAVID AZOURI
being a person who, in accordance with the law of
that territory, is acting under the authority of that
Company

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Authorised Signatory