

DATED 11 November 2005

ESTATES & AGENCY HOLDINGS LIMITED

to

TESCO STORES LIMITED

Counterpart

LEASE

of the ground floor and basement  
10-16 Goadge Street  
London W1

\*berwin leighton paisner

LEASE dated 11 November 2005

**PARTIES**

- 1. **ESTATES & AGENCY HOLDINGS LIMITED** (company registration no.584734) of 33 Ely Place London EC1N 6TD ("the Landlord")
- 2. **TESCO STORES LIMITED** (company registration no.519500) of Tesco House Delamare Road Cheshunt Hertfordshire EN8 9SL ("the Tenant")

**INTERPRETATION**

- 1. In this Lease:-
  - 1.1 Words which are of the masculine gender include also the neuter and the feminine gender and vice versa and words which are of the singular number include also the plural number and vice versa and where there are two or more persons included in the definition of "the Landlord" or "the Tenant" the covenants made by them shall be deemed to be made by all such persons jointly and severally
  - 1.2 Any reference to an Act of Parliament shall include any modification extension or re-enactment of that Act for the time being in force and shall also include all relevant subordinate legislation
  - 1.3 The following expressions shall have the following meanings:-
    - "the 1995 Act" means the Landlord and Tenant (Covenants) Act 1995
    - "Authorised Guarantee Agreement" has the same meaning as in the 1995 Act
    - "Base Rate" means the base rate of such U.K. bank as the Landlord may from time to time nominate or (if there shall be no such base rate capable of being readily ascertained) such reasonably equivalent rate of interest as may be determined by the Landlord

**"the Building"** means the building described in Part 1 of the First Schedule

**"the Common Parts"** means the entrances lobbies staircases corridors lifts forecourts access ways and other parts of the Sub-Building including roofs structures and any equipment and facilities within the Sub-Building used or intended to be used in common by the Tenant and other occupiers within the Sub-Building

**"Conduits"** means drains sewers pipes wires watercourses and any other thing used for or effecting the passage or transmission of water soil gas electricity telephone and telecommunication signals and other services

**"the Engineering Policies"** means insurance policies relating to lifts and other plant and machinery within the Building effected by the Landlord from time to time

**"the financial year"** means the period which the Landlord from time to time at its reasonable discretion adopts as the period in respect of which the accounts for the Building and Sub-Building will be made up

**"the insured risks"** means (subject to Clause 6.5.2) fire lightning storm tempest explosion impact aircraft and articles dropped therefrom riot civil commotion malicious damage flood bursting or overflowing of water tanks apparatus or pipes subsidence and any other risks from time to time reasonably required by the Landlord or against which the Tenant may reasonably request the Landlord to insure including as and when available at a cost properly considered by the Landlord to be reasonable insurance against Terrorist Acts

<b>"the Landlord"</b>	means the party of the first part but also includes all persons from time to time entitled to the immediate reversion to this Lease
<b>"Landlord's Surveyor"</b>	means a person appointed or employed by the Landlord to act as surveyor or managing agent in relation to the Building
<b>"this Lease"</b>	means this lease and (where appropriate) any deeds or documents supplemental to this lease
<b>"the Measuring Code"</b>	means the latest edition of the Code of Measuring Practice published from time to time by the Royal Institution of Chartered Surveyors and the Incorporated Society of Valuers and Auctioneers
<b>"outgoings"</b>	means all rates taxes duties levies charges assessments and impositions of any nature whether of a revenue or capital nature payable by the owner or the occupier other than tax to which the Landlord may be charged as a result of either receiving the rents reserved by this Lease or disposing of or dealing in the reversionary interest in the Premises
<b>"Plan"</b>	means that one of the plans annexed to this Lease as is identified by its given number or name
<b>"the Planning Acts"</b>	means the Town and Country Planning Act 1990, the Planning (Consequential Provisions) Act 1990, the Planning (Listed Buildings and Conservation Areas) Act 1990 the Planning (Hazardous Substances) Act 1990 the Planning and Compensation Act 1991 and any future legislation of a similar nature
<b>"the Premises"</b>	means the premises described in Part 2 of the First Schedule (forming part of the Building) with all additions alterations and improvements which may be carried out

during the term and all Landlord's fixtures and fittings from time to time in and about those premises

**"the Plant"**

the plant comprising condensers pipes and ancillary equipment erected or to be placed by the Tenant on the flat roof of the Building

**"Service Duct"**

means the ducts shown hatched black on the Plans and marked "Tesco Duct" and "Tesco Riser" respectively and the externally mounted pipework in the approximate position shown coloured green on the Plans

**"Sub-Building"**

means that part of the Building shown edged green on Plan No 3

**"the Tenant"**

means the party of the second part and his successors in title and those deriving title under him or them

**"the term"**

means the term of years created by this Lease including (where the context allows) the period of any continuation or holding over and any reference to the "end of the term" includes any sooner termination by forfeiture or otherwise

**"Terrorist Act"**

An act or acts of a person or persons whether on behalf of or in connection with any organisation (including an association or combination of persons) or otherwise directed towards the overthrowing or influencing by force or violence of Her Majesty's Government in the United Kingdom or any other national regional or local government de jure or de facto

1.4 Clause headings are for ease of reference and shall not affect the interpretation of this Lease

1.5 Any covenant by the Tenant to do or refrain from doing a particular act or thing shall be deemed to include a covenant to use reasonable endeavours to procure that the Tenant's

undertenants and any employees agents or licensees of the Tenant or his undertenants shall do or as the case may be refrain from doing that act or thing

**TERM AND RENT**

2 [REDACTED]

2.1 [REDACTED]

2.2 [REDACTED]

2.2.1 [REDACTED]

2.2.2 [REDACTED]

2.3 [REDACTED]

**TENANT'S COVENANTS**

3 The Tenant covenants with the Landlord:-

3.1 Rent and interest

3.1.1 To pay the rents in accordance with Clause 2

3.1.2 If any rents or other sums payable by the Tenant to the Landlord under this Lease shall remain unpaid (including where the Landlord refuses to accept the tender of the rents because of a breach of covenant on the part of the Tenant) for fourteen days after the due date for payment to pay to the Landlord on demand interest on the unpaid amount (both before and after judgment) at 3% per year above Base Rate for the period from the due date to the actual date of payment

### 3.2 Outgoings

3.2.1 To pay all outgoings in respect of the Premises and the proportion properly attributable to the Premises of any outgoings payable in respect of any larger premises of which the Premises form part (the actual proportion to be determined by the Landlord's Surveyor acting fairly and reasonably)

3.2.2 If following the end of the term the Landlord's liability to pay outgoings on the Premises is increased or brought forward by reason of the Tenant having vacated the Premises before the end of the term to pay to the Landlord a sum equal to the additional outgoings for which the Landlord is so liable

### 3.3 Statutory requirements

3.3.1 To the extent that compliance is not the obligation of the Landlord pursuant to its obligations in this lease or at general law to comply with all obligations imposed upon the owner or the occupier of the Premises by any Acts of Parliament or statutory instruments or the rules by-laws or regulations of any local or other authority for the time being in force in respect of the use by the Tenant of the whole or any part of the Premises

3.3.2 If any such obligations are imposed upon larger premises of which the Premises form part to comply with those obligations insofar as they relate to the Premises or if so required by the Landlord to pay the proper proportion attributable to the Premises of the total cost properly and reasonably incurred in compliance

3.3.3 If compliance with Clause 3.3.1 or 3.3.2 requires the Tenant to carry out alterations to the exterior or any part of the structure of the Premises the Tenant shall first obtain the Landlord's written consent to those alterations (such consent not to be unreasonably withheld or delayed)

3.4 **Alterations**

3.4.1 Subject to clause 3.15 not without the previous written consent of the Landlord (which shall not be unreasonably withheld or delayed) to make

- (a) any alteration affecting the appearance of the Premises as seen from outside or any structural alteration to the interior or exterior of the Premises or Building (including any Landlord's fixtures and fittings) provided that no such consent shall be required for minor fixings to the structure or
- (b) any alteration to the shopfront and fascia

3.4.2 Before the end of the Term (but only if reasonably required by the Landlord before the end of the Term) to remove all alterations and additions (or such of them as the Landlord shall reasonably require to be removed) carried out at the Premises during the term and if reasonably required to reinstate the Premises to a shell condition but the Tenant shall not remove the shopfront and fascia unless the Landlord shall request it to do so

3.5 **Not to invalidate insurance**

3.5.1 Not to do or omit any act or thing the doing or omission of which might:-

- (a) make void or voidable the Landlord's insurance policy for the Building or any of the Engineering Policies
- (b) prejudice any claim under any such policy or
- (c) increase the premiums under any such policy

3.5.2 To comply with any requirements of the Landlord's insurers as soon as practicable upon receiving written notice of those requirements

3.6 **Damage by an insured risk**

3.6.1 In the event of the Premises being destroyed or damaged by an insured risk to give notice to the Landlord immediately the Tenant is aware of such damage

3.6.2 In the event of the Premises or any other part of the Sub-Building or the Building being destroyed or damaged by an insured risk and the Landlord's insurance money being wholly or partly irrecoverable by reason solely or in part of any act or default of the Tenant or any



undertenant or their respective employees or agents forthwith to pay to the Landlord the whole or (as the case may require) the irrecoverable portion of the cost of reinstatement

### 3.7 Repairs

3.7.1 To keep the Premises in good and substantial repair and condition (damage by any Terrorist Act excepted whether or not an insured risk) and except that if any works of repair are required in consequence of damage caused by any of the insured risks the Tenant shall only pay to the Landlord the amount of any excess reasonably accepted on the Landlord's insurance policy but beyond that shall be responsible only if and to the extent that the insurance monies shall be irrecoverable in consequence of some act or default of the Tenant or any undertenant or their respective employees or agents or by reason of some limitation or condition of the kind referred to in Clause 6.5.1

3.7.2 Not to do anything which may put any weight or impose any strain on the Premises or the Building in excess of that which they are designed to bear with reasonable margin for safety

3.7.3 To clean the interior of the windows and the exterior of the shopfront of the Premises as often as may be reasonably required

### 3.8 Painting

3.8.1 To paint the inside of the Premises in every fifth year of the term and the exterior of the Premises in every third year of the term and in the last three months save that if this would require painting in two consecutive years the Tenant need only do it in the second of those years

3.8.2 In Clause 3.8.1 the expression "to paint" means to prepare and paint with two coats at least of good quality paint or otherwise treat in accordance with accepted modern practice all the wood metal and other surfaces of the Premises usually or requiring to be painted or otherwise treated and to colourwash grain varnish french or wax polish paper and otherwise decorate in a proper and workmanlike manner and with good quality materials all such parts of the Premises as have been or ought properly to be so treated and as often as may be reasonably necessary to clean and treat in a suitable manner for its maintenance in good condition all the wood and metalwork and stone not required to be painted or otherwise treated as previously mentioned and to clean all tiles glazed brick and similar washable surfaces

3.8.3 In the last three months of the term the tints colours and patterns of all works referred to in Clause 3.8.2 shall first be approved by the Landlord (such approval not to be unreasonably withheld or delayed)

**3.9 Rights of entry for repairs etc.**

3.9.1 To permit the Landlord and persons authorised by the Landlord with all necessary appliances at all reasonable times during trading hours (but at any time in an emergency) and on reasonable prior notice to enter the Premises to view their state and condition or to inspect any works in progress

3.9.2 If the Landlord becomes aware of any defects or disrepair or the removal of landlord's fixtures or any unauthorised alterations or additions it shall be entitled to give written notice (a "repairs notice") of that fact to the Tenant

3.9.3 The Tenant will within two months after receiving a repairs notice commence the execution of all works required by that notice and shall proceed diligently to complete them as soon as reasonably practicable

3.9.4 If the Tenant fails to comply with Clause 3.9.3 the Landlord may himself enter the Premises and execute the works required by the repairs notice but in so doing causing as little damage as possible to the Premises or inconvenience to the Tenant's business activities and the Tenant shall on demand reimburse all reasonable and proper costs so incurred with interest at 3% per year above Base Rate for the period from the date the costs were incurred until the date of reimbursement by the Tenant

**3.10 Rights of entry in relation to the Building**

To permit the Landlord and persons authorised by him with all necessary appliances at all reasonable times after reasonable prior notice of not less than five working days (but at any time without notice in an emergency) to enter and remain upon the Premises in order to execute works to any other part of the Building where such works cannot practicably be carried out without such entry or to construct alter or repair any Conduits serving or intended to serve the Premises and any adjoining or neighbouring property and running through or intended to run through under or on the Premises the persons entering exercising such right expeditiously in a reasonable manner and causing as little disturbance or inconvenience to the Tenant as reasonably practicable and forthwith making good any damage caused to the Premises or the Tenant's fixtures and fittings provided that the

Tenant's business and trade shall not be materially impaired or interrupted by the exercise of such rights of entry

3.11 Nuisance

3.11.1 Not to carry on upon the Premises any noisy or offensive trade business or occupation nor to do any act or thing which may be or become a nuisance or disturbance or cause damage to the Landlord or the owners or occupiers of other parts of the Building or of any adjoining or neighbouring premises

3.11.2 Not to use the Premises for any illegal or immoral purpose nor to permit any person to sleep on the Premises

3.11.3 Not to place goods or other belongings of the Tenant in front of or on the pavements adjoining the Premises

3.11.4 Not to permit the drains serving the Premises to be obstructed by oil grease or other deleterious matter and to clean or flush the drains exclusively serving the Premises as often as necessary

3.11.5 Not to allow to pass from the Premises any harmful emission effluent or other substance which may cause an obstruction in or injure the Conduits or cause any environmental damage

3.11.6 Not to allow music within the Premises to reach such a level as to be obtrusively audible outside the Premises

3.11.7 Not to carry on upon the Premises any activity connected with the promotion production distribution sale or publication of any items or material of a lewd lascivious obscene or pornographic nature

3.11.8 Not to store or leave any goods within the Common Parts or otherwise obstruct or hinder the use of the Common Parts by others

3.11.9 Not to load or use the floors walls ceilings or structure of the Premises in any manner that will or would be reasonably likely to cause strain damage or interference with the structural parts load-bearing framework roof foundations joists and external walls of the Premises

3.11.10 Not to place rubbish containers skips or compactors in any position or location other than that specified from time to time by the Landlord

### 3.12

#### Use

3.12.1 Not to use the Premises otherwise than a supermarket with uses ancillary to that use including (without prejudice to the generality of the foregoing) offices customer restraint instore bakery automatic tilling machines pharmacy retail trade concessions the provision of financial services and other uses within Classes A2 and A3 of the Order or for such other substituted use within Class A1 of the Town and Country Planning (Use Classes) Order 1987 ("the Order") as may from time to time be approved by the Landlord (such approval not to be unreasonably withheld)

3.12.2 At all times (save whilst this lease is vested in Tesco Stores Limited or a group company) and other than during reasonable periods during which the Tenant or any undertenant is carrying out alterations with the prior consent of the Landlord under this Lease) to keep the shop window attractively dressed and lit and to comply with any reasonable requirements of the Landlord from time to time to prevent the interior surfaces of windows being unduly obscured by notices signs or stickers

### 3.13 Obstructions and encroachments

3.13.1 Not to obstruct any of the windows lights or ventilators belonging to the Premises nor knowingly to permit any new window light ventilator or other encroachment or easement to be opened or made into or acquired against or over the Premises

3.13.2 If any person shall commence or attempt to acquire any easement or make any encroachment over or against the Premises to give notice in writing of the circumstances to the Landlord immediately upon becoming aware and to do at the Landlord's cost all things reasonably required by the Landlord for preventing any encroachment or easement being made or acquired

3.13.3 Not to obstruct (other than with non-fixed moveable items) access to the manhole covers the approximate position of which is shown coloured yellow on the Basement Plan

3.14

**Signs and notices**

Not to exhibit any sign or notice on the outside of the Premises other than a fascia board and/or sign in such position and being of such design and colour as the Landlord may approve (such approval not to be unreasonably withheld or delayed) stating the name and business and displaying any logo of the occupiers of the Premises PROVIDED THAT whilst this lease is vested in Tesco Stores Limited any such Landlord's approval shall not be required for the design and colour of any board or sign in the national livery of Tesco supermarkets but the Landlord reserves the right to approve the size and position of any such board or sign (such approval not to be unreasonably withheld or delayed)

3.15

**Fire extinguishers**

To provide and to maintain in good working order fire prevention detection and fighting equipment within the Premises so as to comply with the requirements of the Landlord's insurers and of the authority responsible for means of escape in case of fire

3.16

**To let boards etc**

3.16.1 To permit the Landlord to attach to the Premises (but so as not to obscure any of the windows or means of access to the Premises nor so as to interfere materially with the Tenant's enjoyment of or business carried out at the Premises) and to retain without interference a notice for selling or (during the six months immediately preceding the end of the term unless the Tenant shall have made a valid court application under section 24 of the 1954 Act or otherwise be entitled in law to a new tenancy of the Premises) relating the Premises and to permit persons with written authority from the Landlord at reasonable times of the day upon twenty four hours previous notice to enter and inspect the Premises

3.16.2

To permit any prospective purchasers of the Landlord's reversionary interest or anyone otherwise interested in the Premises with the written authority of the Landlord to enter and inspect the Premises at reasonable times of the day upon twenty four hours previous notice

3.16.3

To permit the Landlord or its contractors to erect scaffolding from time to time and as and when necessary for the decoration maintenance renewal and rebuilding of the remainder of the Building notwithstanding any temporary interference with the light or air or visibility of the Premises provided that the Landlord shall ensure that the Tenant can continue to trade and shall provide any temporary signage of a similar size and in the Tenant's corporate logo and which does not prevent or materially interfere with access to the Premises by

customers or other persons entering or servicing the Premises if the Tenant's signage is obscured

**3.17 Landlord's costs etc**

To pay all reasonable costs and expenses properly incurred by the Landlord:-

3.17.1 in lawful and proper contemplation of and incidental to the preparation and service of any notice under Section 146 of the Law of Property Act 1925 or in lawful and proper proceedings under Sections 146 or 147 of that Act (even if forfeiture is avoided otherwise than by relief granted by the Court)

3.17.2 incidental to the lawful and proper preparation and service of any notice or schedule directly relating to dilapidations at the Premises served before or within six months after the end of the term

3.17.3 in connection with the enforcement or remedying of a breach of the Tenant's covenants in this Lease (including any fees and commission payable to a bailiff instructed by the Landlord to recover arrears of rent)

3.17.4 in connection with any application by or on behalf of the Tenant for licence approval or consent from the Landlord whether or not that licence approval or consent is given unless the same is unlawfully or unreasonably withheld or delayed or offered subject to some unlawful or unreasonable condition

**3.18 Planning**

In relation to the Planning Acts:-

3.18.1 not to do or omit anything on or in connection with the Building the doing or omission of which shall be a contravention of the Planning Acts

3.18.2 as soon as reasonably practicable following receipt to provide to the Landlord a copy of any notice or order or proposal for a notice or order served on the Tenant under the Planning Acts

3.18.3 to comply with any notice or order served on the Tenant under the provisions of the Planning Acts

- 3.18.4 not to make any application for planning permission in respect of the Building without the previous consent in writing of the Landlord such consent not to be unreasonably withheld or delayed
- 3.18.5 not to implement any planning permission in respect of the Premises until it has been approved in writing by the Landlord unless such approval has been unreasonably withheld or delayed
- 3.18.6 if the Tenant implements a planning permission which requires some further work to be done or action to be taken by a date which falls after the end of the term the Tenant will if so required by the Landlord acting reasonably carry out that further work or take that action before the end of the term
- 3.19 To yield up at the end of the term**
- To yield up the Premises at the end of the term in good and substantial repair and condition (damage by insured risks or an uninsured Terrorist Act excepted) in accordance with the covenants in this Lease and in case any of the Landlord's fixtures and fittings in the Premises shall be missing broken damaged or destroyed forthwith at the end of the term if the Landlord reasonably requires
- 3.19.1 to repair or if necessary to replace them with others of similar character and quality and
- 3.19.2 remove every moulding sign or other advertisement or fascia affixed or installed by the Tenant or other occupiers of the Premises and
- 3.19.3 to make good all damage caused by that removal
- 3.20 Assignment underletting etc**
- 3.20.1 Not to assign underlet mortgage charge or part with or share the possession or occupation of the whole or any part of the Premises except as provided in this Clause 3.20
- 3.20.2 The Tenant may assign mortgage or charge the whole of the Premises or underlet the whole or any part of the Premises with the previous written consent of the Landlord (which shall not be unreasonably withheld or delayed subject to the provisions of this clause 3.20)
- 3.20.3 The Landlord may withhold his consent for an assignment if:-

- (a) the Tenant is materially in breach of any of the covenants on its part contained in this Lease or
- (b) the Tenant will not enter into an authorised guarantee agreement in the form of a draft annexed hereto with such amendments as both parties reasonably agree or
- (c) the Tenant and the proposed assignee are two companies within the same group as defined in Section 42 of the Landlord and Tenant Act 1954 unless on an assignment by the Tenant to a company which is another member of the same group of companies the ultimate holding company (unless it is the assignee or it would itself be giving an authorised guarantee agreement) enters into a guarantee (the operative provisions of which are in the form required in the Fifth Schedule) but if the ultimate holding company would otherwise be released from liability the Landlord may require another substantial group company to give a guarantee

3.20.4 Prior to an assignment of this Lease or an assignment of an underlease of the whole of the Premises the intended assignee shall covenant with the Landlord to observe and perform all the covenants on the part of the Tenant (except the covenant to pay the rent reserved by Clause 2.1 in the case of an assignment of an underlease) and the conditions contained in this Lease

3.20.5 If an intended assignee of this Lease is a limited company then if the Landlord shall reasonably so require there shall be provided a guarantor sufficient in the opinion of the Landlord for that company who shall prior to that assignment covenant with the Landlord in the form of the Fifth Schedule

3.20.6 No underlease shall be granted otherwise than in the same form as this Lease (apart from the length of the term the identity of the parties and the rent referred to in Clause 2.1) and at the best rent reasonably obtainable in the open market with rent reviews at the same dates and in the same form as the Fourth Schedule and without taking any fine or premium

3.20.7 No underlease of part of the Premises shall be granted unless it contains an agreement validated by a prior order of a court of competent jurisdiction that the provisions of sections 24 to 28 of the Landlord and Tenant Act 1954 shall be excluded from applying to the tenancy thereby created



- 3.20.8 Not to collect any rent reserved by an underlease more than one quarter in advance
- 3.20.9 Prior to an underletting of the Premises the intended underlessee shall covenant with the Landlord to observe and perform all the covenants on the part of the Tenant (except the covenant to pay the rent reserved by Clause 2.1) and the conditions contained in this Lease
- 3.20.10 To use its reasonable endeavours to enforce any breach of covenant by the undertenant if so required by the Landlord
- 3.20.11 From time to time on demand during the term to give to the Landlord full particulars of all derivative interests in the Premises including particulars of the rents payable and such further particulars and copy documents as the Landlord may reasonably require
- 3.20.12 Notwithstanding the provisions of this clause 3.20 the Tenant here meaning Tesco Stores Limited only may permit the occupation of part of the Premises not exceeding one quarter of the ground floor by way of concession only provided that no tenancy is created by such occupation and that upon written request from time to time the Tenant will advise the Landlord of the identity of such occupier
- 3.20.13 Within twenty eight days after any assignment, underlease transfer mortgage charge or other devolution of the title of the Premises to give notice in writing to the Solicitor for the time being of the Landlord and to produce to him with such notice a certified copy of such assignment, underlease transfer mortgage or charge or of the Probate or Letters of Administration or other document effecting such devolution and to pay to him a reasonable fee (not being more than Twenty Five Pounds) for the registration of each such deed or document
- 3.20.14 The Tenant shall be entitled if it is a limited company to permit any other company within the same group (as defined in Section 42 of the Landlord and Tenant Act 1954) to share occupation of the Premises on condition that no landlord and tenant relationship is created between the Tenant and that other company nor any other form of security of tenure and that the sharing ceases forthwith upon that other company ceasing to be in the same group as the Tenant
- 3.21 **Notice of legislation etc**
- As soon as reasonably practicable after receiving any notice order proposal or other communication from a competent authority affecting or likely to affect the Premises to

deliver to the Landlord a copy and at the request and cost of the Landlord to make or join with the Landlord in making such objections and representations against or in respect of any such notice order proposal or other communication as the Landlord may reasonably require except where the Tenant reasonably considers that any such objections or representations are against its best interests or those of any undertenant

### 3.22 Value Added Tax

3.22.1 Wherever in this Lease provision is made for the Tenant to pay any sum or to provide any other consideration in respect of any supply of goods or services made to the Tenant (including rents) such sum or other consideration shall be regarded as being exclusive of all value added tax which may be payable and the Tenant shall in addition to such sum or other consideration pay to the Landlord on production of a valid VAT invoice addressed to the Tenant from the Landlord all value added tax at the rate appropriate at the time of the supply

3.22.2 Wherever in this Lease provision is made for the Tenant to make any payment to the Landlord in reimbursement of any expenditure by or on behalf of the Landlord which includes value added tax and where no supply of goods or services is made by the Landlord to the Tenant to pay also to the Landlord the amount of such value added tax save only to the extent that the Landlord can recover such value added tax as a credit against input tax

3.22.3 If the demand for and/or payment of the service charge as provided for in Clause 3.23 shall not be a taxable supply to the Tenant then the Landlord may include in the service charge demanded of and payable by the Tenant the amount of value added tax paid by the Landlord in respect of service charge items expended by the Landlord but in respect of which (or to the extent that) input relief is denied or an appropriate proportion of that amount as the case may be

### 3.23 Service Charge

Throughout the term to pay to the Landlord without any deduction a sum ("the service charge") equal to a fair proportion calculated primarily on a comparison for the time being of the gross internal area (as defined in the Measuring Code) of the Premises with the aggregate gross internal areas of the Sub-Building (to be decided from time to time by the Landlord's Surveyor acting fairly and reasonably and in good faith) of the aggregate of the

Landlord's expenditure on the Sub-Building as set out in the Sixth Schedule (save as provided in clause 3.23.9) in accordance with the following terms and provisions:-

- 3.23.1 The amount of the service charge shall be certified annually by a certificate ("the Certificate") signed by the Landlord's Surveyor as soon after the end of the financial year as may be practicable
- 3.23.2 A copy of the Certificate for each financial year shall as soon as possible be supplied by the Landlord to the Tenant
- 3.23.3 The Certificate shall contain a fair and proper summary of the Landlord's expenditure during the financial year to which it relates and the Certificate (or a certified or photographic copy) shall be conclusive evidence for the purposes of this Lease of the matters which it purports to certify (except in the case of manifest error or bona fide dispute) and the Landlord shall following the provisions of the summary referred to in this clause allow the Tenant an opportunity to inspect the supporting receipts and vouchers
- 3.23.4 On each of the usual quarter days in every year during the term the Tenant shall pay to the Landlord such a sum ("an advance payment") in advance and on account of the service charge for the financial year then current as the Landlord's Surveyor shall from time to time reasonably and fairly specify as being in his opinion a fair and reasonable assessment of one quarter (or where the financial year in question is not precisely twelve months a higher or lower proportion as the length of the financial year may in the reasonable and fair opinion of the Landlord's Surveyor require) of the likely service charge for the financial year then current
- 3.23.5 As soon as practicable after the end of each financial year the Landlord shall furnish to the Tenant an invoice for the service charge payable by the Tenant for that financial year due credit being given for the advance payments made by the Tenant in respect of that financial year and within fourteen days the Tenant shall pay to the Landlord the service charge or any balance found payable (or there shall be allowed by the Landlord to the Tenant any amount which may have been overpaid by the Tenant by way of advance payments as the case may require except in respect of the final year of the Term (howsoever determined) when any such overpayment by the Tenant shall be repaid to the Tenant within twenty one days of issue of the said account and Certificate unless this Lease is being renewed)

3.23.6 The provisions of this sub-clause 3.23 shall continue to apply after the end of the term but only in respect of the period down to the end of the term (the service charge for that final financial year being apportioned on a daily basis)

3.23.7 Where under the provisions of this Lease items to be included in the service charge are to be reasonably included or included at reasonable cost having regard at all times to the principles of good estate management, the Tenant shall not be entitled to object to the inclusion of any item or items or the level of such cost solely because such item could have been obtained or carried out at a lower cost than that actually incurred

3.23.8 In the event of failure by the Landlord to include in the Certificate for any financial year an item of expenditure incurred during that financial year, the Landlord shall be entitled to include that item in the Certificate for any subsequent financial year

3.23.9 The Landlord may at its discretion (which shall be reasonably exercised) allocate any specific item of expenditure forming part of the service charge to a particular part of the Sub-Building and without prejudice to the general scope of this clause 3.23 may charge those items as service charge apportioning the item or items of expenditure on a fair and reasonable basis to the tenant (or between the tenants) of those respective parts of the Sub-Building

3.23.10 In respect of the following items (without prejudice to the generality of the foregoing) it is agreed that the service charge is to be payable in respect of expenditure incurred relating to the Building as a whole:

- (a) maintenance repair and necessary replacement of drainage and
- (b) maintenance of and installation and or rental as and when required of fire and smoke detection systems fire precaution and prevention equipment and
- (c) maintenance repair cleaning lighting and decoration of fire escape passages stairways signage and doors
- (d) pest control expenses and
- (e) water rates and charges (save to the extent that any such are assessed directly to tenants and occupiers of the Building) and
- (f) management charges

3.24

**Indemnity**

To indemnify the Landlord against any claims proceedings or demands and the costs and expenses so incurred which may be brought against the Landlord by any employees work people agents or visitors of the Tenant in respect of any accident loss or damage whatsoever to person or property howsoever caused or occurring in or upon the Premises except insofar as any such loss or damage shall be as a result of any act neglect or default on the part of the Landlord or its employees or agents

3.25

**Refuse removal**

3.25.1 Not to cause or permit any obstruction which would interfere with the proper use or operation of facilities for the disposal of refuse from time to time made available

3.25.2

[When storing or placing refuse contained on the area shown coloured blue on the Ground Floor Plan to ensure that all refuse is placed within the containers and that such containers are secured so as to comply with health and safety and food hygiene requirements

3.25.3

At all times to keep the area shown coloured blue on the Ground Floor Plan clean and free from litter or loose refuse and as and when required to wash and/or disinfect the said area to the reasonable satisfaction of the Landlord's Surveyor and if the Tenant shall fail to do so the cost to the Landlord of cleaning and disinfecting the area shall be a debt due from the Tenant to the Landlord]

3.26

**Regulations**

To comply with such reasonable regulations as are notified to the Tenant in writing as the Landlord may from time to time make for the proper management of the Building and/or the Common Parts and their use by the tenants and occupiers within the Building Provided that nothing in the regulations shall purport to amend the terms of this Lease and in the event of any inconsistency between the terms of this lease and the regulations the terms of this Lease shall prevail and provided further that any such regulations shall only be made by the Landlord in the interests of good estate management

#### LANDLORD'S COVENANTS

4 The Landlord covenants with the Tenant:-

##### 4.1 Quiet enjoyment

If the Tenant pays the rents reserved by and observes and performs the covenants contained in this Lease it may peaceably hold the Premises during the term without any lawful interruption by the Landlord or any person rightfully claiming under or in trust for the Landlord and by title paramount

##### 4.2 To insure

4.2.1 At all times to keep the Sub-Building insured for an amount equal to the full cost of reinstatement (including the cost of demolition architects surveyors and other professional fees) against the insured risks including Terrorist Acts and to insure the loss of the rent reserved by this Lease for three years and upon the written request of the Tenant (but not more frequently than once a year) to produce a copy of the insurance policy or details of the cover

4.2.2 To notify the Tenant of any change in the risks exclusions or excess under the said policy upon any change occurring

4.2.3 To procure that the interest of the Tenant is noted or indorsed on the policy and to notify the Tenant of any change in the risks covered by the policy from time to time and to produce to the Tenant written confirmation from the insurers that they have agreed to waive all rights of subrogation against the Tenant and any under tenants

4.2.4 If any part of the Sub-Building or any accessways or essential services to it shall be damaged or destroyed by any of the insured risks or by any Terrorist Act whether or not an insured risk to use all reasonable endeavours to obtain all licences consents and permissions necessary for rebuilding and reinstating the Sub-Building ("the Licences") and if the Licences are obtained then to apply all monies received in respect of such insurance making up any shortfall out of the Landlord's own monies in rebuilding and reinstating the Sub-Building or any such accessways or essential services in accordance with the Licences subject to the Tenant complying where appropriate with Clauses 3.6.2 and 3.7.1

- 4.2.5 In the event of damage or destruction being caused to the Premises by a Terrorist Act which is at that time not an insured risk the Landlord shall have the right exercisable by notice in writing to the Tenant served not less than six months nor more than twelve months after the date of such damage or destruction to terminate this Lease whereupon this lease shall determine but without prejudice to the rights of either party in respect of any preceding breach
- 4.2.6 If the Sub-Building or such accessways or essential services shall not have been rebuilt and reinstated in all material respects within two years and nine months of the date of destruction or damage by an insured risk or by any Terrorist Act whether or not an insured risk either party may terminate this Lease on three months notice in writing to the other and all insurance proceeds shall belong to the Landlord absolutely
- 4.3 To Repair the Sub-Building**
- Subject to compliance by the Tenant with Clause 3.23 the Landlord will maintain repair, cleanse and otherwise keep in good repair and condition and where necessary rebuild and renew (acting in accordance with established principles of good estate management):-
- 4.3.1 those structural parts of the Sub-Building (including the roof and foundations) not forming part of the Premises and
- 4.3.2 the Common Parts and the Conduits within the Sub-Building not serving exclusively the Premises
- 4.4 To provide services**
- So far as practicable and subject to the Tenant's compliance with Clause 3.23 the Landlord will (acting in accordance with established principles of good estate management):-
- 4.4.1 provide such decorations and furnishings in the Common Parts as it shall think fit
- 4.4.2 supply maintain repair and renew as need be such fire fighting equipment in the Common Parts as the Landlord shall deem desirable or necessary
- 4.4.3 maintain repair renew and cleanse the Common Parts and the boundary walls fences of and in the curtilage of the Sub-Building
- 4.4.4 keep lighted at reasonable times or provide the means to keep lighted the Common Parts

- 4.4.5 paint and decorate the Common Parts whenever and at such times as the Landlord shall deem desirable
- 4.4.6 comply with all statutes bylaws regulations and requirements of all competent authorities and of the insurers in relation to the use occupation and enjoyment of the Sub-Building

#### FORFEITURE

5.1 If any of the events mentioned in Clause 5.2 occurs the Landlord shall be entitled to forfeit this Lease by re-entering the Premises (or part of the Premises) and the Landlord shall then be entitled to the Premises as if this Lease had not been executed (although this will not have the effect of extinguishing any rights of action which either party may have against the other arising out of a previous breach of covenant)

5.2 The events referred to in Clause 5.1 are:-

5.2.1 if the whole or any part of the rents reserved by this Lease shall be unpaid for twenty one days after having become due (whether or not any formal or legal demand shall have been made)

5.2.2 if any covenant on the part of the Tenant contained in this Lease shall not be fully performed and observed

5.2.3 if the Tenant being a company shall enter into liquidation whether compulsory or voluntary (not being the voluntary liquidation of a solvent company for the purpose of amalgamation or reconstruction) or shall be dissolved or shall suffer a receiver or administrative receiver of the whole or substantially the whole of its assets to be appointed or shall be the subject of a petition for an administration order

5.2.4 if the Tenant shall enter into any arrangement (whether or not voluntary) with his creditors for the liquidation of his debts

5.2.5 if the Tenant not being a company shall die or be the subject of a bankruptcy petition

#### FURTHER AGREED TERMS

6 The following further matters are agreed:-



6.1

**Suspension of rent**

If the Premises the Sub-Building or the Common Parts or any accessways or essential services shall at any time during the term be damaged or destroyed by any of the insured risks or by an uninsured Terrorist Act so as to make the Premises unfit for use then (unless the policy monies become irrecoverable in whole or in part through any act or default of the Tenant) the rents reserved by Clause 2.1 to 2.3 (or a fair proportion according to the nature and extent of the damage sustained) shall be suspended for a period of three years or (if sooner) until the Premises shall again become fit for use by the Tenant

6.2

**No implied easements**

This Lease shall not be deemed to include and shall not operate to demise any rights over any land adjoining or near to the Premises other than those expressly set out in the Second Schedule

6.3

**Limitations on Landlord's liability**

Despite any other clauses in this Lease the Landlord shall be under no liability to the Tenant or to his employees or to strangers or visitors to the Premises under the Tenant's control or invitation or to any adjoining property for accidents happenings or injuries sustained or for any loss or damage to goods or chattels save for any loss or damage caused by the act default or negligence of the Landlord its employees or agents

6.3.2

Nothing contained or implied in this Lease nor any statement or representation made by or on behalf of the Landlord prior to the date of this Lease shall be taken to be a covenant warranty or representation that the Premises can be used under the Planning Acts or otherwise until the end of the term for the purposes specified in Clause 3.12

6.4

**Notices**

The regulations as to notices contained in Section 196 of the Law of Property Act 1925 shall apply to this Lease

6.5

**Limitation on Landlord's insurance obligations**

The Landlord shall be deemed to be complying with his obligations as to insurance under this Lease even if the insurance for the time being maintained by the Landlord is subject to

conditions or limitations provided it was reasonable for the Landlord to accept those conditions or limitations

6.5.2 Nothing in this Lease shall require the Landlord at any time to insure against any risks ("uninsurable risks") against which United Kingdom insurance offices of good repute are not for the time being prepared to provide insurance or are not prepared to provide insurance at an economic rate. Provided that the Landlord notifies the Tenant of any changes in the risks covered by the policy from time to time

6.5.3 The definition of "the insured risks" in Clause 1.3 shall exclude any uninsurable risks

#### 6.6 Statutory compensation

The Tenant's entitlement to compensation under Section 37 of the Landlord and Tenant Act 1954 is excluded unless and to the extent that any statutory right to compensation precludes the operation of this clause

#### EXECUTION

7 This Lease was executed as a deed but not delivered until the date written at the beginning

**THE FIRST SCHEDULE**

**Part 1 : Description of the Building**

The property known as 10-16 (even numbers inclusive) Goodge Street 64-67 Tottenham Court Road and 30-42 even numbers inclusive Whitfield Street as shown edged red on Plan No 1

**Part 2 : Description of the Premises**

The premises forming part of the basement and ground floor of the Sub-Building as shown edged red on Plan No 2 which premises include for the purposes of obligation as well as grant and reservation

- 1 the internal plaster or tiles or other internal finishes of the external and internal load-bearing walls of the Premises and the doors door frames windows and window frames fitted in those walls and the glass fitted in those windows and doors
- 2 any of the walls or partitions of the Premises which are not load-bearing
- 3 the plaster or tiles or other finishes of the ceilings and steelwork or other structure from which the ceilings are suspended and any ceiling voids and the floor surface and other surfaces including floor boards or floor screed of the Premises
- 4 the shopfront and fascia to the Premises
- 5 all Conduits which are situated in the Premises and serve exclusive the Premises  
but which premises exclude:
- 6 any part or parts of the Premises lying above the plaster or tiles or other internal finishes of the ceilings and steelwork or other structure from which the ceilings are suspended or below the floor screed and other floor surfaces of the Premises
- 7 any external or internal load-bearing walls of the Premises or the structural parts of the floors or the ceilings of the Premises and the roof of the Premises
- 8 any Conduits which do not serve the Premises exclusively

THE SECOND SCHEDULE

Rights granted to the Tenant

- 1 The right (in common with others entitled) of free and uninterrupted passage and running of water soil gas electricity telephone and telecommunications signals and other services to and from the Premises through the Conduits now in upon or through the Building and any adjoining or neighbouring premises of the Landlord
- 2 The right of support and protection for the Premises as presently enjoyed from the remainder of the Building
- 3 The right (in common with others entitled) to use the Common Parts for gaining access to and egress from the Premises and for all other proper purposes in connection with the use and enjoyment of the Premises
- 4 The right to place the Plant on that part of the roof of the Building over the Premises in a position or in positions to be approved by the Landlord and its structural engineer (such approvals not to be unreasonably withheld or delayed) for so long as the placing of plant is permitted by law (in particular planning law and building regulations) together with the right to repair maintain cleanse renew and relay the Plant and connect it to pipes wires and conduits in the Service Duct PROVIDED that the rights granted by this paragraph 4 and paragraph 5 below may be terminated by the Landlord on six month's written notice if the Landlord at its own expense provides an alternative service duct and/or revised position for the Plant not materially less convenient than those existing at the date of this Lease and the alternative siting of the service duct and revising of the position of the plant will not interfere with the trade and business of the Tenant
- 5 The right (so far as the Landlord can grant such right) in the case of emergency only to use such escape routes from the Premises over the Building as may be directed by the local fire officer or other appropriate statutory official for such purpose
- 6 The exclusive right to use maintain relay and inspect the conducting media within the Service Duct
- 7 The right in common with others entitled on foot only during normal working hours (except in emergency but subject to any additional security arrangements reasonably required by the Landlord being provided at the Tenant's cost) to use the entranceway to King's Court (2-8 Goodge Street) and staircase to gain access to the Plant for

servicing and repair but subject to the provisos that (i) no heavy plant or equipment shall be brought to and from the roof by the King's Court entrance way lift or stairs and (ii) any damage caused to the carpets wall coverings doors lighting or other decorations and fittings shall be made good by and at the cost of the Tenant

8 The right (so far as the Landlord can grant such right) at reasonable times except in the case of emergency to enter the parts of the Building adjoining the Premises with workmen and equipment in order to carry out works of repair to the Premises or the Conduits exclusively serving the Premises the Tenant making good all damage caused in the exercise of such right

9 The exclusive right (so far as the Landlord can grant such right) to place waste disposal containers in the area shown coloured blue on the ground floor Plan subject to the following:-

9.1 Any reasonable management regulations made by the Landlord from time to time; and

9.2 Any requirements of the Local Authority made from time to time (in particular that no waste may be stored overnight)

9.3 The Tenant making good or cleaning to the reasonable satisfaction of the Landlord's surveyor any damage or soiling to the façade of the Building or its eills or panels caused in or arising from the exercise of this right

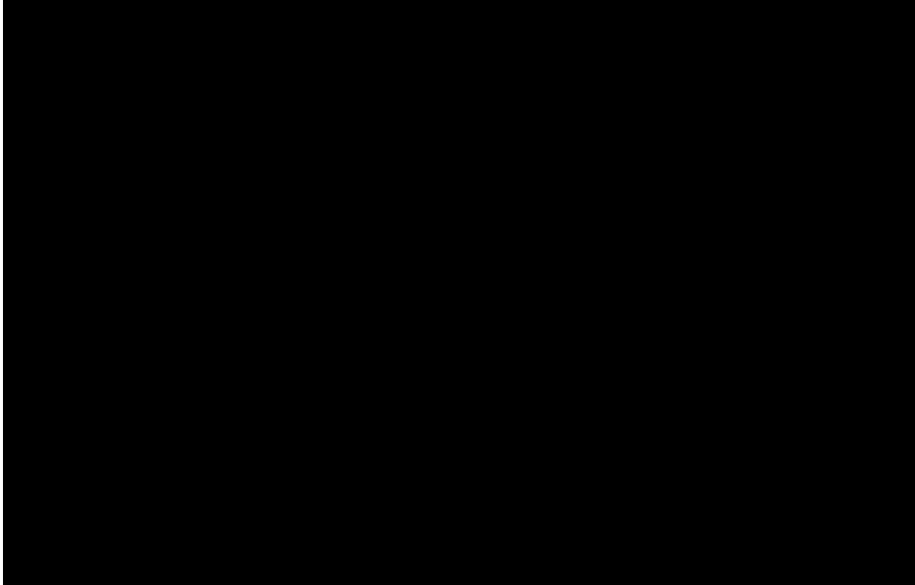
THE THIRD SCHEDULE

Rights reserved to the Landlord and others

- 1 The right of free and uninterrupted passage and running of water soil gas electricity telephone and telecommunications signals and other services through the Conduits (if any) now in or upon or through the Premises
- 2 The right of support and protection from the Premises as presently enjoyed by the remainder of the Building
- 3 All rights of entry referred to in Clause 3 of this Lease
- 4 The right to light and passage of air and any other easement to which the Landlord may be or become entitled in respect of the Building or any adjoining or neighbouring property of the Landlord and the right for the Landlord to alter or rebuild those parts of the Building not forming part of the Premises or any buildings or structures or erect any additional buildings or structures on such parts of the Building or any part or parts of the Landlord's adjoining property notwithstanding any obstruction which may be thereby caused to the access of light and air to the Premises and if the repairs maintenance and renewal cannot otherwise be effected as and when necessary to erect for such time as shall be reasonably necessary scaffolding or other temporary supporting or screening structures in over in front of or above the Premises provided that the Landlord shall use all reasonable endeavours to ensure that any disturbance to the Premises is kept to the minimum reasonably possible
- 5 The right of the Landlord at its own cost to connect into and thereafter to use the soil vent stack provided by the Tenant up to first floor level for the benefit of other parts of the Building
- 6 [The right for the Landlord and its workmen contractors and agents at reasonable times (and where practicable outside usual trading hours) by prior appointment (save in emergency) of access to the manholes the approximate position of which is shown coloured yellow on the basement Plan]
- 7 The rights granted to the lessee by a lease of the Transformer Chamber dated 17 September 2003 made between the Landlord (L) and E F Energy Power Networks (LPN) plc but subject to compliance by the lessee with the terms and conditions applicable to the exercise of such rights



THE FOURTH SCHEDULE



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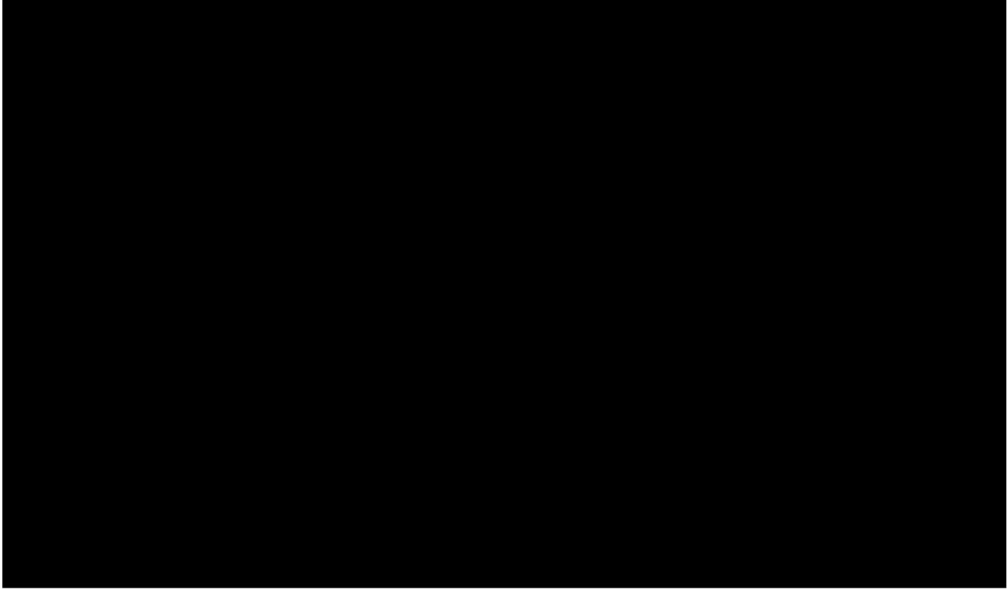
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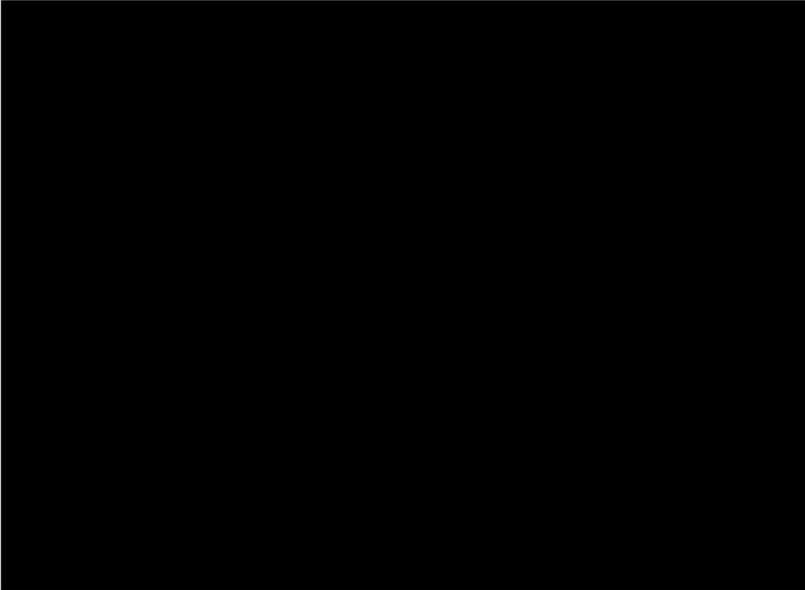
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THE FIFTH SCHEDULE

Guarantee covenant

In this Schedule the expression "the Guaranteed Period" means the period until the Assignee assigns its interest in this Lease with the prior written consent of the Landlord as required by this Lease

The Surety covenants with and guarantees to the Landlord that:-

- 1 The Assignee will at all times during the Guaranteed Period comply with the covenants on the Tenant's part contained in the Lease
- 2 If during the Guaranteed Period the Assignee fails to comply with any of the covenants on the Tenant's part contained in the Lease the Surety will make good that failure and the Surety will not be released from this liability by reason of any forbearance shown by the Landlord to the Tenant in respect of compliance with any of those covenants or the giving of time by the Landlord to the Assignee in relation to any of those covenants
- 3 If during the Guaranteed Period the Assignee enters into liquidation or becomes bankrupt and the liquidator or trustee in bankruptcy disclaims the Lease or if the Assignee (being a company) is dissolved or (being an individual) dies the Surety will (if required by notice served by the Landlord within three months) accept a new lease of the Premises (subject to and with the benefit of the Lease if it has not been fully extinguished) and execute a counterpart of that new lease (and pay the Landlord's solicitors' reasonable and proper costs for that new lease) if the Landlord shall at any time after the disclaimer dissolution or death ("the Relevant Event") so require by notice in writing to the Surety the new lease to take effect from the date of the Relevant Event and to be for a term commensurate with the interest vested in the Assignee immediately before the Relevant Event at the same rents and subject to the same covenants and conditions as were applicable to the Lease immediately before the Relevant Event

THE SIXTH SCHEDULE

Landlord's expenditure included within the Service Charge

- 1 All costs and expenses whatsoever incurred by the Landlord in performing the obligations on the part of the Landlord and relating to the Sub-Building as set out in Clauses 4.3 and 4.4 of this Lease
- 2 The cost of periodically inspecting maintaining repairing overhauling and where necessary for the purposes of repair rebuilding and replacing any and every part of the Common Parts (not being a part the repair of which is the liability of a lessee) including but without prejudice to the generality of the foregoing the communal lifts plant machinery and engineering services within the Common Parts
- 3 The cost of electricity and water consumed in the Common Parts payable by the Landlord
- 4 All charges assessments impositions and other outgoings properly payable by the Landlord in respect of all parts of the Building not exclusively occupied or intended to be occupied by a lessee
- 5 The reasonable cost of employing such staff as are necessary in connection with the proper performance of the Landlord's obligations under this Lease and the provision of services to the Building and all other incidental expenditure in relation to that employment including without limitation the payment of national insurance health pension welfare and other payments contributions and premiums that the Landlord may reasonably deem desirable or necessary and the cost of the provision of uniforms working clothes tools appliances cleaning and other materials and equipment for the proper performance of their duties
- 6 The reasonable and proper cost of purchasing renting operating maintaining repairing and replacing any security systems serving the Building
- 7 The cost of the disposal (including collection and compaction) of refuse from the Building and the provision of receptacles plant and equipment for refuse and refuse removal
- 8 The cost of the compliance by the Landlord with any statutory or other lawful requirement made in respect of the Building

- 9 The reasonable cost of carrying out similar works or services which the Landlord may in his reasonable discretion and acting in accordance with established principles of good estate management deem desirable or necessary for the purpose of maintaining the services in or for the Building and the cost of any other services reasonably provided by the Landlord from time to time for the better enjoyment or use of the Building by its occupiers (including the Tenant)
- 10 The reasonable and proper cost of effecting and maintaining an insurance policy or policies against such liability or liabilities of the Landlord his agents servants and workmen (including negligence) in connection with or arising out of the Building or the occupation maintenance or management thereof or any part thereof or any plant equipment and machinery (including lifts) therein as the Landlord shall reasonably and properly think fit
- 11 The cost to the Landlord of paying or contributing to the whole or a proportion of any expenses payable of making repairing maintaining rebuilding (where beyond economic repair) and cleansing all sewers drains pipes watercourses party walls party structures fences roadways and other conveniences used or intended to be used by the owners and occupiers of the Building in common with the owners and occupiers of any adjoining or neighbouring buildings or premises
- 12 The amount of any sums from time to time paid by the Landlord in respect of damage to the Building caused by an insured risk being sums representing the amount of the "excess" under the Landlord's insurance policy
- 13 The reasonable fees and expenses payable to any Solicitor Accountant Surveyor Valuer Architect Engineer or Managing Agent or others whom the Landlord may from time to time employ in connection with the management repair and maintenance of the Building (but excluding the costs of collecting rent settling rent reviews and letting and reletting parts of the Building) including (without limitation) the reasonable and proper cost of preparing the Certificate referred to in Clause 3.23 of this Lease and calculation of the Service Charge
- 14 A reasonable fee to be in respect of the general administration and supervision costs of the Landlord relating to or in connection with the management of the Building

EXECUTED as a deed by  
TESCO STORES LIMITED  
acting by:-

[Redacted]

Director...

[Redacted]

Director/Secretary...