
SPECIAL CONDITIONS OF SALE

The Library,
235 Upper Street,
London N1 1RU

ADDLESHAW GODDARD

SPECIAL CONDITIONS

LOT number 35

Brief description of the Lot

The Library, 235 Upper Street, London N1 1RU (the **Property**)

Name and address of the SELLER

Enterprise Inns plc (Company No. 02562808) of 3 Monkspath Hall Road, Solihull, West Midlands B90 4SJ

Name, address and reference of the SELLER's solicitors

Addleshaw Goddard LLP, Milton Gate, 60 Chiswell Street, London EC1Y 4AG (Ref: WORKS)

Title

Freehold

Registered or unregistered?

Registered at Stevenage Land Registry with title absolute under title number 256795

Title Guarantee

Full title guarantee subject to the title modifications contained in the TRANSFER

Deposit

10% of the PRICE to be held as stakeholder

INTEREST RATE

4% above The Royal Bank of Scotland plc's base lending rate from time to time

AGREED COMPLETION DATE

- 1 19 August 2010 or, if later, the fifth working day after the SELLER has provided the BUYER with an original Form DS1 or other form of release signed by or on behalf of Deutsche Trustee Company Limited in respect of the charge dated 28 October 2003 referred to on the registered title.
- 2 If the Form DS1 or other form of release referred to above has not been provided by the SELLER to the BUYER by 2 September 2010, either party may then or at any time after terminate the CONTRACT by notice to the other (but not after the Form DS1 or other form of release has been provided).

- 3** The CONTRACT ends when notice is given under paragraph 2 above and:
- (a) neither party is treated as in breach of contract; and
 - (b) the SELLER shall return the Deposit to the BUYER with any interest accrued

VAT

VAT is payable. Please refer to the EXTRA SPECIAL CONDITIONS set out below.

Insurance

The SELLER is to insure until the ACTUAL COMPLETION DATE. Please refer to the EXTRA SPECIAL CONDITIONS set out below.

Vacant or let?

The sale is subject to the TENANCIES listed in the tenancy schedule attached.

Rights sold with the Lot

None

Exclusions from the sale

None

Reservations to the SELLER

None

What the sale is subject to

The matters set out in the GENERAL CONDITIONS as amended by the EXTRA GENERAL CONDITIONS and the EXTRA SPECIAL CONDITIONS contained herein and those matters referred to in the TRANSFER attached.

Amendments to the GENERAL CONDITIONS

GENERAL CONDITIONS G1.6, G3.1, G4.1, G4.2(b), G4.2(d), G6.2, G10.2, G10.3, G10.4, G11, G12, G13, G14, G16, G17, G18, G22, G23, G24 and G25 do not apply.

Otherwise the GENERAL CONDITIONS are as amended by the EXTRA SPECIAL CONDITIONS below.

Extra SPECIAL CONDITIONS

1 Price

The PRICE shall be apportioned so that £1,000.00 is apportioned to the SELLER's Fixtures and Fittings at the Property and so that the balance is apportioned to the land and buildings.

2 Notices

Transmission by e-mail is not a valid means of service of any notice.

3 Sale and Lease

3.1 Lease means the lease of the Property in the form attached.

3.2 On the terms of the CONTRACT:

- (a) the SELLER shall sell and the BUYER shall buy the Property for the PRICE; and
- (b) immediately after the sale and purchase is completed, the BUYER shall grant and the SELLER shall accept the Lease.

3.3 The SELLER shall not be obliged to complete the sale of the Property nor accept the grant of the Lease until:

- (a) the total amounts payable by the BUYER to the SELLER on COMPLETION have been unconditionally received into the SELLER's solicitors' bank account; and
- (b) the SELLER's solicitors are holding the TRANSFER and Lease (in original and counterpart) executed by both the SELLER and the BUYER and the BUYER's solicitor has unconditionally released the BUYER 's executed TRANSFER and Lease to the SELLER 's solicitors; and
- (c) if the BUYER is mortgaging its interest in the Property on completion, the SELLER 's solicitors have received written consent from the BUYER's mortgagee that it consents to the grant of the Lease to the SELLER,

and it is acknowledged by the BUYER that it is obliged to deal with the matters referred to in this paragraph 3.3 prior to COMPLETION and that failure to do so shall be a breach of the CONTRACT and shall not entitle the BUYER to delay COMPLETION

3.4 For the avoidance of doubt, the sale will include those items of the SELLER's fixtures, fittings, plant, equipment and machinery (but not including leisure machines or the SELLER's other moveable equipment) and conducting media and ancillary apparatus for the passage of energy, substances or data in, over, on or under the Property from time to time including, by way of example, bar servery, back fittings, counters, electricity installations (except interior light fittings) wall and floor tiles and similar coverings and external lighting and signage (the **SELLER's Fixtures and Fittings**).

3.5 The SELLER's solicitors shall send by unregistered and uninsured post or through the document exchange to the BUYER's solicitors the deeds and documents to which the BUYER is entitled and neither the SELLER nor the SELLER's solicitors shall be liable for their subsequent loss in the post.

- 3.6 The SELLER shall not be required to complete before 9.30 am or after 5.00 pm on a BUSINESS DAY nor at any time on a day which is not a BUSINESS DAY.

4 Excluded Equipment

- 4.1 Excluded Equipment means:

- (a) items belonging to any third party;
- (b) any signs or badges bearing the name and/or logo of the SELLER or any other owner or other distinguishing features at the Property which indicate ownership by the SELLER or any other owner; and
- (c) any fixtures, fittings or equipment in or on the Property which are provided to or have been acquired by any undertenant.

- 4.2 The Excluded Equipment is excluded from the sale and the SELLER and/or any owner of the Excluded Equipment or their duly authorised agents shall be entitled to remove these at any time up to or following the AGREED COMPLETION DATE.

5 Title

- 5.1 If, following the date of the CONTRACT, the SELLER's title to the Property is in the course of registration at the Land Registry then the SELLER hereby agrees to use reasonable endeavours to answer any requisitions raised by the Land Registry and to provide the BUYER with copies of up-to-date official copies showing the SELLER as the registered proprietor of the Property as soon as reasonably practicable following completion of registration at the Land Registry.

- 5.2 For the avoidance of doubt, the SELLER will be deemed READY TO COMPLETE notwithstanding the fact that, at the AGREED COMPLETION DATE, registration at the Land Registry of the SELLER's title to the Property has not been completed and the BUYER shall not be entitled to delay COMPLETION or refuse to complete by reason thereof.

- 5.3 The BUYER shall:

- (a) apply to register itself as proprietor of the Property at the Land Registry within ten working days after ACTUAL COMPLETION DATE (or, if sooner, within the priority period of its Land Registry search);
- (b) promptly comply with any Land Registry requirements including payment of all necessary fees; and
- (c) not do anything to inhibit the registration of the Lease by the Seller

6 Risk and Insurance

- 6.1 With effect from the date of the CONTRACT the Property is at the BUYER's risk.

- 6.2 The SELLER shall continue to insure the Property up to (but not including) the ACTUAL COMPLETION DATE in accordance with the terms of the TENANCIES.

- 6.3 The BUYER shall supply to the SELLER prior to the AGREED COMPLETION DATE evidence satisfactory to the SELLER that the BUYER will have in place, on the AGREED COMPLETION DATE insurance of the Property in accordance with the terms of the Lease. Until such evidence has been received by the SELLER, the BUYER shall be deemed in breach of the CONTRACT and the SELLER shall be under no obligation to complete the sale of the Property nor accept the grant of the Lease.

7 Authorised Use

The BUYER shall be deemed to purchase the Property with full knowledge of the planning history of the Property and of the authorised use of the Property.

8 Registration of Contract at the Land Registry

- 8.1 Neither the BUYER nor the SELLER shall apply to the Land Registry for an agreed notice to be entered in the register of the SELLER's title to the Property or any other affected land in respect of the CONTRACT.
- 8.2 If the BUYER applies for a unilateral notice to be entered in the register of the SELLER's title to the Property or any other affected land in respect of the CONTRACT:
- (a) the BUYER shall immediately apply to the Land Registry for the removal of the notice if the CONTRACT is rescinded; and
 - (b) the SELLER shall not apply to the Land Registry for the cancellation of the notice while the CONTRACT subsists, but the BUYER shall not object to any such application by the SELLER if the CONTRACT is rescinded.
- 8.3 Unless obliged to do so by law neither the BUYER nor the SELLER shall supply the CONTRACT or any copy of it to the Land Registry whether with an application for a unilateral notice or otherwise.

9 Notice to Complete

If the BUYER fails to complete the CONTRACT on the agreed completion date the amount payable by the BUYER on COMPLETION shall be increased by two hundred and fifty pounds (£250.00) (plus VAT) to cover the cost of preparation and service of any notice to complete served by or on behalf of the SELLER together with the SELLER's additional legal costs incurred either directly or indirectly as a result of the BUYER's delay, such sums to be paid on COMPLETION in addition to any penalty interest payable under the CONTRACT.

10 Insolvency

If the BUYER being a company is the subject of an order resolution or analogous proceedings for the appointment of an administrator or winding up of such company or if a liquidator, receiver or administrative receiver is appointed of the whole or any part of the undertaking, property, assets or revenues of the BUYER or if the BUYER being an individual is the subject of a bankruptcy order or an order or appointment under section 253 or section 273 or section 286 Insolvency Act 1986 the SELLER may by written notice to the BUYER rescind the CONTRACT and such event will be treated as a breach of CONTRACT by the BUYER.

11 Apportionments and Arrears

11.1 The SELLER is not obliged to apportion or account to the Buyer whether at or following COMPLETION to the BUYER for any sums held by or payable from or to the SELLER under the terms of any of the TENANCIES.

11.2 The SELLER retains the right following COMPLETION to receive and recover any arrears of rent or other sums due under the TENANCIES.

12 Management

The SELLER shall be entitled to continue to manage the Property as it sees fit pending COMPLETION and shall not be obliged to consult the BUYER on any management issues, including, but not limited to, any application for consent, rent reviews, variations, surrenders, agreements to surrender or proposed forfeiture or any new tenancy or similar document or agreement to grant a new tenancy or similar document.

13 Entire Contract

13.1 The CONTRACT (and any documents annexed to or incorporated in it) is the entire contract between the parties and the BUYER acknowledges that the BUYER has not entered into the CONTRACT in reliance on any advertisement or other matter issued by or on behalf of the seller or in reliance on any statements or representations made to the BUYER or the BUYER's advisors or agents.

13.2 If there are any side letters relating to this transaction it is expressly agreed that although they may have legal force as representations, collateral contracts or otherwise they do not form part of the CONTRACT.

14 VAT

14.1 All sums payable to the SELLER under the CONTRACT are exclusive of any VAT which may be chargeable and the amount of any VAT shall be added to and be payable at the same time as any payments upon which VAT is chargeable.

14.2 The SELLER and the BUYER agree (subject to clauses 14.5 and 14.6 below) that VAT is due on that part of the PRICE apportioned to the Property by reason of the SELLER having made an election to waive exemption in respect of the Property in accordance with paragraph 2 schedule 10 Value Added Tax Act 1994 (**VATA**).

14.3 The BUYER warrants to the SELLER that it is not the BUYER's intention or expectation that the Property will at any time be exempt land (and **exempt land** has the meaning given to it in paragraph 15 schedule 10 VATA).

14.4 Within ten BUSINESS DAYS after receipt from the BUYER of any VAT under this Agreement the SELLER will issue a VAT invoice to the BUYER.

14.5 The parties hereby certify that 10% of the Property is allocated for domestic use and will be an exempt supply for VAT purposes.

14.6 Subject to clause 14.7 below the sale of the remainder of the Property will be a standard-rated supply for VAT purposes and the amounts required on COMPLETION shall be increased by VAT on 90% of the PRICE.

14.7 Should HM Revenue and Customs (for whatever reason) determine that VAT is payable on more than 90% of the PRICE then the BUYER shall pay to the SELLER on demand all that VAT on the remainder of the PRICE and shall in addition indemnify the SELLER on demand against all actions proceedings claims demands liabilities and expenses in respect of the same (including without limitation any interest and/or penalty) and the SELLER shall issue a VAT invoice to the BUYER for such sum within ten BUSINESS DAYS.

15 Sale and Leaseback Relief

15.1 The parties consider that the Lease will benefit from s57A Finance Act 2003 (FA 2003) (sale and leaseback arrangements) by reason of their acknowledgements given in this clause.

15.2 The SELLER and the BUYER acknowledge that:

- (a) the Property is sold partly in consideration of entering into the Lease;
- (b) the only other consideration for the sale of the Property is the payment of the PRICE (and VAT on it);
- (c) they are not now members of the same group of companies for schedule 7 FA 2003 and will not be at the AGREED COMPLETION DATE; and
- (d) the sale of the Property is not a transfer of rights under s45 or s45A FA 2003.

15.3 The BUYER will give the SELLER any assistance it reasonably requires to obtain relief under s57A FA 2003 in relation to the Lease.

16 Searches

On the ACTUAL COMPLETION DATE, the BUYER shall reimburse the SELLER's costs in obtaining the searches for the Property that the SELLER has provided at the AUCTION.

Transfer

The prescribed form of TRANSFER is annexed

Capital Allowances

- 1** The BUYER shall on or before the AGREED COMPLETION DATE produce to the SELLER an election under Section 198 Capital Allowances Act 2001 (the **2001 Act**) substantially in the form attached to these conditions in duplicate (and including the Buyer's tax district and reference) and duly signed by the BUYER (if the BUYER is an individual) or one of the BUYERS (if the BUYER is more than one individual) or by an authorised officer of the BUYER (if the BUYER is a body corporate) showing that a just apportionment of the PRICE for section 562(3) of the 2001 Act to the SELLER's Fixtures and Fittings for section 11(4) of the 2001 Act is an aggregate of £1,000 (apportioned as to £500 for general plant and machinery and £500 for integral features within the meaning of section 33A of the 2001 Act).
- 2** Within 20 business days of the AGREED COMPLETION DATE the SELLER shall send to the BUYER one copy of the completed election.
- 3** The BUYER shall forward the election to its tax office and notify the SELLER in writing that it has done so within the times set out by the 2001 Act.

Maintenance agreements

There are no maintenance agreements

TUPE

There are no employees to which TUPE applies

Environmental

GENERAL CONDITION G21 (Environmental) does not apply.

Warranties

Not applicable

Tenancy Schedule

The Property is sold subject to the TENANCIES listed below:

Property	Date	Original landlord and tenant	Current tenant	Term
Occupational Lease				
Tut N Shive 235 Upper Street Islington London N1 1RU	06.12.2001	(1) Laurel Pub Partnerships Limited (2) BD London Limited	Numb Music Productions Limited	20 Years
Radio Microcell base station installation at Lush Bar 235 Upper Street, Islington N1 1RU	18.08.2003	(1) Enterprise Inns plc (2) O2 (UK) Limited	O2 (UK) Limited	
Date	Document		Parties	
Supplemental Occupational Lease Documentation				
06.12.2001	Supplemental Trading Agreement		(1) Laurel Pub Partnerships Limited (2) BD London Limited	
08.08.2003	Licence to Assign		(1) Target WPP Limited (2) Enterprise Pubs Seven Limited (3) Hope and Glory Public Houses Limited (formerly BD London Limited) (4) Berger Homes (UK) Limited (5) Geoffrey John Berger and Daniel Robert Berger	
08.08.2003	Deed of Variation		(1) Target WPP Limited (2) Enterprise Pubs Seven Limited (3) Berger Homes (UK) Limited (4) Geoffrey John Berger and Daniel Robert Berger	
08.08.2003	Supplemental Trading Agreement		(1) Target WPP Limited (2) Enterprise Pubs Seven Limited (3) Berger Homes (UK) Limited (4) Geoffrey John Berger and Daniel Robert Berger	
31.01.2006	Licence to Assign		Enterprise Inns plc (2) Lush Bars Limited (3) Littlelight Limited	
31.01.2006	Deed of Variation		Enterprise Inns plc (2) Littlelight Limited (3) John Vincent Power and Jack Patrick Power	
31.01.2006	Guarantee		(1) Enterprise Inns plc (2) John Vincent	

		Power and Jack Patrick Power
31.01.2006	Supplemental Trading Agreement	(1) Enterprise Inns plc (2) Littlelight Limited
06.12.2006	Rent Review Memorandum	(1) Enterprise Inns plc (2) Littlelight Limited
21.12.2007	Licence to Assign	(1) Enterprise Inns plc (2) Littlelight Limited (3) Numb Music Productions Limited (4) Anthony McGill and Joseph McGill
21.12.2007	Authorised Guarantee Agreement	(1) Enterprise Inns plc (2) Littlelight Limited (3) John Vincent Power and Jack Patrick Power
21.12.2007	Supplemental Trading Agreement	(1) Enterprise Inns plc (2) Numb Music Productions Limited (3) Anthony McGill and Joseph McGill
21.12.2007	Machine Consent	(1) Enterprise Inns plc (2) Numb Music Productions Limited

Land Registry

Transfer of whole of registered title(s)

TR1

If you need more room than is provided for in a panel, and your software allows, you can expand any panel in the form. Alternatively use continuation sheet CS and attach it to this form.

Leave blank if not yet registered.

Insert address including postcode (if any) or other description of the property, for example 'land adjoining 2 Acacia Avenue'.

Give full name(s).

Complete as appropriate where the transferor is a company.

Give full name(s).

Complete as appropriate where the transferee is a company. Also, for an overseas company, unless an arrangement with Land Registry exists, lodge either a certificate in Form 7 in Schedule 3 to the Land Registration Rules 2003 or a certified copy of the constitution in English or Welsh, or other evidence permitted by rule 183 of the Land Registration Rules 2003.

Each transferee may give up to three addresses for service, one of which must be a postal address whether or not in the UK (including the postcode, if any). The others can be any combination of a postal address, a UK DX box number or an electronic address.

1	Title number(s) of the property: 256795
2	Property The Library, 235 Upper Street, London N1 1RU
3	Date:
4	<p>Transferor:</p> <p>Enterprise Inns plc</p> <p>For UK incorporated companies/LLPs Registered number of company or limited liability partnership including any prefix:</p> <p>Company No. 2562808</p> <p>For overseas companies (a) Territory of incorporation:</p> <p>(b) Registered number in England and Wales including any prefix:</p>
5	<p>Transferee for entry in the register:</p> <p>♦</p> <p>For UK incorporated companies/LLPs Registered number of company or limited liability partnership including any prefix:</p> <p>For overseas companies (a) Territory of incorporation:</p> <p>(b) Registered number in England and Wales including any prefix:</p>
6	<p>Transferee's intended address(es) for service for entry in the register:</p> <p>♦</p>
7	The transferor transfers the property to the transferee

Place 'X' in the appropriate box. State the currency unit if other than sterling. If none of the boxes apply, insert an appropriate memorandum in panel 11.

Place 'X' in any box that applies.

Add any modifications.

Where the transferee is more than one person, place 'X' in the appropriate box.

Complete as necessary.

8	<p>Consideration</p> <p><input checked="" type="checkbox"/> The transferor has received from the transferee for the property the following sum (in words and figures):</p> <p style="padding-left: 40px;">♦ (£♦) plus VAT thereon in the sum of ♦ (£♦)</p> <p><input type="checkbox"/> The transfer is not for money or anything that has a monetary value</p> <p><input type="checkbox"/> Insert other receipt as appropriate:</p>
9	<p>The transferor transfers with:</p> <p><input checked="" type="checkbox"/> full title guarantee</p> <p><input type="checkbox"/> limited title guarantee</p> <p>subject to the title modifications</p> <p>Title Modifications</p> <p>9.1 The words "at his own cost" in the Law of Property (Miscellaneous Provisions) Act 1994 (1994 Act) section 2(1)(b) shall be replaced by the words "at the Transferee's cost".</p> <p>9.2 For the purposes of section 6(2)(a) of the 1994 Act, there are deemed to be within the actual knowledge of the Transferee:</p> <p>(a) all entries in any public register; and</p> <p>(b) all public requirements (as defined in the Standard Commercial Property Conditions (Second Edition)).</p>
10	<p>Declaration of trust. The transferee is more than one person and</p> <p><input type="checkbox"/> they are to hold the property on trust for themselves as joint tenants</p> <p><input type="checkbox"/> they are to hold the property on trust for themselves as tenants in common in equal shares</p> <p><input type="checkbox"/> they are to hold the property on trust:</p>

Insert here any required or permitted statement, certificate or application and any agreed covenants, declarations and so on.

<p>11 Incumbrances</p> <p>11.1 The Property is transferred subject to:</p> <p>(i) any covenants, easements, rights or other matters affecting the Property or of which the Property has the benefit;</p> <p>(ii) the entries in the title register of title number 256795 with the exception of financial charges;</p> <p>(iii) all tenancies, leases, licences to occupy and agreements for lease and any documents varying or supplemental to them affecting the Property as at the date of this Transfer; and</p> <p>(iv) the documents listed below:</p> <p>(together, the Incumbrances)</p>							
	<table border="1"> <thead> <tr> <th>Date</th> <th>Document</th> <th>Parties</th> </tr> </thead> <tbody> <tr> <td>10.10.1921</td> <td>Conveyance</td> <td>(1) Francis Merson Frank Melhuish Merson Richard James Haywood and James Leslie Sweet (2) Richard James Haywood and Edward Ernest Haywood (3) Francis Merson and Richard James Haywood (4) Whitbread and Company Limited</td> </tr> </tbody> </table>	Date	Document	Parties	10.10.1921	Conveyance	(1) Francis Merson Frank Melhuish Merson Richard James Haywood and James Leslie Sweet (2) Richard James Haywood and Edward Ernest Haywood (3) Francis Merson and Richard James Haywood (4) Whitbread and Company Limited
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	<p>11.2 Indemnity</p> <p>The Transferee covenants with the Transferor to comply with the obligations contained or referred to in the Incumbrances so far as they relate to the Property and to indemnify the Transferor against claim, loss, liability or expense it suffers or incurs as a result of any failure to do so.</p>						
	<p>11.3 Contracts (Rights of Third Parties) Act 1999</p> <p>Unless the right of enforcement is expressly provided it is not intended that a third party should have the rights to enforce any terms of this transfer pursuant to the Contracts (Rights of Third Parties) Act 1999 but this does not affect any rights which are available apart from that Act.</p>						
<p>The transferor must execute this transfer as a deed using the space opposite. If</p>	<p>12 Execution</p>						

<p>there is more than one transferor, all must execute. Forms of execution are given in Schedule 9 to the Land Registration Rules 2003. If the transfer contains transferee's covenants or declarations or contains an application by the transferee (such as for a restriction), it must also be executed by the transferee.</p>	<p>Executed as a deed by affixing the Common Seal of Enterprise Inns plc in the presence of:</p>	<p>))))</p> <p>.....</p> <p>Authorised Signatory</p> <p>.....</p> <p>Authorised Signatory</p>
	<p>Executed as a deed by ♦ acting by a director in the presence of:</p>	<p>)))</p> <p>Director</p> <p>.....</p> <p>Signature of witness</p> <p>.....</p> <p>Name</p> <p>.....</p> <p>.....</p> <p>Address</p>
	<p>Executed as a deed by ♦ in the presence of</p>	<p>)))</p> <p>Signature of witness</p> <p>.....</p> <p>Name</p> <p>.....</p> <p>.....</p> <p>.....</p> <p>Address</p>

WARNING

If you dishonestly enter information or make a statement that you know is, or might be, untrue or misleading, and intend by doing so to make a gain for yourself or another person, or to cause loss or the risk of loss to another person, you may commit the offence of fraud under section 1 of the Fraud Act 2006, the maximum penalty for which is 10 years' imprisonment or an unlimited fine, or both.

Failure to complete this form with proper care may result in a loss of protection under the Land Registration Act 2002 if, as a result, a mistake is made in the register.

Under section 66 of the Land Registration Act 2002 most documents (including this form) kept by the registrar relating to an application to the registrar or referred to in the register are open to public inspection and copying. If you believe a document contains prejudicial information, you may apply for that part of the document to be made exempt using Form EX1, under rule 136 of the Land Registration Rules 2003.

Capital Allowances Election

We, Enterprise Inns plc (the **Seller**) and ♦ (the **Buyer**) elect pursuant to Section 198 of the Capital Allowances Act 2001 that £1,000.00 (together with VAT on 90% thereof) of the Purchase Price payable for the Property is attributable to the sale of all fixed fixtures and fittings at The Library, 235 Upper Street, London N1 1RU (the **Fixtures and Fittings**) by the Seller to the Buyer pursuant to an Agreement dated ♦

The details relevant to this Election are as follows:

- (a) Seller's name and address: Enterprise Inns plc, 3 Monkspath Hall Road, Solihull, West Midlands B90 4SJ
- (b) Seller's tax district and reference: LBS CT Newcastle, BP7202 Norham House, Benton Park View, Newcastle Upon Tyne, NE98 1ZZ Ref: 702 52200 05053
- (c) Buyer's name and address:
- (d) Buyer's tax district and reference:
- (e) The Property: The Library, 235 Upper Street, London N1 1RU
- (f) Title Number: 256795
- (g) Freehold/Leasehold: Freehold
- (h) Date of Exchange of Contracts: 8 July 2010
- (i) Date of Completion: ♦
- (j) Total Purchase Price (including VAT on 90%): ♦
- (k) Plant and machinery in respect of which the Election is made: The Fixtures and Fittings which are the subject of the Agreement for the sale of the Property made between the Seller and the Buyer dated 8 July 2010
- (l) Part of Purchase Price elected to be attributable to the Fixtures and Fittings (excluding VAT on 90%): £1,000.00 apportioned as to £500 for integral features and £500 for non-integral features

Signed by)
)	
For and on behalf of the Seller)
Signed by)
)	
For and on behalf of the Buyer)

Dated

2010



ENTERPRISE INNS PLC

LEASE

of

**The Library,
235 Upper Street,
London N1 1RU**

ADDLESHAW GODDARD

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LAND REGISTRY REQUIRED WORDING

LR1	Date of Lease	♦ 2010
LR2	Title Number(s)	<p>Landlord's Title Number:</p> <p><i>Title number(s) out of which this lease is granted. Leave blank if not registered.</i></p> <p>256795</p> <p>Other Title Numbers:</p> <p><i>Existing title number(s) against which entries of matters referred to in LR9, LR10, LR11 and LR13 are to be made.</i></p>
LR3	Parties to this Lease	<p>Landlord</p> <p>♦</p> <p>Tenant</p> <p>Enterprise Inns plc (Company No. 2562808) whose registered office is at 3 Monkspath Hall Road, Solihull, West Midlands, B90 4SJ</p> <p>Other Parties</p>
LR4	Property	<p>The Library, 235 Upper Street, London N1 1RU as more fully described in schedule 1.</p> <p>In the case of a conflict between this clause and the remainder of this lease then, for the purposes of registration, this clause shall prevail</p>
LR5	Prescribed Statements	None
LR6	Term for which the Property is leased	The term specified in the Lease Particulars in the row 'Contractual Term'

LR7	Premium	None
LR8	Prohibitions or restriction on disposing of this Lease	This lease contains a provision that prohibits or restricts dispositions
LR9	Rights of acquisition.	<p>LR9.1 Tenant's contractual rights to renew this lease, to acquire the reversion or another lease of the Property, or to acquire an interest in other land</p> <p>None</p> <p>LR9.2 Tenant's covenant to (or offer to) surrender this lease</p> <p>None</p> <p>LR9.3 Landlord's contractual rights to acquire this lease</p> <p>None</p>
LR10	Restrictive covenants given in this lease by the Landlord in respect of land other than the Property	None
LR11	Easements	<p>LR11.1 Easements granted by this lease for the benefit of the Property</p> <p>Part 1 of schedule 2</p> <p>LR11.2 Easements granted or reserved by this lease over the Property for the benefit of other property</p> <p>Part 2 of schedule 2</p>
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
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LEASE PARTICULARS

Date : ♦ 2010

Landlord : ♦

Tenant : **Enterprise Inns plc** (Company No. 2562808) whose registered office is at 3 Monkspath Hall Road, Solihull, West Midlands, B90 4SJ

Demised Premises : The whole of the land and buildings (or any part of them) described in "The Property" in LR4 of the Land Registry Required Wording

Landlord's Registered Title Number : 256795

Contractual Term : 35 years beginning on ♦ 2010 subject to earlier determination pursuant to clause 8

Contracted out of 1954 Act : No

Annual Rent : £80,000.00 a year, as reviewed under schedule 3 or otherwise altered

Rent Commencement Date : The date of this lease

Review Date(s) : on the ♦ day of ♦ 2015, 2020, 2025, 2030, 2035 and 2040

Permitted Use : As a public house, with or without other uses ancillary to such use including the ancillary service of food and/or ancillary bed and breakfast accommodation and car parking and the installation and use of Leisure Machines, telecoms equipment and advertising hoardings and (in respect of any residential

accommodation at the Demised Premises from time to time)
for residential use

**First Internal
Decorating Year** : 2015

**First External
Decorating Year** : 2013

Interest Rate : means 3% above the base lending rate of Bank of Scotland plc (or any other UK clearing bank the Landlord nominates) or, if that base lending rate cannot be ascertained, 3% above a comparable rate that the Landlord (acting reasonably) specifies

This Lease is made as a deed on the date and between the parties specified in the Particulars

4 Definitions and Interpretation

4.1 The Lease Particulars form part of this Lease and the terms specified in them are defined terms in this Lease.

4.2 In this Lease:

Conduits means conducting media and ancillary apparatus for the passage of energy, substances or data which are in over or under the Demised Premises now or at any time during the Term

Consent means a Landlord's consent contemplated by this Lease

Costs includes any losses, costs, damages and liabilities and whether or not resulting from claims, demands, actions or proceedings

Demised Premises includes:

- (a) all fixtures, fittings, Plant and Conduits in, over, on or under the Demised Premises from time to time including, by way of example, bar server, back fittings, counters, electricity installations (except interior light fittings) wall and floor tiles and similar coverings and external lighting and signage; and
- (b) all additions, improvements, pipes, outbuildings, boundary features, gardens, car parks, play grounds and built upon areas

which are now there or are added or made during the Term

Group Company means a group company within the meaning of section 42 of the Landlord and Tenant Act 1954

Incumbrances means the matters set out in part 3 of schedule 2

Lease means this lease and any document supplemental to or associated with it

Leisure Machines means:

- (c) any mechanical or electrical or electronic (or any combination thereof) device or other amusement or gaming machine; or
- (d) any pay to play sound production or visual production or projection apparatus; or
- (e) any other machine device or apparatus for playing any game of amusement skill or chance (including pool tables); or
- (f) any machine for supply and selling or dispensing cash goods or services; or
- (g) any terminal including:

- (i) any pay to play game machine or terminal whether it is operated by or payment is by way of coins tokens or any other means of payment and whether or not it is able to dispense rewards or prizes in whatever form; and
- (ii) any software associated with the operation of any such machine device or apparatus

Plant means any plant, equipment and machinery at the Demised Premises during the Term, but does not include Leisure Machines or the Tenant's other moveable equipment

Proper Notice means not less than 5 working days prior written notice (save to the extent that less notice is appropriate and reasonable in cases of emergency) and the Landlord shall use reasonable endeavours to ensure that any entry upon the Demised Premises is effected:

- (i) outside the hours when the Demised Premises are from time to time open for trade; and
- (ii) at times reasonably convenient to the Tenant or other occupier of the Demised Premises

Qualified Consent means a Consent that is not to be unreasonably withheld or delayed

Rents are as specified in clause 6

Term means the Contractual Term and any extension or continuation of the tenancy

Termination means the end of the Term, however it occurs

Use Class means the stated class in the Town and Country Planning (Use Classes) Order 1987, as amended by the Town and Country Planning (Use Classes) (Amendment) (England) Order 2005, but only as both are enacted at the date of this Lease

VAT means Value Added Tax and includes any future tax of a like nature

VAT election means an election by the Landlord, or a company in the same VAT group as the Landlord, to waive exemption under paragraph 2 of schedule 10 to VATA

VATA means the Value Added Tax Act 1994

1954 Act means the Landlord and Tenant Act 1954

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

4.3 In this Lease:

- (a) the terms defined in section 28 of the 1995 Act have the same meanings in this Lease, but 'Tenant' includes a person who has assigned this Lease by an excluded assignment (as defined in section 11 of the 1995 Act);
- (b) a Consent or other approval under the terms of this Lease is not effective unless given in writing;
- (c) **pay on demand** means that the Tenant shall make the relevant payment in cleared funds to the Landlord within thirty days of written demand;
- (d) **act or omission of the Tenant** includes the act or omission of the Tenant, any undertenant or permitted occupier;
- (e) **including** means "including without limitation";
- (f) where two or more persons are liable in respect of an obligation, they are jointly and severally liable;
- (g) a prohibition on an activity includes a prohibition on allowing it;
- (h) a party who covenants to do something fulfils that obligation by ensuring that it is done;
- (i) a right to terminate this Lease does not prejudice either party in respect of any antecedent breach by the other;
- (j) each provision in this Lease is severable from the others; if any provision is or becomes unenforceable, the enforceability of other provisions is not affected;
- (k) references to:
 - (i) the Tenant, an undertenant or a permitted occupier include their employees, agents, contractors and visitors;
 - (ii) **guarantor** includes any person guaranteeing the Tenant's obligations under this Lease or under an authorised guarantee agreement;
 - (iii) references to a statute are a reference to the statute as amended or re-enacted (unless otherwise stated) and include any subordinate legislation and guidance under it; and
 - (iv) the **Demised Premises** includes all and any part of them;
- (l) the perpetuity period is 80 years from the date of this Lease and the rights in parts 1 and 2 of schedule 2 apply to Conduits and Plant which are in the Demised Premises now or are laid or installed within the perpetuity period;
- (m) words importing any gender include every gender;
- (n) **person** includes any corporation and unincorporated body of persons; and
- (o) headings are for ease of reference only.

5 Letting

5.1 The Landlord lets the Demised Premises to the Tenant for the Contractual Term:

- (a) with the rights set out in part 1 of schedule 2;
- (b) except and reserving the rights set out in part 2 of schedule 2 (if any); and
- (c) subject to and with the benefit of the Incumbrances.

5.2 Section 62 of the Law of Property Act 1925 does not apply to this Lease.

6 Rents

During the Term, the Tenant shall pay as rent, without (unless required by statute) any deduction, counterclaim or set-off (legal or equitable):

- (a) the Annual Rent;
- (b) the Insurance Rent (as defined in clause 9.1(b));
- (c) all other sums due from the Tenant to the Landlord under this Lease; and
- (d) any VAT payable on the above amounts;

collectively the **Rents**.

7 Tenant Covenants

The Tenant covenants:

7.1 Payment of the Rents, Interest and VAT

- (a) To pay the Annual Rent (whether or not demanded):
 - (i) by equal quarterly instalments in advance on the usual quarter days (which are 25 March, 24 June, 29 September and 25 December); and
 - (ii) if so required by the Landlord, by direct credit or any other method of payment required by the Landlord (acting reasonably) on written notice.
- (b) The first payment of Annual Rent is:
 - (i) the sum apportioned on a daily basis from and including the Rent Commencement Date to (but excluding) the next quarter day; and
 - (ii) due on today's date.
- (c) To pay the Insurance Rent and all other sums payable by Tenant to the Landlord under this Lease on demand.
- (d) To pay interest on the unpaid amount of any sum due to the Landlord, which is not received in cleared funds on the due date, for the period beginning on:
 - (i) the due date, in the case of Annual Rent; or

- (ii) the date seven days after the due date, in all other cases,

until the date of receipt in cleared funds.
- (e) Interest under clause 7.1(d) is:
 - (i) payable at the Interest Rate both before and after judgment; and
 - (ii) calculated on a daily basis.
- (f) If for good reason the Landlord refuses to accept a payment under this Lease, the unpaid amount bears interest under clause 7.1(d) from the due date, or the earliest date on which it could have been demanded, until the date on which payment is accepted.
- (g) All sums due and any other consideration to be given to the Landlord under this Lease are exclusive of VAT, which the Tenant shall pay within 30 days of receipt of a valid VAT invoice duly addressed to it, provided that such sums or consideration have fallen due.
- (h) If the Tenant is obliged to reimburse expenditure incurred by the Landlord, that obligation includes payment of VAT irrecoverable by the Landlord.

7.2 Rates and utilities

- (a) To pay all of the existing and future rates, taxes and other impositions relating to the Demised Premises, and whether required to be paid by an owner or an occupier of property, but not any tax (other than VAT and insurance premium tax) payable by the Landlord on the Annual Rent or on any dealings with its reversion to this Lease.
- (b) If the Demised Premises are not separately assessed for payment under clause 7.2(a), to pay on demand a fair proportion of the relevant items.
- (c) Not without Qualified Consent to agree or appeal against any rating or other assessment on the Demised Premises and to consult with the Landlord and have due regard to its reasonable representations during negotiations, but the Tenant is not required to act contrary to its commercial interests in this regard.
- (d) To pay for all utilities and services provided to or consumed by the Demised Premises, including meter rents and connection and standing charges, and a fair and proper proportion of any joint charges.

7.3 Repair, decoration, cleaning and maintenance

- (a) To keep the Demised Premises in good and substantial repair and condition.
- (b) Clause 7.3(a) does not require the Tenant to repair damage by Insured Risks or Uninsured Risks (as each are defined in clause 9).
- (c) To redecorate the interior of the Demised Premises in a good standard of decorative condition in the First Internal Decorating Year and every fifth year of the Term and in the last three months preceding Termination, but the Tenant need not redecorate more than once in any twelve month period.

- (d) To redecorate the exterior of the Demised Premises in a good standard of decorative condition in the First External Decorating Year and every third year of the Term and in the last three months preceding Termination but the Tenant need not redecorate more than once in any twelve month period.
- (e) The provisions of clauses 7.3(c) and 7.3(d) above do not apply for so long as Enterprise Inns plc is the tenant under this Lease, but Enterprise Inns plc shall keep the Demised Premises in good decorative order.
- (f) To keep the Demised Premises clean and tidy as appropriate for the principal use of the Demised Premises as a public house.
- (g) Not knowingly to use any Conduits or Plant:
 - (i) other than for the purpose; nor
 - (ii) so as to exceed the capacity,
 for which they are designed.
- (h) So far as is reasonably practicable to secure the Demised Premises when not in use (save for any closures in the normal course of business) and generally to protect them from theft or vandalism.
- (i) To notify the Landlord within a reasonable period of actually becoming aware of any material damage to the Demised Premises.

7.4 Use

- (a) Not to use the Demised Premises:
 - (i) other than for the Permitted Use;
 - (ii) for any illegal purpose; or
 - (iii) in a manner which causes or may reasonably be expected to cause danger, damage or legal nuisance to the Landlord or any other person or property; or
 - (iv) so that the Landlord's VAT election may no longer apply to it; or
 - (v) for any sale by auction;
- (b) Not knowingly to overload the walls, floors, ceilings or structure of the Demised Premises.

7.5 Alterations

- (a) Not to make any structural or (where the same requires planning consent) external alterations or additions to the Demised Premises without Qualified Consent.
- (b) Save as provided for in clause 7.5(a), the Tenant may make any other alterations or additions without Consent.
- (c) Before carrying out any alterations or additions to:

- (i) obtain all necessary consents from any competent authority;
 - (ii) where Consent is required, supply all drawings, specifications and other information that the Landlord reasonably requires in this regard; and
 - (iii) where Consent is required, enter into any covenants that the Landlord reasonably requires for the execution of such alterations or additions.
- (d) To complete and carry out all permitted alterations or additions:
- (i) without cost to the Landlord;
 - (ii) in a good and workmanlike manner;
 - (iii) with good quality materials; and
 - (iv) in accordance with all statutory requirements.

7.6 Signs

- (a) Not to fix or display in or on the Demised Premises any form of signage or advertisement which can be seen from outside the Demised Premises without first obtaining Qualified Consent, save that Consent is not required for:
- (i) any sign or signs that display the name of the public house;
 - (ii) any "A" boards, banners and other similar signage and displays that display the name of the Tenant or any undertenant;
 - (iii) any trade notices and trade advertisements whether required by statute or otherwise; and
 - (iv) any advertising hoardings within the boundaries of the Demised Premises.
- (b) Not to place any "A" boards or similar signage on any external parts of the Demised Premises so as to cause a nuisance or damage to the public.

7.7 Dealings

- (a) Not to assign, underlet, part with or share possession or occupation of the whole or any part of the Demised Premises, nor charge the Demised Premises (other than in connection with a bona fide funding arrangement of the Tenant's business from a reputable financial institution), nor to hold the Demised Premises on trust for or on behalf of any other person unless expressly permitted by:
- (i) a Qualified Consent granted under clauses 7.8 or 7.9; or
 - (ii) under clauses 7.12 or 7.13.
- (b) With any application for a Qualified Consent referred to in clause 7.7(a), to provide an unqualified (save for a pre-determined amount) solicitors' undertaking to pay on demand the reasonable professional costs the Landlord will properly incur in dealing with the application for Qualified Consent, any conditions to it and any documents relating to it, whether or not Qualified Consent is given or acted on but the Tenant is not required to pay any such costs where Qualified Consent has been unreasonably

withheld or delayed or has been granted subject to unreasonable or unlawful conditions

7.8 Assignment

- (a) Not to assign the whole of the Demised Premises or hold it on trust without Qualified Consent, but under section 19(1A) of the Landlord and Tenant Act 1927 the Landlord is not acting unreasonably in:
 - (i) withholding Consent where any of the circumstances in clause 7.8(b) apply; or
 - (ii) imposing one or more of the conditions in clause 7.8(c).
- (b) The Landlord may withhold Consent if:
 - (i) at the date when the Tenant applies for Consent, any Annual Rent (with applicable and due VAT) is unpaid; or
 - (ii) the Tenant has not provided the undertaking to pay costs under clause 7.7(b); or
 - (iii) in the Landlord's opinion (acting reasonably), the prospective assignee is not of sufficient financial standing to enable it to comply with the Tenant's obligations in this Lease throughout the Term; or
 - (iv) the prospective assignee may be entitled to diplomatic immunity; or
 - (v) the prospective assignee is a Group Company.
- (c) The Landlord may impose conditions to a Consent that:
 - (i) the Tenant must enter into an authorised guarantee agreement (an **AGA**) in such form as the Landlord (acting reasonably) requires and as is approved by the Tenant in writing (such approval not to be unreasonably withheld or delayed);
 - (ii) if the Landlord (acting reasonably) requires, the Tenant must procure either:
 - (A) a guarantor acceptable to the Landlord (acting reasonably); or
 - (B) other reasonable security that the assignee will comply with the Tenant's obligations in this Lease;

and any guarantee must be in the terms of schedule 4 with any additions or amendments the Landlord (acting reasonably) requires and any other security must be in the form required by the Landlord (acting reasonably) and in each case such additions, amendments or terms (as appropriate) to be approved by the Tenant in writing (such approval not to be unreasonably withheld or delayed);

 - (iii) when the Tenant assigns this Lease under the Consent, the Annual Rent then due must be paid; and

- (iv) the conditions to the Consent (other than this one) must be fulfilled within three months of the date on which it is given, failing which the Consent is no longer effective.
- (d) Clauses 7.8(b) and 7.8(c) do not prevent the Landlord from withholding Consent, or imposing other conditions to Consent, where it is reasonable to do so.

7.9 Underletting

If the Tenant wants to underlet the whole or any part of the Demised Premises, all of the following pre-conditions must first be fulfilled:

- (a) the Tenant must provide the undertaking to pay costs under clause 7.7(b); and
- (b) the undertenant must covenant with the Landlord, in a form the Landlord (acting reasonably) approves, that during the term of the underlease, or until it is released under the 1995 Act, the undertenant shall comply with the Tenant's obligations in this Lease, except the covenant to pay Annual Rent and, in the case of an underletting of part, insofar only as such covenants affect the underlet property)
- (c) if the Landlord (acting reasonably) requires, the undertenant must provide either:
 - (i) a guarantor acceptable to the Landlord (acting reasonably); or
 - (ii) other reasonable security that the undertenant will comply with the tenant's obligations in the underlease,

any guarantee must be in the terms of schedule 4 (with any additions or amendments the Landlord (acting reasonably) requires) and any other security must be in terms required by the Landlord (acting reasonably) and in each case such additions, amendments or terms (as appropriate) to be approved by the Tenant (such approval not to be unreasonably withheld or delayed);

- (d) in relation to financial terms:
 - (i) the underlease must reserve the open market rent for the premises let on the terms of the underlease, but the Landlord accepts that the calculation of the open market rent for these purposes must take into account the existence of any beer supply or similar trading obligations or arrangements as may be included in any underlease or as are otherwise in place at the time of any such underletting;
 - (ii) no greater financial inducements may be given to the undertenant than are then usual in the market for premises such as the Demised Premises;
- (e) the agreed form of the underlease must be consistent with the terms of this Lease, except:
 - (i) for the amount of Annual Rent;
 - (ii) for the length of term;

(iii) that the Demised Premises may only be:

(A) assigned as a whole; or

(B) underlet as a whole or part,

with Qualified Consent from both the Tenant and the Landlord and that as a condition of giving Consent to any assignment, the Landlord may require a covenant from the assignee in similar form to that referred to in clause 7.9(b);

(iv) that the Landlord insures the Demised Premises and the undertenant pays the Insurance Rent;

and, subject to the provisions of clauses 7.9(d)-7.9(e) above, the Tenant must obtain Qualified Consent to the form of the underlease;

7.10 Underletting of Part

The additional pre-conditions relating to underletting of part only of the Demised Premises are:

(a) the underlease must:

(i) grant and reserve appropriate rights for the separate occupation and use of the underlet property and the remainder of the Demised Premises; and

(ii) enable the Tenant (as landlord) to recover from the undertenant a fair proportion of the Insurance Rent and any other costs payable by the Tenant to the Landlord as ascertained under this Lease.

(b) the Tenant shall, complying with clause 7.5, do the requisite works to provide separate self-contained underlet parts of the Demised Premises.

7.11 Management of Underlettings

In relation to any underlease the Tenant shall:

(a) enforce (and not waive) the undertenant's obligations, but this does not require the Tenant to forfeit the underlease;

(b) not allow the annual rent to be paid other than either one quarter or one month in advance;

(c) ensure that the rent review provisions are operated at the correct times and in accordance with their terms;

(d) not accept a surrender of part only; and

(e) not without Qualified Consent:

(i) vary the terms of the underlease, but the Tenant may (without Consent) vary or waive terms that in any way relate to the undertenant's trading obligations within the underlease; or

- (ii) accept a surrender of the whole.

7.12 **Enterprise underlettings**

Whilst Enterprise Inns plc is the Tenant under this Lease:

- (a) it is not obliged to comply with clauses 7.9, 7.10 or 7.11(e); and
- (b) it may grant underleases, licences, tenancies or similar arrangements without Consent provided that all such arrangement are on the terms generally used by Enterprise Inns plc from time to time across its estate for letting to third parties for properties such as the Demised Premises.

7.13 **Sharing Occupation with Group Companies**

The Tenant may allow a **Group Company** to occupy the Demised Premises, but:

- (a) only for so long as it remains a Group Company; and
- (b) the occupation must not create a relationship of landlord and tenant.
- (c) the Tenant must notify the Landlord when any such occupation begins and ends and of the identity of the Group Company

7.14 **Administration of Dealings**

- (a) A Consent under clause 7.8, 7.9 or 7.10 is (unless it expressly states otherwise) only valid if the dealing is completed within three months after the date of the Consent.
- (b) Within 2 months after any dealing with or devolution of the Demised Premises, to notify the Landlord's solicitors, specifying the basic particulars of the matter, providing certified copies of relevant documents and paying a reasonable registration fee.
- (c) On reasonable written demand, promptly to provide the Landlord with particulars of all derivative interests in the Demised Premises, including rents, rent reviews and service and maintenance charges, copies of any relevant documents and the identity of occupiers.

7.15 **Legal Requirements**

- (a) To comply with:
 - (i) all laws; and
 - (ii) all notices;

which relate to the Demised Premises, their condition or their use.

- (b) To send the Landlord a copy of any notice that it receives in respect of matters referred to in clause 7.15(a) and to make or join in (at the Landlord's cost) making any objections, representations or appeals as the Landlord reasonably requires, but the Tenant is not obliged to act contrary to its commercial interests in this regard.

- (c) Where anything under clause 7.15(a) requires works to the Demised Premises that require Consent, to apply for both:
 - (i) Consent which (which is a Qualified Consent where the law so provides); and
 - (ii) any permissions from third parties necessary to do the works;and, after obtaining them, to do the works.

7.16 Planning

- (a) Not to implement any planning permission without Qualified Consent and it is acknowledged that it would only be reasonable for the Landlord to withhold or delay such Consent where the value of the Landlord's reversionary interest in the Demised Premises would be materially prejudiced by the implementation of the relevant planning permission.
- (b) The Tenant need not comply with clause 7.15(a) where it wishes to implement a planning permission which relates wholly to alterations for which it has obtained Consent under clause 7.5.
- (c) If the Tenant lawfully implements a planning permission, it shall:
 - (i) comply with all conditions attached to the permission; and
 - (ii) do all the works allowed by the permission before Termination.
- (d) To produce all plans, documents and other evidence that the Landlord (acting reasonably) requires to demonstrate compliance with this clause.

7.17 Tenant's default in relation to works

If the Tenant:

- (a) fails to comply with its obligations in clause 7.3; or
- (b) fails to do any other works that are its responsibility under this Lease; or
- (c) carries out any unauthorised works at the Demised Premises;

then:

- (i) in addition to any other rights, the Landlord may give the Tenant written notice specifying the breach;
- (ii) after receipt of the notice, the Tenant shall diligently remedy the breach, completing the works within a reasonable time (or as soon as possible in emergency); and
- (iii) if the Tenant fails to complete the works as required, the Landlord may enter the Demised Premises and do the necessary works, and the Tenant shall pay, on demand and as a debt:
 - (A) all reasonable Costs properly incurred by the Landlord in so doing; and

- (B) interest at the Interest Rate from the date that the Landlord so incurs expenditure until reimbursement by the Tenant (but this does not limit clause 7.1(d)).

7.18 Entry by Landlord

To allow the Landlord to enter the Demised Premises on Proper Notice:

- (a) to inspect the Demised Premises;
- (b) to exercise the rights reserved by part 2 of schedule 2 (if any); and
- (c) to comply with the Landlord's obligations under this Lease or with any other legal obligation.

7.19 Rights and Incumbrances affecting the Demised Premises

- (a) Not knowingly to allow anyone to acquire rights of any nature over the Demised Premises except an undertenant or other occupier to the extent permitted under this Lease.
- (b) To preserve all rights currently enjoyed by the Demised Premises and in particular:
 - (i) not to give any acknowledgment that rights of light and air to the Demised Premises are enjoyed with consent; and
 - (ii) not permanently to obstruct any of the windows in the Demised Premises save where securing the Demised Premises in accordance with clause 7.3(h).
- (c) Not knowingly to prejudice the acquisition of any rights for the benefit the Demised Premises.
- (d) To notify the Landlord promptly upon actually becoming aware that either any rights benefiting the Demised Premises are obstructed or if a person acquires or attempts to acquire a new right over the Demised Premises.
- (e) To comply with the terms of and all obligations in the Incumbrances, so far as they are subsisting and affect the Demised Premises or the rights granted by this Lease.

7.20 Land Registration Act 2002

If registration is required by law, promptly to register at the Land Registry:

- (a) this Lease;
- (b) anything in it that requires registration;
- (c) any underlease granted out of this Lease; and
- (d) any dealing with this Lease or an underlease;

and to notify the Landlord's solicitors when the application is completed.

7.21 Loss of Guarantor

If a guarantor of the Tenant's obligations in this Lease dies, or is the subject of any of the events referred to in clause 10.1, then:

- (a) to give notice of the event to the Landlord within 14 days of actually becoming aware of it; and,
- (b) if required by the Landlord, but at the expense of the Tenant, within 2 months after the event to procure a further guarantee in similar terms from a person or corporate entity acceptable to the Landlord (acting reasonably).

7.22 Costs

To pay on demand all reasonable Costs properly incurred by the Landlord arising out of or incidental to:

- (a) enforcing or remedying any failure by the Tenant or its guarantor to comply with their respective obligations in this Lease;
- (b) any application for Consent, whether or not that Consent is refused or the application is withdrawn, unless the Landlord unlawfully withholds or delays it or grants the same subject to an unreasonable condition; and
- (c) the preparation and service of:
 - (i) a schedule of dilapidations (served during the Term or within three months after Termination);
 - (ii) a notice under section 146 or 147 of the Law of Property Act 1925 (even if forfeiture is avoided other than by relief granted by the court); and
 - (iii) notices and schedules lawfully and properly contemplated by this Lease.

7.23 Indemnity

To indemnify the Landlord against any Costs it suffers or properly incurs and which arise out of or are incidental to:

- (a) a breach of the Tenant's obligations in this Lease; or
- (b) the use or occupation of the Demised Premises.

7.24 Obligations on Termination

- (a) On Termination:
 - (i) to deliver up the Demised Premises with vacant possession (except where a third party remains in occupation under a permitted underlease, tenancy, licence or similar document and which is still in existence at Termination where the Demised Premises will be delivered up subject to the terms of such occupation) and in a condition consistent with compliance with the Tenant's obligations in this Lease;

- (ii) if the Landlord reasonably requires and notifies the Tenant in writing not less than three months prior to Termination and save where at Termination the Demised Premises or any part thereof are occupied by a third party as contemplated by clause 7.24(a)(i), to reinstate all alterations and additions made to the Demised Premises during the Term and to remove all signage erected by the Tenant and remove the Tenant's fixtures and chattels;
 - (iii) where reinstatement involves disconnection of Plant or Conduits, to ensure that the Plant and Conduits are left in a safe condition and that the disconnection will not interfere with the continued functioning of the Plant or use of the Conduits elsewhere in the Demised Premises; and
 - (iv) to cancel any registration of or relating to this Lease; if the Tenant fails to make the relevant application within 14 days after Termination, it irrevocably appoints each of the Landlord and its solicitors to apply to do so in the name of the Tenant.
- (b) To do all works required by clause 7.24(a) in a good and workmanlike manner and to make good any damage caused to the Demised Premises.
- (c) If the Tenant fails to comply with clauses 7.24(a) and 7.24(b) to pay on demand, and as a debt, sums equal to:
 - (i) all reasonable Costs properly incurred by the Landlord in remedying the breach; and
 - (ii) interest at the Interest Rate from the date that the Landlord incurs expenditure until reimbursement by the Tenant (but this does not limit clause 7.1(d)).

8 Landlord Covenants

Quiet Enjoyment

The Tenant may peaceably enjoy the Demised Premises during the Term without any lawful interruption from or by the Landlord or any person claiming through, under or in trust for it.

9 Insurance

9.1 Definitions and Interpretation

In this clause, and in any terms defined in clause 4.2 and used in this clause or relevant to insurance:

- (a) **damage** includes destruction;
- (b) **Insurance Rent** means:
 - (i) the reasonable and proper cost to the Landlord in complying with clause 9.2(a) (but any commission belongs to the Landlord);

- (ii) additional premiums and loadings on any insurance policy payable as a direct result of any act or omission of the Tenant or the use of the Demised Premises;
 - (iii) insurance premium tax (if applicable);
 - (iv) the reasonable professional fees the Landlord properly incurs in relation to insurance, including insurance valuations of reinstatement cost done at reasonable intervals but not more often than once in any period of 12 months; and
 - (v) VAT (if applicable).
- (c) **Insured Damage** means damage to the Demised Premises by an Insured Risk, but excludes damage where the Landlord's insurance is vitiated by the Tenant, unless the Tenant pays the irrecoverable insurance money to the Landlord on demand;
- (d) **Insured Risks** means:
- (i) fire, lightning, explosion, riot, civil commotion, strikes, labour and political disturbances, malicious damage, terrorism, aircraft and aerial devices (but not hostile aircraft and devices) and articles dropped from them, earthquake, storm, tempest, flood, bursting or overflowing of water tanks and pipes, impact including by road or other vehicles, accidental damage to underground Conduits; and
 - (ii) any other risks the Landlord may (acting reasonably) decide to insure with the approval of the Tenant such approval not to be unreasonably withheld;
- but subject to:
- (A) any reasonable excesses or deductibles; and
 - (B) any warranty, condition, exclusion or limitation imposed by the Landlord's insurers (an **Insurance Exclusion**);
- (e) **Loss of Rent** means three years (or such longer period as is agreed in writing between the parties) loss of Annual Rent, having regard to potential increases in that income, and any irrecoverable VAT;
- (f) **reinstate** (and similar expressions) means reinstating the Demised Premises materially to the same nature, design function, size, location and quality (but not necessarily identically) and so that the Tenant may exercise substantially the same rights;
- (g) **Uninsured Risks** means any risk against which the Landlord has not insured because the risk concerned is one for which cover is not generally available in the market place for property such as the Demised Premises at the relevant time and/or one which has been refused by the insurers

9.2 Landlord's Insurance Covenants

The Landlord covenants with the Tenant:

- (a) to insure with reputable insurers

- (i) the Demised Premises, but not plate glass or the Tenant's trade fixtures, against loss or damage by the Insured Risks to its full reinstatement cost including:
 - (A) demolition, shoring up and removal of disposal of debris and other site clearance;
 - (B) professional fees and incidental expenses in connection with reinstatement; and
 - (C) irrecoverable VAT;
 - (ii) Loss of Rent; and
- (b) on reasonable request, to supply the Tenant with reasonable details of the insurances and evidence that they are in force;
- (c) to promptly inform the Tenant of any material change in the insurance cover applying to the Demised Premises;
- (d) to use all reasonable endeavours to ensure that:
 - (i) the Tenant and any undertenant's respective interests are noted on the insurance policy, either specifically or by a general noting of tenants' interests;
 - (ii) insurers waive their rights of subrogation against the Tenant and any lawful occupiers of the Demised Premises except in the event of a criminal or malicious act of the Tenant and any lawful occupiers of the Demised Premises; and
 - (iii) the insurance policy contains a non-invalidating provision in favour of the Landlord in respect of any act or omission of the Tenant;
 - (iv) the insurance policy is on competitive terms as to price and as is reasonably obtainable in the market place;
- (e) if Insured Damage occurs:
 - (i) to use its reasonable endeavours promptly to submit and diligently pursue the claim under the insurance policy;
 - (ii) to take reasonable steps to obtain all requisite permissions for reinstatement as soon as reasonably possible; and
 - (iii) if the requisite permissions are obtained, and subject to payment under clause 9.3(f), to lay out the insurance monies received by it in respect of the Insured Damage (except in respect of Loss of Rent, costs and fees) in reinstating the Demised Premises as soon as reasonably practicable, forthwith making good any shortfall in the insurance monies (save where this is as a result of vitiation by an act or omission of the Tenant) out of its own resources.

9.3 Tenant's Insurance Covenants

The Tenant covenants with the Landlord:

- (a) not to do or omit to do anything which vitiates an insurance policy of which the Tenant has all relevant details;
- (b) to comply with the insurer's requirements and reasonable recommendations as have been notified to the Tenant in writing;
- (c) to notify the Landlord promptly upon actually becoming aware of the same about any event which ought properly to be brought to the attention of insurers;
- (d) to provide a professional insurance valuation for reinstatement purposes to the Landlord promptly after the Tenant has made any alteration or addition to the Demised Premises and for which the Landlord is required to insure;
- (e) not to insure the Demised Premises so that the Landlord's insurers may average the proceeds of insurance or cancel insurance cover, but, if the Tenant does so, to apply all insurance money received in reinstating the damage in respect of which the money was paid; and
- (f) to pay on demand:
 - (i) a sum equivalent to all or a fair proportion of the excesses and deductibles the Landlord will spend in reinstating; and
 - (ii) the irrecoverable insurance money, if the insurance is vitiated by an act or omission of the Tenant.

9.4 Rent suspension

- (a) If:
 - (i) Insured Damage makes the Demised Premises unfit for occupation and use; and
 - (ii) the insurance has not been vitiated by an act or omission of the Tenant;then payment of the Annual Rent or a fair proportion thereof having regard to the nature and extent of the damage and any vitiation of insurance, will be suspended.
- (b) The suspension will apply from the date of damage until the earlier of:
 - (i) the date when the Demised Premises are fit for substantial occupation and use; and
 - (ii) the end of the Loss of Rent period.

9.5 Termination following Insured Damage

- (a) If:

- (i) Insured Damage makes the Demised Premises unfit for occupation and use; and
- (ii) the Landlord has not reinstated under clause 9.2(e)(iii) by the date six months prior to the expiry of the Loss of Rent period,

then either party may terminate this Lease on not less than six months' written notice to the other given no sooner than 6 months prior to the expiry of the Loss of Rent period unless the Landlord has in the meantime completed the reinstatement.

- (b) If the insurance has been vitiated by an act or omission of the Tenant, the Tenant may only terminate this Lease under clause 9.5(a) if it has previously paid the amount due under clause 9.3(f).

9.6 Retention of Insurance Proceeds

On any termination under clause 9.5 the insurance proceeds belong to the Landlord.

9.7 Uninsured Risks

- (a) For the purposes of this clause 9.7:
 - (i) **Election Notice** means notice given by the Landlord to the Tenant in which the Landlord elects to reinstate the Demised Premises at its own cost.
 - (ii) **Election Period** means the period six months following the date of damage or destruction by an Uninsured Risk.
- (b) If the Demised Premises become unfit for beneficial occupation and use or inaccessible by reason of damage or destruction caused by an Uninsured Risk then:
 - (i) the Landlord may within the Election Period serve an Election Notice, in which case for the purposes of this Lease the Uninsured Risk is deemed to be an Insured Risk and the Landlord shall:
 - (A) take reasonable steps to obtain all requisite permissions for reinstatement as soon as reasonably possible; and
 - (B) if the requisite permissions are obtained, reinstate the Demised Premises out of its own resources as soon as reasonably practicable,

and the provisions of clause 9.4 apply from the date of the Election Notice until the Demised Premises are fit for occupation and use and accessible (but not limited to the Loss of Rent period)
 - (ii) if the Landlord:
 - (A) gives notice to the Tenant within the Election Period that the Landlord will not reinstate the Demised Premises; or

- (B) has not given an Election Notice within the Election Period; or
- (C) gives an Election Notice but has not obtained all necessary planning and other consents for the reinstatement of the Demised Premises by the date six months after the Election Notice,

then the Tenant may, within six months following the earliest of such circumstances to occur, give immediate written notice to the Landlord electing to reinstate the Demised Premises

- (iii) if the Tenant elects to reinstate in accordance with clause 9.7(b)(ii) above, the Tenant shall:

- (A) take reasonable steps to obtain all requisite permissions for reinstatement as soon as reasonably possible; and
- (B) if the requisite permissions are obtained, reinstate the Demised Premises out of its own resources as soon as reasonably practicable,

and the provisions of clause 9.4 shall apply from the date of the Tenant's election until the Demised Premises are fit for occupation and use and accessible or the expiry of three years from the date of the Tenant's election (whichever is the earlier).

- (iv) if:

- (A) the Tenant is entitled to serve a notice under clause 9.7(b)(ii) but thereafter gives notice to the Landlord that the Tenant does not intend to reinstate the Demised Premises; or
- (B) the Tenant does not serve a notice electing to reinstate within the time limits set out in clause 9.7(b)(ii); or
- (C) the Tenant has not obtained all necessary planning and other consents by the date six months after it has elected to reinstate pursuant to clause 9.7(b)(ii); or
- (D) the Landlord has failed to reinstate pursuant to clause 9.7(b)(i)(B) within three years from the date of damage or destruction; or
- (E) the Tenant has failed to reinstate pursuant to clause 9.7(b)(iii)(B) within three years from the date of its election under clause 9.7(b)(ii),

then either the Landlord or the Tenant may terminate this Lease with immediate effect by serving written notice to that effect on the other (unless either the Landlord or the Tenant have in the meantime completed the reinstatement).

- (v) with effect from Termination pursuant to clause 9.7(b)(iv) the parties' obligations under this Lease cease and this Lease terminates without prejudice to any claims which the Landlord or the Tenant may have against the other for any earlier breach of their respective obligations in this Lease.

- (c) Time is of the essence for the purposes of this clause 9.7.

10 Forfeiture

10.1 In this clause, an **Event of Insolvency** occurs where the Tenant:

- (a) ceases to carry on the whole of its business or disposes of all of its assets (other than as part of a solvent reorganisation); or
- (b) is the subject of a proposal for a voluntary arrangement under the Insolvency Act 1986 or makes an arrangement or compromise with creditors; or
- (c) is unable to pay its debts within the meaning of section 123 (or sections 267 and 268 if an individual) of the Insolvency Act 1986; or
- (d) has a receiver, manager, administrator, administrative receiver, provisional liquidator, liquidator, trustee in bankruptcy or similar appointed over all or any part of its undertakings, assets or income, or the directors of the Tenant or guarantor request an appointment; or
- (e) is the subject of an order or appointment under sections 253, 273 or 286 of the Insolvency Act 1986; or
- (f) has passed a resolution for its winding-up; or
- (g) is the subject of any process or event similar or analogous to the events in clauses 10.1(a) to 10.1(f) in any jurisdiction outside England and Wales.

10.2 If:

- (a) any Rents are unpaid 28 days after becoming due; or
- (b) the Tenant fails to comply with any of its obligations in this Lease and does not remedy the breach within a reasonable period of time from written notification of the said breach from the Landlord; or
- (c) an Event of Insolvency occurs,

then the Landlord may re-enter the Demised Premises (or any part in the name of the whole) and forfeit this Lease provided that the Landlord will first give 30 days written notice to any mortgagee or chargee of this Lease whose identity has been notified to the Landlord in writing so as to allow such mortgagee or chargee an opportunity to take substantial steps to remedy the breach complained of.

11 Tenant's break right

11.1 The Tenant may terminate this Lease on ♦ 2035 by giving to the Landlord not less than six months' written notice and if the Tenant:

- (a) serves the notice; and
- (b) has paid the Annual Rent due up to the date of such termination;

then this Lease terminates.

- 11.2 On Termination under clause 11.1, the Landlord shall reimburse the Tenant the amount of Annual Rent and Insurance Rent, apportioned on a daily basis, for each day from and including Termination to (but excluding) the next quarter day.

12 General

12.1 Exclusion of compensation

Any right to statutory compensation payable on Termination or on leaving the Demised Premises is excluded to the extent allowed by law.

12.2 Rights of Entry

Where this Lease entitles the Landlord to exercise any rights in relation to the Demised Premises, including a right to enter, the rights:

- (a) extend to those authorised in writing by the Landlord or otherwise properly entitled;
- (b) allow entry on Proper Notice;
- (c) include the right to enter with appropriate equipment;

and the Landlord shall ensure that any person entering causes as little damage to the Demised Premises and inconvenience to the occupier and its trade or business at the Demised Premises as reasonably practicable and the Landlord shall forthwith make good any damage so caused at its own expense.

12.3 Entire Agreement and Exclusions

- (a) This Lease is the entire agreement with respect to the letting of the Demised Premises by the Landlord to the Tenant and supersedes any previous agreement between them.
- (b) The Landlord neither represents nor warrants that that the Demised Premises may lawfully be used for the Permitted Use.
- (c) Unless it is liable by law, the Landlord is not liable for:
 - (i) any act or omission of:
 - (A) any owners or occupiers of any neighbouring premises; or
 - (B) any representative or employee of the Landlord (unless acting within the scope of the Landlord's express authority); or
 - (ii) the defective working, stoppage, breakage of, leakage or overflow from any Conduit; or
 - (iii) any approval or inspection of any plans, specifications or works prepared or done by or on behalf of the Tenant, nor does any approval or inspection relieve the Tenant from any obligations under this Lease; or

- (iv) the obstruction by others of the areas over which rights are granted by this Lease; or
- (v) any loss of profit or other economic or consequential loss.

12.4 Contracts (Rights of Third Parties) Act

Unless the right of enforcement is expressly provided, it is not intended that a third party has the right to enforce any provision in this Lease under the Contracts (Rights of Third Parties) Act 1999, but this does not affect any rights available apart from that Act.

12.5 Notices

All notices envisaged by this Lease are "required to be served" under section 196(5) of the Law of Property Act 1925, but the reference in section 196(1) to "in writing" does not include email.

12.6 Existing occupational documents

- (a) It is acknowledged by the Landlord that this Lease has been granted as an overriding lease and that both the Landlord and the Tenant are bound by the terms of all underleases tenancies licences or similar documents in place at the date of this lease and relating to the Demised Premises or any part thereof;
- (b) If the Tenant is placed in breach of any term of this Lease by the actions or omissions of a party with the benefit of such document as is referred to in clause 12.6(a) (which will include any renewal and subsequent renewals thereof) then provided such party is acting in accordance with its obligations in such document the Landlord will not be entitled to take any enforcement or other action against the Tenant in respect of such breach.

13 Guarantee

Schedule 4 applies to this Lease.

Executed as a deed by the parties or their duly authorised representatives on the date of this Lease

Schedule 1

The Demised Premises

The Demised Premises known as The Library, 235 Upper Street, London N1 1RU and as the freehold interest in the same is registered at the Land Registry under the Landlord's Registered Title Number.

Schedule 2

Part 1 - Rights granted

All rights of light, air, support and shelter and all other easements, quasi-easements and other rights now or at any time during the Term existing or created which benefit the Demised Premises

Part 2 - Exceptions and Reservations

The right to enter on the Demised Premises for the purposes, and on the terms, mentioned in this Lease

Part 3 - Incumbrances

All rights, easements, privileges, restrictions, covenants and stipulations of whatever nature affecting the Demised Premises including those contained or referred to in the registers of the Landlord's registered title to the Demised Premises registered at the Land Registry under the Landlord's Registered Title Number (other than financial charges).

2 The matters contained or referred to in:

Date	Document	Parties
Documents of Title		
10.10.1921	Conveyance	(1) Francis Merson Frank Melhuish Merson Richard James Haywood and James Leslie Sweet (2) Richard James Haywood and Edward Ernest Haywood (3) Francis Merson and Richard James Haywood (4) Whitbread and Company Limited
Occupational Lease documentation		
18.08.2003	Licence	(1) Enterprise Inns plc (2) O2 (UK) Limited
06.12.2001	Lease	(1) Laurel Pub Partnerships Limited (2) BD London Limited

06.12.2001	Supplemental Trading Agreement	(1) Laurel Pub Partnerships Limited (2) BD London Limited
08.08.2003	Licence to Assign	(1) Target WPP Limited (2) Enterprise Pubs Seven Limited (3) Hope and Glory Public Houses Limited (formerly BD London Limited) (4) Berger Homes (UK) Limited (5) Geoffrey John Berger and Daniel Robert Berger
08.08.2003	Deed of Variation	(1) Target WPP Limited (2) Enterprise Pubs Seven Limited (3) Berger Homes (UK) Limited (4) Geoffrey John Berger and Daniel Robert Berger
08.08.2003	Supplemental Trading Agreement	(1) Target WPP Limited (2) Enterprise Pubs Seven Limited (3) Berger Homes (UK) Limited (4) Geoffrey John Berger and Daniel Robert Berger
31.01.2006	Licence to Assign	Enterprise Inns plc (2) Lush Bars Limited (3) Littlelight Limited
31.01.2006	Deed of Variation	Enterprise Inns plc (2) Littlelight Limited (3) John Vincent Power and Jack Patrick Power
31.01.2006	Guarantee	(1) Enterprise Inns plc (2) John Vincent Power and Jack Patrick Power
31.01.2006	Supplemental Trading Agreement	(1) Enterprise Inns plc (2) Littlelight Limited
06.12.2006	Rent Review Memorandum	(1) Enterprise Inns plc (2) Littlelight Limited
21.12.2007	Licence to Assign	(1) Enterprise Inns plc (2) Littlelight Limited (3) Numb Music Productions Limited (4) Anthony McGill and Joseph McGill
21.12.2007	Authorised Guarantee Agreement	(1) Enterprise Inns plc (2) Littlelight Limited (3) John Vincent Power and Jack Patrick Power
21.12.2007	Supplemental Trading Agreement	(1) Enterprise Inns plc (2) Numb Music Productions Limited (3) Anthony McGill and Joseph McGill

21.12.2007

Machine Consent

(1) Enterprise Inns plc (2) Numb
Music Productions Limited

Schedule 3

Review of Annual Rent

The Annual Rent shall be reviewed on each Review Date.

- 3 The Annual Rent payable after the relevant Review Date is the higher of:
- (a) the Annual Rent payable immediately before the relevant Review Date (ignoring any rent suspension); and
 - (b) the Open Market Rent on the relevant Review Date.
- 4 **Open Market Rent** is the open market rent of the Demised Premises after the payment of any financial inducement or the expiry of any rent-free period normally granted to an incoming tenant for its fitting-out works,

Assuming:

- (a) a letting on a new lease on the same terms as this Lease:
 - (i) except that the term is the longer of the unexpired residue of the Contractual Term at the relevant Review Date and 10 years beginning on the relevant Review Date; and
 - (ii) ignoring the amount of Annual Rent actually payable;
- (b) the Demised Premises are available to be let (i) in the open market, (ii) as a whole, (iii) with vacant possession, (iv) by a willing landlord to a willing tenant and (v) without payment of a premium;
- (c) both parties have complied with their obligations in this Lease;
- (d) the Demised Premises are fit and available for immediate occupation and use;
- (e) no work has been carried out to the Demised Premises which diminishes the rental value of the Demised Premises;
- (f) if the Demised Premises, or any access or essential services to it, have been damaged or destroyed, they have been fully reinstated and restored;
- (g) the Demised Premises comply with all statutory requirements and may lawfully be used for the Permitted Use; and
- (h) that all licences and consents required for the Permitted Use (and for the actual use if different) have been obtained and are effective and all conditions set out in such licences have been complied with;

But disregarding any effect on rent of:

- (i) the fact that the Tenant, any undertenant or any of their respective predecessors in title, is or have been in occupation of the Demised Premises;
- (ii) goodwill attached to the Demised Premises through any business lawfully carried on there;
- (iii) any improvement to the Demised Premises that satisfies all these requirements:
 - (A) it was done by and at the expense of the Tenant or a permitted undertenant or any of their respective predecessors in title;
 - (B) it was not done under an obligation to the Landlord or its predecessors in title (but for this purpose, works done to comply with clause 7.15 are not regarded as done under an obligation to the Landlord);
 - (C) it was done lawfully and with Consent where required; and
 - (D) it was done during (i) the Term or (ii) any period of occupation immediately before the start of the Term;
 - (E) it cannot give rise to liability on the Landlord to pay compensation; and
- (iv) any actual or potential obligation on the Tenant or any undertenant to fit out the Demised Premises or to reinstate alterations or additions to the Demised Premises.

5 The Landlord and the Tenant may agree the Open Market Rent in writing, but in the absence of agreement before the relevant Review Date, either of them may require the Rent Review Surveyor (as defined below) to determine the Open Market Rent who shall act as an arbitrator under the Arbitration Act 1996.

6 The **Rent Review Surveyor** shall be agreed between the parties or, in the absence of agreement one month before the relevant Review Date, be nominated by the President of the Royal Institution of Chartered Surveyors, or his deputy, at either party's request.

7 The Rent Review Surveyor must be:

- (a) at least 10 years qualified; and

- (b) experienced in valuing and letting property similar to the Demised Premises
- 8 The Rent Review Surveyor's award binds the parties (unless it contains a manifest error) and he may award costs as he thinks fit.
- 9 The Rent Review Surveyor's fees and expenses (plus any VAT) are payable as he directs, or in equal shares if he does not direct. If one party pays the other's share of the fees and expenses, it may then recover it as a debt. The parties otherwise bear their own costs.
- 10 If the Rent Review Surveyor dies or becomes unwilling or incapable of acting, the parties shall repeat the appointment procedure in paragraph 5.
- 11 If the Open Market Rent is not agreed or decided until after the relevant Review Date, the Tenant shall:
 - (a) continue to pay the Annual Rent at the rate applicable immediately before the relevant Review Date (ignoring any rent suspension); and
 - (b) within 14 days of agreement or decision, pay:
 - (i) the difference between:
 - (A) the Annual Rent which would have been payable had the review been concluded on or before the relevant Review Date; and
 - (B) the Annual Rent at the rate payable immediately before review,(the **Shortfall**); and
 - (ii) interest on the Shortfall at 3% below the Interest Rate for the period on and from the date on which the Shortfall would have been payable had the Open Market Rent been agreed before the Review Date, up to the date on which payment of the Shortfall is made.
- 12 The parties shall execute a memorandum stating the reviewed Annual Rent within 28 days after its agreement or decision.
- 13 Time is not of the essence in this schedule.

Schedule 4

Guarantee

1 Guarantee and indemnity

1.1 The Guarantor as principal debtor:

- (a) guarantees to the Landlord that ♦ (the **Obligor**) will:
 - (i) until the end of the Term, or an earlier release from liability under the 1995 Act, pay the Rents and perform its obligations in this Lease; and
 - (ii) perform its obligations in any authorised guarantee agreement that the Obligor enters into under this Lease;

the obligations in paragraphs (i) and (ii) are the **Secured Obligations**;
and

- (b) indemnifies the Landlord against any reasonable Costs properly incurred by the Landlord if the Obligor fails to perform the Secured Obligations.

1.2 The Guarantor does not incur liability to the extent that it arises as a result of a relevant variation (as defined in section 18(4) of the 1995 Act) and in respect of which the Guarantor is not otherwise liable.

2 New lease

2.1 In this paragraph a **Terminating Event** is:

- (a) a disclaimer of this Lease; or
- (b) the Obligor being wound up or ceasing to exist.

2.2 If:

- (a) a Terminating Event occurs; and
- (b) within six months of receiving notice of the Terminating Event, the Landlord so requires by giving notice to the Guarantor;

the Guarantor shall enter into a new lease of the Demised Premises, at the Guarantor's reasonable cost, on the same terms as this Lease but:

- (i) the term is to be the residue of the Contractual Term beginning on the date of the Terminating Event; and
- (ii) the Annual Rent is to be the amount payable at the Terminating Event (ignoring any rent suspension) but, if a rent review is outstanding, the new lease is to be granted at the open market rent (as defined in schedule 3) on the relevant review date, as determined pursuant to the terms of schedule 3 of this Lease.

3 **No release**

The Guarantor's obligations are not affected by:

- (a) the Landlord giving time to perform, or not enforcing, the Tenant's covenants in this Lease or in an authorised guarantee agreement, or compromising, abandoning or waiving any rights or claim against the Obligor; or
- (b) the Landlord taking, varying, realising, releasing or not enforcing any other security for the Obligor's liabilities; or
- (c) the Landlord refusing to accept Rents when acceptance might prejudice the Landlord's right to re-enter the Demised Premises;
- (d) any legal limitation or incapacity relating to the Obligor; or
- (e) any invalidity or unenforceability of any of the Obligor's obligations or the Tenant's obligations; or
- (f) the Obligor ceasing to exist; or
- (g) any increase or reduction in the Demised Premises or the Rents or any other variation to this Lease; or
- (h) a disclaimer of this Lease; or
- (i) any other act or thing which, but for this provision, the Guarantor would be released (save for a release by deed or under seal).

4 **Miscellaneous**

4.1 Until the Secured Obligations have been fully discharged, the Guarantor shall hold on trust for the Landlord, to the extent of the Guarantor's liability, any money it receives:

- (a) from exercising any rights of subrogation or indemnity, or enforcing any security or guarantee in respect of the Secured Obligations; or
- (b) in proving in the Obligor's insolvency.

4.2 The Guarantor shall not exercise any (legal or equitable) set-off, deduction or counterclaim.

4.3 If:

- (a) the Landlord releases the Guarantor or reaches a settlement with it; but
- (b) at a later date, a security disposition or payment to the Landlord by the Obligor, the Guarantor, any co-guarantor or any other person is held to be void, set aside or ordered to be refunded, for any reason at all;

then the Landlord may subsequently enforce the obligations in this schedule against the Guarantor as if the release or settlement had not occurred.

4.4 Where the Landlord receives money under this schedule, it may apply it in or towards satisfaction of any of the Secured Obligations as it (in its absolute discretion) decides.

Executed as a deed by)
♦ **Limited/plc**)
acting by a director in the presence of) Director

.....
Signature of witness

Name

Address

.....

Executed as a deed by affixing the)
common seal of)
Enterprise Inns plc) Authorised Signatory
in the presence of:

)
)
) Authorised Signatory
)
)