

DATED

15 January 2018

ORBIT GROUP LIMITED
(EXEMPT CHARITY)

(1)

and

[REDACTED]

(2)

Shared Ownership Lease of a Flat

[REDACTED]

Important Notice for Leaseholders

A guide to the key terms of this Lease is set out in Appendix 3

LAND REGISTRY PRESCRIBED CLAUSES

LR1. Date of Lease

15 January 2018

LR2. Title number(s)

LR2.1 Landlord's title number(s)

SGL782897

LR2.2 Other title numbers

None

LR3. Parties to this Lease

Landlord

Orbit Group Limited of Garden Court, Harry Weston Road, Binley Business Park, Binley, Coventry CV3 2SU defined in this Lease as **"the Landlord"**

Co-operative and Community Benefit Societies Number 28503R

Tenant

[REDACTED] of [REDACTED]
[REDACTED]

defined in this Lease as **"the Leaseholder"**

Other parties

None

LR4. Property

In the case of a conflict between this clause and the remainder of this Lease then, for the purposes of registration, this clause shall prevail

Plot 547, Block H, Erith Park to be known as 34 Rosemary Court Furners Close Erith Kent DA8 3FA as specified in Schedule 1 and Schedule 11 of this Lease and defined in this Lease as **"the Premises"**

LR5. Prescribed statements etc.

LR5.1 Statements prescribed under rules 179 (dispositions in favour of a charity), 180 (dispositions by a charity) or 196 (leases under the Leasehold Reform, Housing and Urban Development Act 1993) of the Land Registration Rules 2003

See Clause 13 of this Lease

LR5.2 This Lease is made under, or by reference to, provisions of:

Not applicable

LR6. Term for which the Property is

The term as specified in this Lease at Clause 2

leased	and as defined in Schedule 11
LR7. Premium	£105,600.00
LR8. Prohibitions or restrictions on disposing of this Lease	This Lease contains a provision that prohibits or restricts dispositions
LR9. Rights of acquisition etc.	LR9.1 Tenant's contractual rights to renew this Lease, to acquire the reversion or another lease of the Property, or to acquire an interest in other land None LR9.2 Tenant's covenant to (or offer to) surrender this Lease As specified in Clause 3.20 and Schedule 10, and Clause 5.5 of this Lease LR9.3 Landlord's contractual rights to acquire this Lease None
LR10. Restrictive covenants given in this Lease by the Landlord in respect of land other than the Property	None
LR11. Easements	LR11.1 Easements granted by this Lease for the benefit of the Property As specified in Schedule 2 of this Lease LR11.2 Easements granted or reserved by this Lease over the Property for the benefit of other property As specified in Schedule 3 of this Lease
LR12. Estate rentcharge burdening the Property	Not applicable
LR13. Application for standard form of restriction	The parties to this Lease apply to enter the following standard form of restriction against the title of the Property: "No disposition of the registered estate (other than a charge) by the proprietor of the registered estate or by the proprietor of any registered charge, not being a charge registered before the entry of this restriction, is to be registered without a certificate signed by the proprietor for the time being of the estate registered under title number SGL782897 or their conveyancer that the provisions of Clause 3.20(a) of the registered lease have been complied with or that they do not apply to the disposition"

LR14. Declaration of trust where there is more than one person comprising the Tenant

The Tenant is more than one person. They are to hold the Property on trust for themselves as joint tenants

OR

The Tenant is more than one person. They are to hold the Property on trust for themselves as tenants in common in equal shares

OR

The Tenant is more than one person. They are to hold the Property on trust []

PARTICULARS

Commencement Date	1 April 2017
Gross Rent	The sum of £7,260.00 per annum, subject to review in accordance with Schedule 4
Initial Market Value	The sum of £264,000.00
Initial Percentage	40%
Premium	The sum of £105,600.00
Review Date	1 April 2019 and each successive 1 April during the Term and the term the " Relevant Review Date " shall be construed accordingly
Specified Rent	A sum equal to the Unacquired Percentage of the Gross Rent (the Specified Rent on the date of this Lease being £4,356.00 per annum) or (if greater) the Minimum Rent

DATED

PARTIES

- (1) **ORBIT GROUP LIMITED** of Garden Court, Harry Weston Road, Binley Business Park, Binley, Coventry CV3 2SU (Co-operative and Community Benefit Societies number 28503R) (the "**Landlord**")
- (2) [REDACTED] of [REDACTED] (the "**Leaseholder**")

OPERATIVE PROVISIONS

1 DEFINITIONS AND INTERPRETATION

- 1.1 In this Lease the terms defined in the Particulars and in Schedule 11 shall have the meanings specified.
- 1.2 Any obligation on a party to this Lease to do any act includes an obligation to procure that it is done.
- 1.3 Where the Leaseholder is placed under a restriction in this Lease, the restriction includes the obligation on the Leaseholder not to permit or allow the infringement of the restriction by any person.
- 1.4 References to liability include, where the context allows, claims, demands, proceedings, damages, losses, costs and expenses.
- 1.5 The Clause and Paragraph headings in this Lease are for ease of reference only and are not to be taken into account in the interpretation of any provision to which they refer.
- 1.6 The Key Information for Shared Owners set out in Appendix 3 is for information purposes only and is not to be taken into account in the interpretation of any provision of this Lease.
- 1.7 Unless the contrary intention appears, references:
- (a) to defined terms are references to the relevant defined term in the Particulars and in Schedule 11;
 - (b) to numbered Clauses and Schedules are references to the relevant Clause in, or Schedule to, this Lease; and
 - (c) to a numbered Paragraph in any Schedule are references to the relevant Paragraph in that Schedule.
- 1.8 Words in this Lease denoting the singular include the plural meaning and vice versa.
- 1.9 References in this Lease to any statutes or statutory instruments include any statute or statutory instrument amending, consolidating or replacing them respectively from time to time in force, and references to a statute include statutory instruments and regulations made pursuant to it.
- 1.10 Words in this Lease importing one gender include both genders, and may be used interchangeably, and words denoting natural persons, where the context allows, include corporations and vice versa.
- 1.11 Words and expressions which appear in the first column of the Particulars shall in this Lease have the meanings shown opposite them in the second column of the Particulars.
- 1.12 Where the Leaseholder is more than one person the covenants on the part of the Leaseholder shall be joint and several covenants.

1.13 References to the Premises include the whole and every part of the Premises and references to the Estate include the whole and every part of the Estate.

1.14 The Landlord is registered with the Land Registry as proprietor with absolute title to the Premises.

2 THE LETTING TERMS

In consideration of the Premium (receipt of which the Landlord acknowledges), the Specified Rent, the Ground Rent and the Leaseholder's covenants in this Lease the Landlord lets the Premises to the Leaseholder:

- (a) together with the rights set out in Schedule 2; and
- (b) together with the rights but subject to the provisions set out in Schedule 5; and
- (c) except and reserved to the Landlord the rights set out in Schedule 3; and
- (d) subject to all easements, rights, privileges, advantages or other matters affecting the Premises and save and excepting and subject further to any entries in the property or charges registers of the Landlord's registered title of (inter alia) the freehold of the Premises insofar as the same may affect or relate to the Premises and save and excepting any financial entries securing any mortgage or charge over the Landlord's title;
- (e) for the Term,

the Leaseholder paying during the Term the Specified Rent (subject to revision under Schedule 4) by equal monthly payments in advance on the first day of each month, the first payment to be made on the date of this Lease and the Ground Rent in the same manner as the Rent (as the same term is defined in clause 1.1 of the Superior Lease) by equal monthly payments in advance paid as beforehand.

3 LEASEHOLDER'S COVENANTS

The Leaseholder covenants with the Landlord as follows.

3.1 Pay Rent

To pay by standing order or direct debit as the Landlord may from time to time specify the Specified Rent and the Ground Rent at the times and in the manner mentioned in Clause 2 and all other monies due under this Lease without deduction.

3.2 Interest

To pay interest calculated on a day-to-day basis at an annual rate of 4% above the Base Rate of HSBC Bank PLC for the time being in force on so much of the Specified Rent, the Ground Rent or any other monies due to the Landlord under this Lease that remain unpaid for a period of 14 days after becoming due for payment.

3.3 Insurance Premiums

To refund to the Landlord on demand any sums payable by the Landlord to the Superior Landlord pursuant to clause 2.3 and paragraph 3.1 of Schedule 4 of the Superior Lease.

3.4 Outgoings

- (a) To pay Outgoings.
- (b) To refund to the Landlord on demand (where Outgoings relate to the whole or part of the Building or other property including the Premises) a fair and proper proportion

attributable to the Premises, such proportion to be conclusively determined by the Landlord (who shall act reasonably).

- (c) To reimburse the Landlord on demand for any Service Charge and CHP Service Charge and the Heating Charges incurred and payable by the Landlord pursuant to paragraph 2 of Schedule 4 and paragraph 6.2 of Schedule 4 (respectively) of the Superior Lease
- (d) To pay the management charge pursuant to the provisions of Schedule 8.
- (e) To reimburse any administration costs incurred by or on behalf of the Landlord including but not limited to:
 - (i) the grant of approvals under this Lease or the Superior Lease or applications for such approvals;
 - (ii) the provision of information or documents by or on behalf of the Landlord;
 - (iii) costs arising from non-payment of a sum due to the Landlord or payable by the Landlord in respect of the Premises pursuant to the Superior Lease; and/or
 - (iv) costs arising in connection with a breach (or alleged breach) of this Lease or any breach by the Leaseholder of any Tenant Covenants
- (f) To indemnify and keep indemnified the Landlord from and against any loss claim or damage suffered or incurred by the Landlord as a consequence of any future breach or non-observance by the Tenant of this Clause 3.4.

3.5 Repair

To repair and keep the Premises in good and substantial repair and condition (except in respect of damage by risks insured by the Superior Landlord pursuant to paragraph 2 of Schedule 6 of the Superior Lease unless the insurance money is irrecoverable by reason of any act or default of the Leaseholder) in accordance with the provisions of paragraph 10 of Schedule 4 of the Superior Lease.

3.6 Decoration

As often as is reasonably necessary and at least every five years, to decorate or treat as appropriate all parts of the inside of the Premises that are usually decorated or treated in a good and proper manner, using good quality, suitable materials that are appropriate to the Property and in the last year of the Term to use materials, designs and colours approved by the Superior Landlord in accordance with the provisions of paragraph 10.3 of Schedule 4 of the Superior Lease.

3.7 Provide Floor Coverings

To provide carpets or such other suitable floor coverings to the floors of the Premises.

3.8 Repair Damage to the Building

In respect of any damage or disrepair to the Building caused or contributed to by any act, neglect or default of the Leaseholder or the Leaseholder's family, servants or licensees or by any other person under the control of the Leaseholder, at the option of the Landlord, the Leaseholder will on demand indemnify the Landlord in respect of all costs, charges and expenses charged to the Landlord by the Superior Landlord in repairing, making good, renewing and/or reinstating such damage or disrepair.

3.9 Not to Alter

- (a) Not to:
 - (i) make any external or structural alteration or addition to the Premises or make any opening in any boundary of the Premises or cut or maim any structural parts of the Building;
 - (ii) make any internal, non-structural alteration or addition to the Premises, or alteration to the plan, design or elevation of the Premises, without the prior written consent of the Superior Landlord in accordance with the provisions of paragraph 8.2 of Schedule 4 of the Superior Lease;
 - (iii) install, alter the route of, damage or remove the Heat Interface Unit or any Service Media at the Premises, without the prior written consent of the Superior Landlord in accordance with the provisions of paragraph 8.3 of Schedule 4 of the Superior Lease;
 - (iv) install or permit to be installed within the Premises any independent boilers for the purpose of providing heating and/or hot water to the Premises or connect to any heating network in accordance with the provisions of paragraph 8.4 of Schedule 4 of the Superior Lease;
 - (v) remove any of the Landlord's fixtures from the Premises.
- (b) Not to make any alteration or addition of a non-structural nature to the interior of the Premises without the previous written consent of the Landlord (such consent not to be unreasonably withheld).

3.10 Comply with Requirements of Public Authorities

- (a) To execute and do at the expense of the Leaseholder all works and things as may at any time during the Term be directed or required by any national or local or other public authority to be executed or done upon or in respect of the Premises or any part of the Premises.
- (b) To comply in all respects at the Leaseholder's own cost with any provisions of any statute statutory instrument order rule or regulation and of any order direction or requirement made or given by any planning authority or appropriate minister or court (whether requiring anything to be done or omitted by the Leaseholder or any occupier) so far as the Leaseholder is liable hereunder.

3.11 Provide Copies of Notices

Promptly to serve on the Landlord a copy of any notice, order or proposal relating to the Premises and served on the Leaseholder by any national, local or other public authority.

3.12 Expenses of the Landlord

To pay all costs, charges and expenses (including solicitors' costs and surveyors' fees) reasonably incurred by or charged to the Landlord:

- (a) for the purpose of or incidental to the preparation and service of a notice under Section 146 or Section 147 of the Law of Property Act 1925 even if forfeiture is avoided otherwise than by relief by the court; or
- (b) otherwise incurred by the Landlord in respect of any breach of covenant by the Leaseholder under this Lease.

3.13 Obtain Consents

To obtain all licences, permissions and consents and do all works and things and pay all expenses required or imposed by any existing or future legislation in respect of any works

carried out by the Leaseholder on the Premises or any part of the Premises or in respect of any use of the Premises during the Term.

3.14 Landlord's Right of Inspection and Right of Repair

- (a) To permit the Landlord and its employees or agents at reasonable times to enter the Premises and examine their condition and also to take a schedule of fixtures and fittings in the Premises and to allow entry by the Superior Landlord in accordance with the provisions of paragraphs 14.2 and 15 of Schedule 4 of the Superior Lease.
- (b) If any breach of covenant, defects, disrepair, removal of fixtures and fittings or unauthorised alterations or additions are found on inspection for which the Leaseholder is liable, then, on notice from the Landlord or the Superior Landlord, to execute to the reasonable satisfaction of the Landlord the Landlord's surveyor or the Superior Landlord (as the case may be) all repairs, works, replacements or removals required pursuant to such notice as quickly as possible and in any event within the time period specified in that notice.
- (c) If the Leaseholder fails to comply with a notice under Clause 3.14(b), the Landlord or the Superior Landlord or their workmen or agents (as the case may be) may enter the Premises and execute the repairs, works, replacements or removals.
- (d) To pay to the Landlord or the Superior Landlord (as the case may be) on demand all expenses incurred under Clause 3.14(c) including any surveyors' fees or other fees incurred as a result of Clause 3.14(c).

3.15 Permit Entry

- (a) At all reasonable times during the Term on notice to permit the Landlord the Superior Landlord and the lessees of other premises in the Building with workpeople and others to enter the Premises for the purpose of repairing any adjoining or neighbouring premises and for the purpose of repairing, maintaining and replacing all Service Media or other conveniences belonging to or serving the same, the party so entering making good any damage caused to the Premises.
- (b) If the Landlord has served written notice on the Leaseholder in accordance with either Clause 3.20(b)(i) or Clause 3.20(b)(ii) to permit the Landlord or its agents to enter the Premises at all reasonable times following service of such notice and on at least 24 hours' prior notice for the purpose of conducting viewings of the Premises by potential purchasers.
- (c) To permit the Landlord, its agents and employees with or without equipment to enter the Premises for the purpose of complying with its obligations under this Lease.

3.16 Yield Up

At the expiry or earlier termination of this Lease to quietly yield up the Premises repaired, maintained, cleaned, decorated and kept in accordance with the covenants in this Lease (except in respect of damage by risks insured by the Superior Landlord pursuant to paragraph 2 of Schedule 6 of the Superior Lease unless the insurance money is irrecoverable by reason of any act or default of the Leaseholder).

3.17 Use

Not to use or permit or suffer the Premises to be used for any purpose whatsoever other than for the Permitted Use.

3.18 Restrictions on Use

Not to do any act or thing which may:

- (a) render void or voidable any policy of insurance on the Premises or may cause an increased premium to be payable in respect of the Premises;
- (b) cause or permit to be caused nuisance, annoyance or disturbance to the owners, lessees or occupiers of premises in the neighbourhood or visitors to such premises and in particular not to carry out any repairs to motor vehicles other than normal running repairs;
- (c) result in any form of harassment or intimidation of any other person, including the Landlord's staff, contractors and agents;
- (d) result in the use of the Premises for any unlawful or immoral purpose; or
- (e) constitute a breach of the Tenant Covenants

3.19 Alienation

- (a) Not to assign, underlet, charge, mortgage or part with possession of part only of the Premises.
- (b) Not to underlet or part with possession of the whole of the Premises before Final Staircasing has been accomplished.
- (c) Not without the prior written consent of the Landlord (such consent not to be unreasonably withheld and which shall be deemed withheld in circumstances where Clause 3.20 is not complied with) to assign the whole of the Premises before Final Staircasing has been accomplished.

3.20 Pre-emption provisions

- (a) Subject to Clause 3.20(e), during the Pre-emption Period the Leaseholder shall not assign the whole of the Premises otherwise than as permitted pursuant to the provisions of Clause 3.20(b) and Clause 3.20(c).
- (b) If the Leaseholder wishes to assign the whole of the Premises during the Pre-emption Period he shall first serve written notice on the Landlord (such notice to be accompanied with a Valuer's Certificate dated no earlier than 8 weeks before the notice) offering a surrender of this Lease and within 8 weeks of receipt the Landlord may serve written notice on the Leaseholder:
 - (i) declining the offer of a surrender but nominating a purchaser to take an assignment of the whole of the Premises, in which case the provisions of Schedule 9 will apply; or
 - (ii) stating that the Landlord will accept a surrender of this Lease, in which case the provisions of Schedule 10 will apply.
- (c) If the Landlord does not serve a notice under Clause 3.20(b) within the 8 week period specified in Clause 3.20(b) (as to which time shall be of the essence) the Leaseholder may assign or underlet the whole of the Premises and subject to exchange of contracts (or completion where there is no prior exchange of contracts) for the assignment or underletting taking place within 12 months of service of the Leaseholder's notice pursuant to Clause 3.20(b) provided that if no exchange of contracts or completion has taken place within such 12 month period and the Leaseholder wishes to assign or underlet the whole of the Premises the procedure set out in Clause 3.20(b) and this Clause 3.20(c) shall be repeated.
- (d) The Landlord and the Leaseholder shall apply to the Chief Land Registrar to enter a restriction in the following form (Form M) in the proprietorship register of the Leaseholder's title:

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"No disposition of the registered estate (other than a charge) by the proprietor of the registered estate or by the proprietor of any registered charge, not being a charge registered before the entry of this restriction, is to be registered without a certificate signed by the proprietor for the time being of the estate registered under title number

or their conveyancer that the provisions of Clause 3.20(a) of the registered lease have been complied with or that they do not apply to the disposition."

(e) Where this Lease is assigned:

- (i) under a will or intestacy;
- (ii) under Section 24 or 24A of the Matrimonial Causes Act 1973 or Section 2 of the Inheritance (Provision for Family and Dependents) Act 1975;
- (iii) under section 17 of the Matrimonial and Family Proceedings Act 1984 (property adjustment orders or orders for the sale of property after overseas divorce, etc);
- (iv) under paragraph 1 of schedule 1 to the Children Act 1989 (orders for financial relief against parents); or
- (v) under Part 2 or 3 of Schedule 5, or paragraph 9 of schedule 7, to the Civil Partnership Act 2004 (property adjustment orders, or orders for the sale of property, in connection with civil partnership proceedings or after overseas dissolution of civil partnership);

the provisions of Clause 3.20(a) to 3.20(c) will not apply.

3.21 Register Disposals

- (a) Within one month of any assignment, underletting, mortgage, charge or other dealing with the Leaseholder's interest in the Premises to give notice of it together with a certified copy of the document effecting the assignment, underletting, mortgage, charge or devolution to the Landlord and to pay a reasonable fee to the Landlord for the registration of the notice.
- (b) Upon any assignment of the Leaseholder's interest in the Premises to a person nominated by the Landlord in accordance with Clause 3.20(b)(i) the Leaseholder shall upon demand pay to the Landlord a fee representing the Landlord's administrative costs and expenses in connection therewith.

3.22 Prevent Loss of Easements

To do such acts and things as may reasonably be required by the Landlord to prevent any easement or right belonging to or used with the Premises from being obstructed or lost and not knowingly to allow any encroachment to be made on or easement acquired over the Premises and in particular not to allow the right of access of light from or over the Premises to any neighbouring property to be acquired.

3.23 Prevent the acquisition of easements

To permit the Landlord to use the name of the Leaseholder to bring any action or proceedings which the Landlord may deem proper to be brought or taken in order to prevent the acquisition of any easement or to prevent any other injury to the Premises or the reversion of the Landlord by the owner lessee or occupier of any adjacent land or building and not to hinder obstruct withdraw or stay any proceedings so taken upon the Landlord giving to the Leaseholder an indemnity against all damages costs and expenses by reason of such action or proceedings

3.24 Restrictive Covenants by the Leaseholder

For the benefit and protection of the land comprised within the Estate (other than the Premises) and each and every part of it (so far as may be) so as to bind the Premises into whosoever hands the same may come the Leaseholder covenants with the Landlord (subject to the right of the Landlord to withdraw, vary, release or abandon covenant restrictions, stipulations and conditions) and as a separate covenant with every other person who is now the owner of any part of the Estate that the Leaseholder will observe and perform the covenants restrictions and stipulations set out in Schedule 6 but not so as to render the Leaseholder personally liable in damages for any breach of a restrictive covenant after he shall have parted with all interest in the Premises.

3.25 Positive Covenants by Leaseholder

The Leaseholder covenants with the Landlord that the Leaseholder will observe and perform the covenants on the part of the Leaseholder as set out in Schedule 7 of this Lease.

3.26 Comply with covenants affecting the title

To observe and perform the restrictive and other covenants contained mentioned or referred to in the Charges Register of the Landlord's freehold title to the Premises insofar as they affect the Premises including the payment of monies if at all and to indemnify and keep indemnified the Landlord and its successors in title from and against all actions claims and demands whatsoever in respect of any future breach or non-observance thereof.

3.27 Energy Supply Contract

3.28 In the event that the Leaseholder assigns or (after Final Staircasing) underlets this Lease then simultaneously with such assignment or underletting the Leaseholder shall procure that any assignee or undertenant shall:

- (a) enter into an Energy Supply Contract in accordance with the provisions of paragraphs 5(a) of Schedule 2 of the Superior Lease and paragraph 9.4(b) of Schedule 4 of the Superior Lease
- (b) within one calendar month of completion of such assignment or underletting provide to the Superior Landlord of their solicitors evidence of such assignment or underletting in accordance with the provisions of paragraph 9.6 of Schedule 4 of the Superior Lease and pay any fees arising thereunder.

4 LANDLORD'S COVENANTS

The Landlord covenants with the Leaseholder as follows.

4.1 Quiet Enjoyment

That the Leaseholder paying the rents reserved by this Lease and performing and observing the covenants contained in this Lease may peaceably enjoy the Premises during the Term without any lawful interruption by the Landlord or any person rightfully claiming under or in trust for it.

4.2 Insure

At all times during the Term (unless such insurance shall be cancelled, invalidated or revoked by any act or default of the Leaseholder) to use reasonable endeavours to procure that the Superior Landlord complies with its obligations to insure the Building in accordance with the provisions of paragraph 2 of Schedule 6 of the Superior Lease.

4.3 Superior Lease

The Landlord covenants with the Leaseholder to comply with the Tenant Covenants contained in the Superior Lease save where such obligations are the responsibility of the Leaseholder under the terms of this Lease.

4.4 Pre-emption Obligations

That the Landlord will promptly in response to a request from the Leaseholder provide a certificate confirming (where applicable) that for the purposes of the restriction contained in Clause 3.20(d) the provisions of clause 3.20 have been complied with or do not apply to the disposition.

4.5 Cesser of Liability in respect of Covenants

A party who was formerly the Landlord is to cease to be liable to perform and observe the covenants and conditions on the part of the Landlord contained in this Lease at and from the date of an assignment of the immediate reversion to this Lease.

5 PROVISOS

The parties agree the following provisos.

5.1 Proviso for Re-entry

- (a) This Clause 5.1 shall apply where:
 - (i) the Specified Rent or the Ground Rent shall be unpaid for 21 days after becoming payable (whether formally demanded or not); or
 - (ii) if any covenant on the part of the Leaseholder shall not be performed or observed.
- (b) Subject to the Landlord obtaining any court order required the Landlord may at any time re-enter the Premises or any part of them and terminate this Lease.
- (c) Clause 5.1(b) does not affect any right of action or remedy of the Landlord in respect of any earlier breach of any of the Leaseholder's covenants or the conditions contained in this Lease provided that (without prejudice to the Landlord's rights under this Lease):
 - (i) the Landlord shall give notice to the Mortgagee or any mortgagee of the Leaseholder of whom the Landlord has received notice pursuant to Clause 3.21(a) (as the case may be) before commencing any proceedings for forfeiture of this Lease or proceedings for possession of the Premises; and
 - (ii) if within a period of 28 days (or within such other period specified in the Landlord's notice as the notice period, if longer) the Mortgagee or such mortgagee of the Leaseholder of whom the Landlord has received notice (as the case may be) indicates in writing to the Landlord that it wishes to remedy such breach, and/or is going to take such action as may be necessary to resolve the problem complained of by the Landlord, the Landlord shall allow 28 days (or such longer time as may be reasonable in view of the nature and extent of the breach) to remedy such breach and take the action necessary to resolve such problem.

5.2 Limitation of Landlord's Liability

The Landlord shall not be liable for any damage suffered by the Leaseholder or any member of the Leaseholder's family or any employee, servant or licensee of the Leaseholder through any defect in any fixture, tank, Service Media, staircase, machinery, apparatus or thing in the Building or through the neglect, default or misconduct of any servant employed by the Landlord acting outside the Landlord's instruction in connection with the Building or for any

damage to the Premises due to the bursting or overflowing of any tank, boiler or Service Media in the Building except insofar as any such liability may be covered by insurance effected by the Superior Landlord.

5.3 Party Walls

Every internal wall separating the Premises from any other part of the Building shall be a party wall severed medially.

5.4 Suspension of Rent in case of Insured Damage

If the whole or any part of the Premises (or the parts of the Building providing access to it) are destroyed or damaged by an Insured Risk (unless the insurance money is irrecoverable by reason of any act or default of the Leaseholder) the Specified Rent and the Ground Rent or a fair proportion of them shall be suspended until the Premises (and the parts of the Building providing access to it) are again fit for use in accordance with the provisions of clause 9 of the Superior Lease.

5.5 Frustration Clause

(a) Subject to Clause 5.5(b), in the event of the repair, rebuilding or reinstatement of the Premises being frustrated by any reason beyond the control of the Landlord or the Superior Landlord the Leaseholder will surrender to the Landlord this Lease in consideration of the Landlord paying to the Leaseholder a sum equal to the Acquired Percentage of any insurance monies received by the Landlord from the Superior Landlord in respect of the Premises.

(b) If at the time of such frustration:

- (i) there is any Loan outstanding to a Mortgagee of the Premises; and
- (ii) the Unacquired Percentage is greater than nil

then the consideration for such surrender shall be the amount referred to in Clause 5.5(a) plus the Mortgagee Protection Claim (calculated on the basis that Paragraph (h) in the definition of "Loss" in Schedule 11 is the amount referred to in Clause 5.5(a)).

(c) Any overpayment of insurance monies shall be a debt due from the Leaseholder to the Landlord and shall be payable on demand.

5.6 Expert Determination

(a) In this Lease, where any issue is required to be dealt with by, or submitted for the determination of, an independent expert, the following provisions of this Clause 5.6 are to apply but, in case of conflict with other provisions specifically relating to expert determination elsewhere in this Lease, those other provisions are to prevail to the extent of the conflict.

(b) The expert is to be appointed by the parties jointly, or if they cannot or do not agree on the appointment, appointed by whichever of the following is appropriate:

- (i) the President from time to time of the Royal Institution of Chartered Surveyors; or
- (ii) the President from time to time of the Institute of Chartered Accountants in England and Wales,

or in either case the duly appointed deputy of the President, or other person authorised by him to make appointments on his behalf.

- (c) The person so appointed is to:
 - (i) act as an expert, and not as an arbitrator; and
 - (ii) must afford the parties the opportunity within such a reasonable time limit as he may stipulate to make representations to him (accompanied by professional valuations, reports or other appropriate evidence in the relevant circumstances) and permit each party to make submissions on the representations of the other.
- (d) Neither the Landlord nor the Leaseholder may without the consent of the other disclose to the expert correspondence or other evidence to which the privilege of non-production ("without prejudice") properly attaches.
- (e) The fees and expenses of the expert, including the cost of his nomination, are to be borne as the expert may direct (but in the absence of such a direction, by the parties in equal shares), but (unless they otherwise agree) the parties shall bear their own costs with respect to the determination of the issue by the expert.
- (f) One party may pay the costs required to be borne by another party if they remain unpaid for more than 21 days after they become due and then recover these and any incidental expenses incurred from the other party on demand.
- (g) If the expert refuses to act, becomes incapable of acting or dies, the Landlord or the Leaseholder may request the appointment of another expert in his stead under Clause 5.6(b).
- (h) The determination of the independent expert, except in case of manifest error, is to be binding on the Landlord and the Leaseholder.

6 CHP SERVICE CHARGE

6.1 Covenant to Pay

The Landlord covenants with the Leaseholder to pay the CHP Service Charge and Heating Charges in accordance with the provisions of paragraph 6.2 of Schedule 4 of the Superior Lease subject to receiving the same from the Leaseholder in accordance with Clause 3.4.

7 MORTGAGEE PROTECTION

- 7.1 If a Mortgagee enforces its security in respect of the Loan then (subject to the other provisions of this Clause 7) the Mortgagee is entitled to deduct the amount of the Mortgagee Protection Claim from monies that would otherwise be paid to the Landlord as the price for the Final Staircasing. There is no obligation on a Mortgagee to accomplish Final Staircasing.
- 7.2 The deduction under Clause 7.1 is conditional upon the Mortgagee agreeing simultaneously with the deduction under Clause 7.1 that upon such deduction or, if later, promptly upon the Mortgagee recovering the whole of its Loss, the Mortgagee shall assign to the Landlord any guarantees, insurance policies and any other collateral security given to the Mortgagee or secured by the Mortgagee in respect of the Loan together with all other rights to enforce the same and all sums payable under them.
- 7.3 A claim may only be made to the extent:
 - (a) the Mortgagee has made a Loss; and
 - (b) the Mortgagee has obtained the Landlord's consent to the terms of each and every Loan; and
 - (c) the disposal of the Leaseholder's interest in the Premises was made on an arm's length basis at the best price reasonably obtainable in the market at the time of sale.

For the purpose of this Clause 7.3(c) the onus of proof is on the Landlord to show the sale was at an undervalue; and

- (d) the Leaseholder has not, prior to any Default occurring under the Loan, accomplished Final Staircasing.

7.4 When applying for the Landlord's consent under Clause 7.3(b) the Mortgagee must provide full details of the terms of the proposed Loan. The Landlord must respond promptly to any request for consent and give its decision within 28 days. If such consent is given it must be given in writing, and must be retained by the Mortgagee. In addition such consent shall be deemed to be given in the event that the Landlord receives any amounts advanced by the Mortgagee which are applied in protecting, preserving or enforcing its security over this Lease (including any amounts advanced by the Mortgagee and applied in discharging any arrears of rent and/or Service Charge under this Lease).

7.5 If the Landlord makes a payment to the Mortgagee or a deduction is made by the Mortgagee the Landlord shall be entitled to claim against the Leaseholder for any such amount together with interest on such sum calculated in accordance with the provisions of Clause 3.2.

7.6 The Leaseholder hereby authorises:

- (a) the Landlord to disclose to any Mortgagee of the Leaseholder from time to time personal information relating to the Leaseholder or to the provisions of this Lease (including details of any rent or Service Charge arrears); and
- (b) any Mortgagee from time to time of the Leaseholder to disclose to the Landlord such information as the Landlord may request regarding the Leaseholder and the Loan (including details of any arrears).

8 STAMP DUTY CERTIFICATE AS SHARED OWNERSHIP

[For the purposes of schedule 9 to the Finance Act 2003 the Landlord and the Leaseholder confirm that the minimum rent payable is the Minimum Rent and that the premium obtainable on the open market for the Premises (by reference to which the Premium is calculated) is the Initial Market Value and the Leaseholder elects for stamp duty land tax to be charged in accordance with paragraph 4 of the said schedule 9 by reference to the Initial Market Value.]

[The Leaseholder elects for stamp duty land tax to be charged by reference to the Premium and the Specified Rent and the Ground Rent.]

9 NOTICES

For the purposes of Section 48 of the Landlord and Tenant Act 1987 the address at which any notices (including notices in any proceedings) may be served on the Landlord by the Leaseholder is (until the Leaseholder is notified to the contrary) as follows. A notice to be served under this Lease shall be served in writing and shall be properly served if served upon the Landlord at its registered office and/or upon the Leaseholder at the Premises and shall be deemed to have been made or delivered if left at such address or 2 days after being posted postage prepaid and by first class recorded delivery in an envelope addressed to them at such address.

10 LANDLORD AND TENANT (COVENANTS) ACT 1995 DECLARATION

For the purposes of the Landlord and Tenant (Covenants) Act 1995 the covenants on the part of the Landlord and on the part of the Leaseholder under this Lease are not personal covenants.

11 VALUE ADDED TAX

Sums payable under this Lease for the supply of goods and services are exclusive of VAT which is to be payable, if applicable, in respect of and at the same time as each sum falls due for payment.

12 RIGHTS OF THIRD PARTIES

Save as provided in Clause 10 the parties do not intend to confer any other right or benefit which is enforceable by virtue of the Contracts (Rights of Third Parties) Act 1999 upon any party who is not a party to this Lease.

13 CHARITY CLAUSE

The Premises are held by or in trust for a charity by the Landlord and the charity is an exempt charity.

DELIVERED as a deed on the date stated in Clause LR1.

SCHEDULE 1

The Premises

The premises registered at the Land Registry under the title number specified in LR2.1 more particularly described in the definition of "Property" in clause 1.1 of the Superior Lease and Schedule 1 of the Superior Lease and shown for identification purposes only edged red on the Plan

SCHEDULE 2

Easements, Rights and Privileges

This Lease is made together with the following rights for the benefit of the Premises the right for the Leaseholder and all persons authorised by the Leaseholder (in common with all other persons having a similar right):

- 1 The benefit of the rights referred to in the Property Register of the title number specified in LR2.1.
- 2 The benefit of the rights set out in Schedule 2 of the Superior Lease.

SCHEDULE 3

Exceptions and Reservations

There are excepted and reserved out of this Lease to the Landlord, CHP Energy Supplier and others specified herein:

- 1 The rights set out in Schedule 3 of the Superior Lease
- 2 The right for the Landlord and its surveyors or agents with or without workmen and others at all reasonable times on notice (except in case of emergency) to enter the Premises for the purpose of carrying out its obligations under this Lease.
- 3 The right to execute any works upon any adjoining or neighbouring property of the Landlord in such manner as the Landlord may think fit.
- 4 A right of access to and entry upon the Premises by the Landlord or its agents for the purpose of conducting viewings of the Premises by potential purchasers.

SCHEDULE 4

Rent Review

1 Definitions

In this Schedule 4:

"A" means the monthly figure shown in the Index published for the Relevant Month in the year of the immediately preceding the Relevant Review Date or (if none) in the year of the date of the Commencement Date.

"B" means the monthly figure shown in the edition of the Index for the Relevant Month in the year of the Relevant Review Date.

"Index" means the all items retail prices index published by the Office for National Statistics.

"Relevant Month" means the September which is at least 2 clear calendar months and no more than 14 clear calendar months before the Relevant Review Date.

2 Gross Rent Review

With effect from each Review Date the Gross Rent for the purposes of this Lease shall be the reviewed Gross Rent (as agreed or determined in accordance with this Schedule 4).

3 Upwards Only Rent Review

- (a) The reviewed Gross Rent is to be the greater of:
 - (i) the Gross Rent under this Lease immediately preceding the Relevant Review Date x 1.005; and
 - (ii) (the Gross Rent under this Lease immediately preceding the Relevant Review Date x $(\frac{B}{A}) + 0.005$).
- (b) If the Index is re-based after A is published, but before B is published, then an appropriate adjustment shall be made in the calculation to ensure that both B and A are calculated on the same basis.
- (c) If the Index ceases to be published then there shall be substituted in the calculation in Paragraph 3(a)(ii) such other index as the Landlord shall (acting reasonably) determine as being a generally respected measure of the general increase in retail prices.
- (d) If, because of any change after the date of this Lease in the method used to compile the Index or for any other reason it becomes impossible or impracticable to calculate fairly the fraction referred to in Paragraph 3(a)(ii) by reference to the Index, or if any dispute or question arises between the parties to this Lease with respect to any such calculation pursuant to Paragraph 3(a)(ii) or with respect to the construction or effect of this provision, then such dispute or question shall (if it is not resolved within 3 months of the Relevant Review Date) be referred to an independent expert pursuant to Clause 5.6.

4 Specified Rent Review

With effect from each Review Date the Specified Rent reserved under this Lease shall be reviewed to an amount equal to the Unacquired Percentage of the Gross Rent as at that Review Date as agreed or determined in accordance with the terms of this Schedule 4.

5 Time

Whilst the parties are encouraged to act promptly and reasonably in order to resolve disputes as soon as possible, in agreeing or determining the reviewed Gross Rent, the reviewed Specified Rent or in appointing an expert, no rights or obligations are extinguished by the passage of time.

6 Rental Adjustments

- (a) If the reviewed Specified Rent payable from a Review Date is not agreed or determined in accordance with the provisions of this Schedule 4 before the Relevant Review Date, then until the reviewed Specified Rent has been so agreed or determined, the Leaseholder will continue to pay on account Specified Rent at the rate payable immediately before the Relevant Review Date.
- (b) Within 14 days after the time that the reviewed Specified Rent has been agreed or determined the Leaseholder will pay to the Landlord all arrears of the reviewed Specified Rent which have accrued in the meantime, with interest equal to the base rate of Barclays Bank PLC on each of the instalments of the arrears from the time that it would have become due if the reviewed Specified Rent had then been agreed or determined until payment becomes due from the Leaseholder to the Landlord under this Paragraph 6(b).

7 Notice of Review

Immediately following each Review Date the Landlord shall serve written notice on the Leaseholder, substantially in the form set out in Appendix 2, specifying the amount of the reviewed Gross Rent and the amount of the Specified Rent then payable.

SCHEDULE 5

Staircasing Provisions

1

- (a) At any time or times during the Term the Leaseholder may serve notice in writing on the Landlord stating the Portioned Percentage he proposes to acquire. The provisions of this Schedule 5 shall also be exercisable by any Mortgagee of the Leaseholder of whom the Landlord has received proper notice pursuant to Clause 3.21(a).
- (b) The Landlord shall apply to the Valuer to determine the Market Value as at the date of service of the Leaseholder's notice served pursuant to Paragraph 1(a) (upon which the price of acquisition will be based) within 14 days of receipt of the Leaseholder's notice (or, if later, within 14 days of the Valuer's appointment) and shall notify the Leaseholder of the amount of the Valuer's determination in writing within 7 days of receipt of the said determination.
- (c) At any time within 3 months of the Valuer's determination the Leaseholder may pay for a Portioned Percentage in accordance with the provisions of Paragraph 1(d).
- (d) The Leaseholder may pay for a Portioned Percentage by paying to the Landlord a sum equal to that Portioned Percentage of Market Value (as agreed or determined under this Schedule 5) plus any unpaid sums under Paragraph 1(e) and as from the date of such payment (i) the Portioned Percentage so acquired shall form part of the Acquired Percentage and (ii) the Specified Rent payable under this Lease shall be a sum equal to the Unacquired Percentage of the Gross Rent.
- (e) On completion of the payment for a Portioned Percentage in addition to the sum or the price payable for the Portioned Percentage the Leaseholder shall pay any arrears of rent and any other sums due to the Landlord under this Lease including any unpaid costs under Paragraph 3. The Landlord and the Leaseholder shall, save as provided in Paragraph 3, pay their own costs and expenses in connection with such payment or purchase.
- (f) Whenever the Leaseholder completes the payment for a Portioned Percentage the Landlord and the Leaseholder shall forthwith execute and deliver to the other (to be attached to the original and counterpart of this Lease) a memorandum substantially in the form set out in Appendix 1 specifying the Portioned Percentage paid for and the Specified Rent then payable.
- (g) If the provisions of this Schedule 5 are exercised by any Mortgagee under Paragraph 1(a) then provided that the Premises are being sold by the Mortgagee on an arm's length basis at the best price reasonably obtainable at the time of sale:
 - (i) the Market Value shall be deemed to be the price at which the Premises are being sold by the Mortgagee on the assumption that the Unacquired Percentage is nil;
 - (ii) the relevant Portioned Percentage shall be calculated on the basis of that deemed Market Value; and
 - (iii) if so requested by the Mortgagee, the Landlord shall co-operate with the Mortgagee to ensure that there occurs simultaneously:
 - (A) the payment to the Landlord of the relevant Portioned Percentage under Paragraph 1(d);

- (B) delivery by the Landlord to the Mortgagee of the memorandum under Paragraph 1(f); and
 - (C) completion of the sale of the Premises by the mortgagee.
- 2 Upon payment of the sum referred to in Paragraph 1(d) in circumstances where the Acquired Percentage has become 100%;
 - (a) the definition of "Acquired Percentage" shall be amended to mean a 100% percentage interest in the Premises;
 - (b) the Specified Rent shall be reduced to the Minimum Rent; and
 - (c) the following provisions of this Lease shall no longer have effect:
 - (i) definitions of "Default", "Enforcement", "Final Staircasing", "Loss", "Mortgagee Protection Claim", "Payment Sum", "Portioned Percentage", "Pre-emption Period", "Unacquired Percentage", "Valuer" and "Valuer's Certificate";
 - (ii) Clause 3.19(b);
 - (iii) Clause 3.20;
 - (iv) Clause 4.4;
 - (v) Clause 7;
 - (vi) Schedule 4;
 - (vii) this Schedule 5 (except this Paragraph 2);
 - (viii) Schedule 9; and
 - (ix) Schedule 10.
- 3 The costs of any determination by the Valuer pursuant to the provisions of this Schedule 5 shall be paid by the Leaseholder to the Landlord on demand.
- 4 The parties agree that the decision of the Valuer shall be final and binding on the parties to this Lease.

SCHEDULE 6

Restrictive Covenants by the Leaseholder

1. Not to use the Premises for any purpose other than for the Permitted Use or carry on at the Premises any trade or business in respect of which use planning permission would be required.
2. Not to use the Premises for any noisy, offensive, illegal or immoral purpose.
3. Not to do anything at the Premises which may be or become a nuisance or annoyance, or cause loss, damage or injury, to the Landlord the Superior Landlord or the tenants of the other Dwellings.
4. Not to bring or keep any inflammable, explosive, dangerous or offensive substances or goods onto the Premises or Building.
5. Not to do anything which may cause any insurance of the Building or the Estate to become void or voidable or which may cause an increased premium to be payable in respect of it (unless the Leaseholder has previously notified the Superior and has paid any increased premium).
6. To comply with the requirements and recommendations of the insurers relating to the Premises.
7. Not to overload any structural part of the Building nor any Service Media at or serving the Premises or the Building.
8. Not to remove, relocate or otherwise tamper or interfere with the Heat Interface Unit.
9. Not to do anything which may lessen the support or protection given by the Premises to other parts of the Building.
10. Not to keep on the Premises any bird or other animal except for small caged birds, mice, hamsters and fish, guide dogs, hearing dogs and other registered assistance animals without the prior written consent of the Superior Landlord in accordance with paragraph 10 of Schedule 5 of the Superior Lease and to ensure at all times that any birds or other animals hereby permitted or kept with the Superior Landlord's consent are kept under control, so that they do not cause a nuisance or an annoyance to residents of any of the Dwellings or to the Landlord or the Superior Landlord's employees, agents or contractors.
11. Not to hang or expose clothes or other articles outside the Premises or on the Balcony/Terrace or shake anything out of the windows of the Premises.
12. Not to stop up, darken or obstruct any windows at the Premises or Building or do anything else which may obstruct the flow of light or air to the Premises or any other part of the Building.
13. Not to shout, sing or dance or play any musical instrument or equipment for making or reproducing sound or to act in such a manner so as to be audible outside the Premises.
14. Not to throw any dirt, rubbish, rags or other refuse into the sinks, baths, lavatories, cisterns or waste soil pipes in the Premises.
15. Not to keep or deposit any rubbish at the Building, except suitably wrapped and sealed and placed in a dustbin with the areas designated within the Building as a refuse store.

16. Not to live in the Premises unless all floors are covered in good quality carpeting and underlay or, in the case of solid floors, with suitable acoustic barriers.
17. Not without the Superior Landlord's prior written consent to decorate the exterior of the Premises in any way otherwise than in colours and materials identical to those applied or used by the Superior Landlord as at the date of the Superior Lease.
18. Not to put any sign, plate, writing or drawing of any kind on any part of the exterior of the Premises or in any window so as to be seen from the outside with the exception of 'For Sale' or 'To Let' signs, which may be displayed with the Superior Landlord's prior written consent.
19. Not to fix any television or radio aerial, satellite dish or receiver on the Building.
20. Not to play or loiter within any communal areas of the Building or make any avoidable noise within either those communal areas or within the Estate.
21. Not to leave any bicycle, pushchair or any other item within either the communal areas within the Building or anywhere else on the Estate or obstruct either of them in any way.
22. Not to park any vehicles within the Estate other than a Permitted Vehicle on the Designated Parking Space, Adoptable Parking Spaces or, (subject to having from the Superior Landlord a valid and unexpired permit for the purpose) within the Parking Spaces.
23. Not to use the Designated Parking Spaces other than for the parking of a Permitted Vehicle and which is in the regular use of the Tenant or other occupier or visitor of the Premises.
24. Not to do any act or thing which may constitute a breach of the Tenant Covenants

SCHEDULE 7

Positive Covenants by the Leaseholder

- 1 Keep the Premises in good repair and condition in accordance with the provisions of paragraph 10 of Schedule 4 of the Superior Lease
- 2 To keep in good condition and repair such parts of the Service Media as are within the Premises which serve the Premises and other property within the Building.
- 3 The Leaseholder (and his mortgagee(s) (if any)) will upon request from the Landlord or the Superior Landlord without delay grant to any statutory undertaker or any service authority rights to lay any services in over or under the Premises such services being for the purpose of serving the Premises and the Estate and to enter into any deeds required by any statutory undertaker or service authorities including agreements under Section 38 of the Highways Act 1980 and Section 104 of the Water Industries Act 1991.
- 4 To observe and perform the agreements covenants restrictions stipulations and other matters contained or referred to in the title registered under the title number specified in LR2.1 in so far as they relate to the Premises and indemnify and keep indemnified the Landlord and its successors in title from and against all actions costs claims and demands whatsoever in respect of any future breach or non-observance thereof.

SCHEDULE 8

Management Charge

The management charge is to reimburse the Landlord for or to provide an allowance against its costs incurred or to be incurred in connection with the administration and management of and in relation to the Premises such costs to be assessed by the Landlord from time to time and to be varied upon written notice to the Leaseholder by the Landlord.

The administration and management costs referred to above shall include (but are not limited to):

- 1 Insurance premiums paid in respect of the Premises (or any proportion of the premium for any block including the Premises).
- 2 An administration charge in relation to the said insurance policy and any claims under it.
- 3 Management charges and costs incurred in connection with recovering arrears of sums payable from and time spent in responding to and dealing with matters raised by leaseholders.
- 4 Costs and expenses incurred in rent accounting and increases and recovery thereof.
- 5 Administration costs incurred in making mortgage payments in connection with the Unacquired Percentage.
- 6 Costs of Audit.

SCHEDULE 9

Assignment of Whole to Nominated Purchasers

- 1 If the Landlord serves notice on the Leaseholder pursuant to Clause 3.20(b)(i) the Leaseholder shall as soon as reasonably practicable make an offer to the Landlord's nominee on the terms mentioned in paragraph 2 and paragraph 3 below.
- 2 The Leaseholder's offer shall be an unconditional written offer to sell the Premises with vacant possession and free from encumbrances (except any which may affect the Premises at the time of the grant of this Lease) and to remain open for acceptance for a period of six weeks and to stipulate a completion date not earlier than four weeks after acceptance of the offer and otherwise the offer to be subject to current Law Society Standard Conditions of Sale.
- 3 The price at which such offer shall be made shall be the Acquired Percentage of the open market value of the Premises with vacant possession assessed as at the date of the Landlord's notice served under the provisions of Clause 3.20(b)(i) in accordance with any relevant guidance notes on the valuation of land and buildings for the time being in force of the Royal Institution of Chartered Surveyors by an independent qualified valuer (acting as an expert) who is an associate or a fellow of the Royal Institution of Chartered Surveyors or the Incorporated Society of Valuers and Auctioneers and whose appointment shall be agreed between the Landlord and the Leaseholder or failing agreement on the application of either party by the president for the time being of the Royal Institution of Chartered Surveyors whose decision shall be final and binding on the Landlord and the Leaseholder but whose costs and expenses shall be borne by the Leaseholder.
- 4 If an offer is made to the Landlord's nominee pursuant to paragraph 2 and paragraph 3 and is refused or the said nominee does not accept the offer within the six week period specified in paragraph 2 or does not enter into a binding contract for purchase within the four week period specified in paragraph 2 then the Leaseholder may assign the whole of the Premises subject to exchange of contracts (or completion where there is no prior exchange of contracts) for the assignment taking place within 12 months of the date of the Leaseholder's offer made pursuant to paragraph 2 and paragraph 3 provided that if no exchange of contracts is effected within such 12 month period and the Leaseholder wishes to assign the whole of the Premises the procedure set out in Clause 3.20(b) and Clause 3.20(c) shall be repeated.

SCHEDULE 10

Surrender by Leaseholder

- 1 If the Landlord serves notice on the Leaseholder pursuant to Clause 3.20(b)(ii) completion of the surrender to the Landlord shall take place and vacant possession shall be given on a date agreed between the Landlord and the Leaseholder but failing agreement on the date 4 weeks from the date the Payment Sum is determined.
- 2 The Landlord shall be entitled to deduct from the Payment Sum such sums as may be due and owing at the date of surrender in respect of arrears of rent and other sums due under this Lease.
- 3 If before the date of surrender of this Lease the Landlord has received notice pursuant to Clause 3.21(a) of a mortgage or charge of this Lease:
 - (a) the Landlord shall (and the Leaseholder irrevocably requests and directs the Landlord to do so) pay the Payment Sum less the deductions referred to in paragraph 2 (or (if less) such sufficient part thereof as is necessary to discharge the said mortgage or charge) to the mortgagee or chargee named in the said notice upon trust for the Leaseholder;
 - (b) the receipt by the said mortgagee or chargee shall absolutely discharge the Landlord from its obligations under this Schedule 10;
 - (c) the Landlord and the Leaseholder agree that completion of the surrender cannot take place until the Payment Sum (or such part as is sufficient to discharge the said mortgage or charge) is paid to the mortgagee or chargee to the intent that the security afforded to the mortgagee or chargee by this Lease shall not lapse until the Payment Sum or a sufficient part of it as is necessary to discharge the said mortgage or charge is paid to the mortgagee; and
 - (d) if at the time of such surrender under this Schedule 10:
 - (i) there is any Loan outstanding to a Mortgagee of the Premises; and
 - (ii) the Unacquired Percentage is greater than nilthen the consideration for such surrender shall be the Payment Sum plus the Mortgagee Protection Claim (calculated on the basis that Paragraph (h) in the definition of "Loss" is the Payment Sum in Schedule 11).
- 4 Save as otherwise provided, any costs incurred by either party pursuant to the provisions of this Schedule 10 shall be borne by that party.

SCHEDULE 11

Defined Terms

In this Lease:

"Acquired Percentage" means the percentage figure equal to the aggregate of the Initial Percentage and any Portioned Percentage or Portioned Percentages paid for pursuant to Schedule 6.

"Building" shall have the same meaning ascribed to that definition in clause 1.1 of the Superior Lease

"CHP Energy Supplier" shall have the same meaning ascribed to that definition in clause 1.1 of the Superior Lease

"CHP Service Charge" shall have the same meaning ascribed to that definition in clause 1.1 of the Superior Lease

"Default" means:

- (a) the existence of arrears of at least 3 months' payments in respect of the Loan; or
- (b) any other breach by the Leaseholder of the terms applicable to the Loan.

"Designated Parking Space" has the same meaning ascribed to that definition in clause 1.1 of the Superior Lease

"Dwellings" means all the flats and houses on the Estate and the term "Dwelling" shall be construed accordingly.

"Enforcement Date" means the date on which the Mortgagee commences its enforcement of any of the security for the Loan by reason of a Default.

"Estate" shall have the same meaning ascribed to that definition in clause 1.1 of the Superior Lease

"Final Staircasing" means the purchase by the Leaseholder from the Landlord of such Portioned Percentage that reduces the Unacquired Percentage to nil.

"Ground Rent" means the Rent (as defined in clause 1.1 of the Superior Lease) payable by the Landlord to the Superior Landlord in respect of the Premises pursuant to paragraph 1 of Schedule 4 of the Superior Lease

"Heat Interface Unit" shall have the same meaning ascribed to it in clause 1.1 of the Superior Lease

"Heating Charges" shall have the same meaning ascribed to it in clause 1.1 of the Superior Lease

"Land Registry Prescribed Clauses" means the clauses numbered LR1 to LR14 (inclusive) at the front of this Lease and references to clauses with an "LR" prefix shall be interpreted accordingly.

"Landlord" includes all persons from time to time entitled to the immediate reversion to this Lease.

"Lease" includes any documents supplemental to this Lease.

"Leaseholder" includes the Leaseholder's successors in title and assigns in whom this Lease may for the time being be vested.

"Loan" means the loans made by the Mortgagee to the Leaseholder (after first obtaining the Landlord's written consent to each and all such loans) and which loans are secured by a valid and binding first ranking mortgage over the Premises. For the purposes of this definition repayments of capital shall not reduce the Loan.

"Loss" means the amount by which the aggregate of:

- (a) a sum representing the Loan advanced for the purchase of the Initial Percentage share in the Premises;
- (b) the Loan made (if any) to accomplish Final Staircasing in the Premises as part of the enforcement process or as a result of a further Loan being made;
- (c) Loans for other sums in relation to the Premises or any other purpose;
- (d) interest accruing at the rate applicable to the Loan;
- (e) costs incurred in relation to the enforcement of the Loan or any security for it (including advances to cover arrears of rent and service charges) provided that costs of actual disposal shall not exceed 3% of Market Value at the time;
- (f) costs incurred in relation to the protection or preservation of the Loan or any security for it; and
- (g) any other sums due to the Mortgagee in respect of the Loan made to the Leaseholder

(less any repayments which have been made), exceeds the aggregate of:

- (h) the gross sale proceeds to be received from a disposal (including a surrender) of the Leaseholder's interest in the Premises; and
- (i) all amounts (if any) received by the Mortgagee as a result of the enforcement by the Mortgagee of all (if any) security which the Mortgagee may have including, without limitation, all security, guarantees and insurance policies given to the Mortgagee.

"Market Value" shall at the date of this Lease mean the Initial Market Value and shall at any subsequent date mean the price which the interest of the Leaseholder would then fetch if sold on the open market by a willing seller upon the terms and conditions contained in this Lease and on the assumption that the Unacquired Percentage is nil and disregarding the following matters:

- (a) any mortgage of the Leaseholder's interest;
- (b) any interest in or right over the Premises created by the Leaseholder;
- (c) any improvement made by the Leaseholder or any predecessor in title of his; and
- (d) any failure by the Leaseholder or any predecessor in title to carry out the obligations contained in Clauses 3.5 and 3.6.

"Minimum Rent" means one peppercorn per month (if demanded).

"Mortgagee" means a lender who shall have made available to the Leaseholder a Loan (which expression includes its successors and assigns and also any persons for whom the Mortgagee is acting as agent or trustee).

"Mortgagee Protection Claim" means the Loss capped at a maximum of the aggregate of:

- (a) an amount equivalent to interest on the Loan for a period of 18 months from the Enforcement Date at the interest rate applicable to the Loan immediately before the Enforcement Date;
- (b) the Loan;
- (c) any amounts advanced by the Mortgagee and applied in discharging any arrears of rent and/or Service Charge under this Lease; and
- (d) any costs and fees incurred in enforcing the Mortgagee's security for the Loan (capped at 3% of Market Value at the time of such enforcement).

"Outgoings" means (in relation to the Premises) all existing and future rates, taxes, charges, assessments, impositions and outgoings whatsoever (whether parliamentary or local) which are now or may at any time be payable, charged or assessed on property, or the owner or occupier of property.

"Parking Spaces" shall have the same meaning ascribed to that definition in clause 1.1 of the Superior Lease

"Particulars" means the Particulars set out in this Lease.

"Payment Sum" means the sum equal to the Acquired Percentage of the Market Value of the Premises as at a date no more than 8 weeks prior to either the date of exchange of contracts for the assignment or the date of surrender of this Lease (as the case may be) assessed by a Valuer on the instruction of the Leaseholder provided that in assessing the Market Value the Valuer shall not disregard the matters referred to in Paragraphs (c) and (d) of the definition of "Market Value".

"Permitted Use" means as a single private dwelling

"Permitted Vehicle" means a private motor car or private motorcycle belonging to the Leaseholder or its visitors and which has a valid MOT certificate

"Plan" means the plan attached to this Lease

"Portioned Percentage" means at any relevant time (including for the avoidance of doubt on the Final Staircasing) the percentage interest in the Premises which the Leaseholder proposes to acquire (or has already acquired) under the provisions of Schedule 5, being a portion of the then Market Value of the Premises up to a maximum of 100%, each Portioned Percentage being at least 10%, and so that the Portioned Percentage which accomplishes Final Staircasing shall be at least 10%.

"Pre-emption Period" means the period commencing on the Commencement Date and ending on the date of Final Staircasing.

"Premises" means the premises described in Schedule 1.

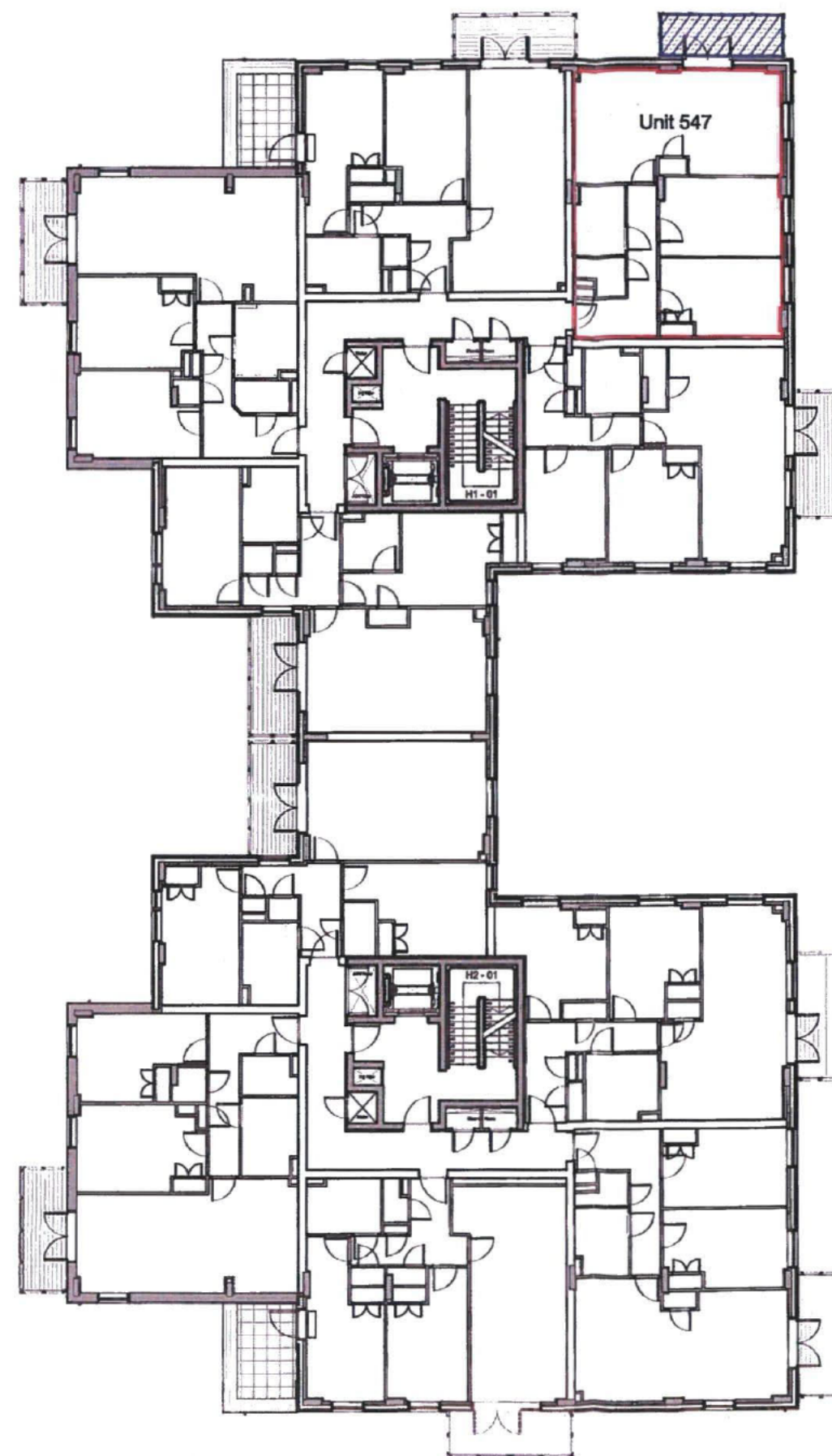
"Service Media" means drains, sewers, conduits, flues, gutters, gullies, channels, ducts, shafts, watercourses, pipes, cables, wires, mains, electrical risers, aerials and any other conducting media and apparatus for surface and foul drainage, gas, light, oil, electricity, water, electronic transmissions and similar services (including for the avoidance of doubt solar panels).

"Service Charge" shall have the same meaning ascribed to that definition in clause 1.1 of the Superior Lease

"Standard Conditions of Sale" means the Standard Conditions of Sale (Fifth Edition).

"Superior Landlord" means the party named as "Landlord" in the Superior Lease including any successor in title

Plan 3



Notes:

THIS DRAWING MUST NOT BE SCALED

General Key:

- PROPERTY PLOT
- BALCONY/TERRACE
- 17 PLOT NUMBERS

Signature

Revision	Date	Description



Client:
WATES LIVING SPACE /
ORBIT SOUTH HOUSING ASSOCIATION LTD.

Architect:
BroadwayMalayan™
Architecture Urbanism Design

Project Description:
ERITH PARK

Drawing Title:
SHARED OWNERSHIP

Block:
FOR INFORMATION

Drawn by: GFV	Checked by: SG	Approved by: SG
Job Number: 28767-2	Original Sheet Size: A3	Scale: 1:200
Drawing number: BMA-AR-000H-80-547	Sheet: 1	Of: 1

Original size 100mm (E) A3 © Copyright Broadway Malayan Limited
Dimensions and coordinates are not to scale dimension from this drawing.

"Superior Lease" means the lease dated 28th April 2017 relating to the Premises and made between (1) Orbit South Housing Association Limited and (2) the Landlord together with any variations thereto

"Tenant Covenants" shall have the same meaning ascribed to that definition in clause 1.1 of the Superior Lease

"Term" means one hundred and twenty five years from the Commencement Date (less 10 days).

"Unacquired Percentage" shall mean the percentage figure equal to 100% less the Acquired Percentage.

"Valuer" means an independent expert who is an associate or fellow of the Royal Institution of Chartered Surveyors agreed between the Landlord and the Leaseholder or in default of agreement appointed on the application of either the Landlord or the Leaseholder by or on behalf of the President of the Royal Institution of Chartered Surveyors.

"Valuer's Certificate" means a written certificate from an associate or fellow of the Royal Institution of Chartered Surveyors confirming the amount of the Market Value for the purposes of Clause 3.20(d) and/or the amount of the Payment Sum.

"VAT" means Value Added Tax as provided for in the Value Added Tax Act 1994 and includes any future tax of a like nature.

ORIGINAL

THE COMMON SEAL of)
ORBIT GROUP LIMITED)
was hereunto affixed)
in the presence of:)

Authorised Signatory

Authorised Signatory

A handwritten signature in black ink, appearing to be 'Ar' or similar, written in a cursive style.

COUNTERPART

SIGNED as a DEED by

[REDACTED]

in the presence of:

Signature of witness

[REDACTED]

Name (in BLOCK CAPITALS)

[REDACTED]

Address

[REDACTED]

Appendix 1

Memorandum of Staircasing

(Number [●])

Premises :

Date of Lease :

Leaseholder :

Landlord :

THIS IS TO RECORD THE FOLLOWING:

On the [●] day of [●] 20[●] on the payment of £[●] (the "**Premium**") being [●]% of the Market Value of the Premises as assessed by the Valuer on the [●] day of [●] 20[●] the Leaseholder purchased a Portioned Percentage of [●]%.

The total share in the Premises now owned by the Leaseholder is [●]%.

The Specified Rent (the rent payable) as from the [●] day of [●] 20[●] (date of payment of the Premium) is £[●] per annum (subject to review).

Signed by the Leaseholder/for and on behalf of the Landlord.

Appendix 2

Example of Notice of Rent Increase

To: Leaseholder

[insert details of the Premises] ("the Premises")

The next Rent Review Date under your shared ownership lease of the Premises is [●] [20]. The rent which you currently pay is [●] per month.

The rent which you must pay on and after [●] [20] is [●] per month.

The new figure of [●] per month is calculated as follows:

- RPI Index for [●] [20] was [●] (this was the Index on which the rent review in [●] [20] was based);
- The Gross Rent fixed at the rent review in [●] [20] was [●] per month;
- RPI Index for [●] [20] is [●] (this is the Index on which the rent review in [●] [20] is being based);
- The reviewed Gross Rent as at [●] [20] is therefore [●] per month being: $(£[●] \times ((\frac{[●]}{[●]} + 0.005))$

But because your share of the Premises is currently [●%] and our share is [●%], the rent which you must actually pay is only [●%] of [£●], which is the sum of [£●] per month.

WORKED EXAMPLE:

Assumptions

The notice set out below would have been given in relation to a rent review in November 2012 in the following circumstances:

- The Lease had Rent Review Dates on 30 November 2011 and 2012;
- As at November 2012, the Leaseholder's share in the Premises was 45%;
- The Gross Rent in November 2011 had been £100 per month (based on the RPI in September 2011), and so the actual rent payable would have been £55 per month (being 55% of £100).
- The RPI was 237.9 in September 2011, and 244.2 in September 2012.

Worked Example Notice

The next Rent Review Date under your shared ownership lease of the Premises is [30 November 2012]. The rent which you currently pay is [£55.00] per month.

The rent which you must pay on and after [30 November 2012] is [£56.73] per month.

The new figure of [£56.73] per month is calculated as follows:

- RPI Index for [September 2011] was [237.9] (this was the Index on which the rent review in [November 2011] was based);
- The Gross Rent fixed at the rent review in November 2011 was [£100.00] per month;
- RPI Index for [September 2012] is [244.2] (this is the Index on which the rent review in [November 2012] is being based);
- The reviewed Gross Rent as at [30 November 2012] is therefore [£103.15] per month being: $(£100 \times ((\frac{244.2}{237.9} + 0.005))$

But because your share of the Premises is currently [45%] and our share is [55%], the rent which you must actually pay is only [55%] of [£103.15], which is the sum of [£56.73] per month.

Appendix 3

Key Information for Shared Owners

This note is intended as a brief guide for Leaseholders (i.e. shared owners) of the key provisions of the Shared Ownership Lease.

All Leaseholders should carefully consider the terms of this note and the attached lease and discuss any issues that arise with his or her solicitor before entering into the lease.

1 How Does Shared Ownership Work?

Under a shared ownership lease, the Leaseholder buys a 'share' of the property and pays rent on the remaining share of the property (which remains in the ownership of the Landlord).

The Leaseholder can buy further shares in the property (at the market value of those shares at the time of purchase), until he or she owns 100%. Buying further shares is referred to as 'staircasing'.

As the Leaseholder buys further shares, the rent will be reduced proportionately to reflect the fact that the Landlord's interest in the property has reduced.

2 Standard Lease Obligations

Although initially the property is not owned outright, the Leaseholder does have the normal responsibilities of a full owner. This means, for example, that the Leaseholder will be obliged to pay 100% of the outgoings relating to the property and to keep the property in good and substantial repair and condition.

The lease also contains other 'standard' obligations on the Leaseholder. For example, the Leaseholder will:

- if applicable, need to contribute towards the costs incurred by the Landlord in providing services (sometimes known as service charges);
- need to seek the Landlord's consent before making certain alterations; and
- comply with regulations relating to the management of the building or the estate of which the property forms part.

3 Rent Review

The rent will be reviewed periodically at the times set out in the lease. Typically, the rent will be reviewed every year. The reviewed rent will be increased in line with any proportionate increases in the retail prices index (RPI).

The rent will be reviewed on an 'upwards only' basis. This means that the level of rent will not go down when it is reviewed. However, any increase in the rent will be capped at a figure representing the RPI increase plus 0.5%. This means that where the RPI is zero or negative the most the rent can increase by is 0.5%.

A worked example demonstrating how the rent is recalculated at review is set out in Appendix 2 of the lease.

4 Disposals of or Dealings with the Property

Subject to the Landlord's Right of First Refusal, referred to in paragraph 5 below, the Leaseholder's ability to sell or otherwise dispose of or deal with the property can be summarised as follows:

Assignment or Transfer

If the Leaseholder assigns or transfers the lease before he or she staircases to 100%, the consent of the Landlord must be obtained. Such consent is not required once the Leaseholder has staircased to 100%.

Subletting

The Leaseholder is not permitted to sublet or part with possession of the property in any other way until the Leaseholder staircases to 100% ownership of the property.

5 Landlord's Right of First Refusal

With a view to ensuring that the property remains in the ownership of people in need of shared ownership units, there are restrictions on the transfer, assignment and subletting of the property. The restrictions apply from the date that the lease is granted up to the date that the Leaseholder staircases to 100%.

If the Leaseholder gives the Landlord notice that he or she wishes to sell his or her interest in the lease, the Landlord can require the Leaseholder either to surrender (or hand back) the lease to the Landlord or assign the lease to a person nominated by the Landlord, in both cases the price will be no more than the market value of the Leaseholder's share of the property.

The Landlord's right of first refusal does not apply if the lease is transferred or assigned as a result of the divorce or death of the Leaseholder. It also does not apply after the Leaseholder has staircased to 100% ownership of the property.

6 Mortgagee Protection Provisions

Loans from banks and building societies to Leaseholders would often require Leaseholders to take out mortgage indemnity insurance or other forms of additional security which would increase the expense to the Leaseholder of acquiring a shared ownership interest in the property. So with the aim of cutting down or avoiding such expense arising (so that mortgage indemnity insurance is not required and encouraging banks and building societies to lend to shared owners), the Landlord agrees that if the Leaseholder defaults the Landlord will compensate the lender for some part of any loss incurred if the proceeds from the sale of the Leaseholder's share of the property are insufficient. For this reason the Leaseholder's lender will need to obtain the consent of the Landlord to the terms of the Leaseholder's mortgage.

If the Landlord has to cover some of the mortgage debt in this way the Leaseholder will become liable to pay the Landlord back. In such cases the Landlord will be able to pursue the Leaseholder to recover its loss and may also enforce any other security guarantees or insurance that were originally granted to the lender.

To assist the Landlord and the lender in operating these compensation provisions, by signing the lease the Leaseholder authorises the Landlord and the lender to exchange personal information relating to the Leaseholder in relation to various matters, including the terms of the lease, details of any arrears and any loan secured against the property.

7 Important Notice Regarding Payment of the Rent and Lease Obligations

You need to be aware that if the Leaseholder fails to pay the rent reserved by the lease and/or fails to observe and perform his or her obligations in the lease the Landlord may be entitled to terminate the lease (subject to the Landlord obtaining any necessary court order). If the lease is terminated the Leaseholder will lose (and will not be entitled to any compensation for), any shares in the property which he or she had acquired.

8 Variations to the Standard Form Lease

Paragraphs 1 to 7 above summarise the key terms of the standard form Shared Ownership Lease issued by the Homes and Communities Agency.

The Landlord summarises below the terms of the lease that materially depart from the standard form:

The Lease contains a number of additional provisions which are required to make it consistent with the document which are being used on the disposal of all of the units on the Estate.

These additional provisions are to be found at clauses 1.13, 3.24, 3.25, 3.27, 5.5 and Schedules 2, 3, 6, 7 and 8. Schedule 11 also contains a number of new consequential definitions.

This guidance note does not form part of the Lease and is not to be taken into account in the interpretation of any provision in the Lease. It is important that the Leaseholder gets legal advice before entering into the Lease.
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