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Title Number TGL388326

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DATED 08 NOVEMBER 2013

LEASE



SEQ11

between



COPY

KGP PROJECT LIMITED

and

14-16 CARROUN ROAD (MANAGEMENT) LIMITED

and

CHARLES WILLIS

**RELATING TO FLAT 14, 14-16 CARROUN ROAD, KENNINGTON,
LONDON SW8 1JT**

WE HEREBY CERTIFY
THIS TO BE A TRUE
COPY OF THE ORIGINAL

Nicholas & Co
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PRESCRIBED CLAUSES**LR1. Date of lease**

08 NOVEMBER, 2013

LR2. Title number(s) TBC**LR2.1 Landlord's title number(s) SGL301847****LR2.2 Other title numbers**

None

LR3. Parties to this lease**Landlord**

KG Project Limited whose registered office is situate at Flat 5, 39 Hyde Park Gate, London SW7 5DS

(Company registration number 7248039)

Tenant

Charles Willis c/o Nicholas & Co 18-22 Wigmore Street London W1U 2RG

Other parties

Management Company:

14-16 Carroun Road (Management) Limited

Registered Office: Flat 5, 39 Hyde Park Gate, London SW7 5DS

Company registered number:

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.**

See the definition of "Property" in clause 1.1 of and Schedule 1 to this lease.

LR5. Prescribed statements etc.

None.

LR6. Term for which the Property is leased

The term as specified in this lease at clause 1.1 in the definition of "Term".

LR7. Premium

£450,000 (FOUR HUNDRED AND FIFTY THOUSAND POUNDS).

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

None.

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

The easements granted in clause 3.1 and set out in Schedule 2 to this lease.

LR11.2 Easements granted or reserved by this lease over the Property for the benefit of other property

The easements reserved in clause 4 and set out in Schedule 3 to this lease.

LR12. Estate rent charge 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

N/A

PLAN 1



EN SUITE
BATHROOM
7'11 x 6'7
(2.40m x 2.00m)

BEDROOM 1
12'4 x 12'1
(3.75m x 3.67m)

BEDROOM 2
10'3 x 8'4
(3.10m x 2.52m)

THIRD FLOOR
GROSS INTERNAL
FLOOR AREA 336 SQ FT

RECEPTION ROOM /
KITCHEN
20'1 x 12'6
(6.09m x 3.80m)

STORE

SECOND FLOOR
GROSS INTERNAL
FLOOR AREA 347 SQ FT



FIRST FLOOR
GROSS INTERNAL
FLOOR AREA 53 SQ FT

GROUND FLOOR
GROSS INTERNAL
FLOOR AREA 67 SQ FT

APPROX. GROSS INTERNAL FLOOR AREA 803 sq. ft / 74.63 sq. m
(EXCLUDING VOID)



PLAN

TITLE NUMBER

SGL 3018

ORDNANCE SURVEY
PLAN REFERENCE

COUNTY
GREATER LONDON

SHEET

NATIONAL GRID

TQ 3077

Scale: 1/1250

© Crown Co

BOROUGH OF LAMBETH

Old Reference LN XI

PLAN 2.



Building: the land and building known as 14-16 Carron Road, Kennington, London SW8 1JT registered at HM Land Registry with title number SGL301847 shown edged in blue on Plan 2.

which is let or to be let on a lease granted for an original term of over 21 years.

Adjoining Tenant: the Tenant for the time being of the Adjoining Flat and the Retained Parts).

and is being occupied as a single private dwelling (except the Property and is being forming part of the Building that is being let and the Retained Parts).

Adjoining Flat: the other flat forming part of the Building that is being let and the definitions and rules of interpretation in this clause apply to this lease.

1.1

1. INTERPRETATION

AGREED TERMS

(D) The Landlord will transfer to the Management Company, and the Management Company has agreed to accept a transfer of, the freehold of the Building within a reasonable time following the grant of the other lease to the Adjoining Tenant by the Landlord.

(C) The Management Company has agreed to join in this lease and undertake obligations for the services repair maintenance insurance and management of the Building as set out in this lease.

(B) The Landlord has agreed to grant a lease of the Property to the Tenant on the terms set out in this lease.

(A) The Landlord is or is entitled to be registered at HM Land Registry as proprietor with Absolute Freehold Title of the Building.

BACKGROUND

(3) Charles Willis C/o Nicholas & Co 18-22 Wigmore Street London W1U 2RG (Tenant).

(2) 14-16 Carron Road (Management) Limited and registered in England and Wales with company number whose registered office is at Lynton House, 7-12 Tavistock Square, London WC1H 9LT (Management Company).

(1) KG Project Limited incorporated and registered in England and Wales with company number 7248039 whose registered office is at Flat 5, 39 Hyde Park Gate, London SW7 5DS (Landlord).

PARTIES

THIS LEASE is dated 08 NOVEMBER 2013

Conditions for Entry: the conditions to which any right to enter granted in Schedule 2 or excepted and reserved by Schedule 3 is subject, namely that the right shall be subject to the person exercising the right:

- (a) effecting entry at a reasonable time (or at any time in an emergency);
- (b) giving reasonable notice to the person whose premises are being entered (except in the case of emergency when no notice is required);
- (c) causing as little damage as possible to the premises being entered and promptly making good any damage caused to the reasonable satisfaction of the person whose premises are being entered; and
- (d) complying with any reasonable requirements of the person whose premises are being entered in relation to the exercise of the right of entry.

Default Interest Rate: 4% above the base rate from time to time of Barclays Bank plc or, if that base rate is no longer used or published, a comparable commercial rate reasonably determined by the Landlord.

Handover Date: the date that the Landlord transfers to the Management Company the freehold of the Building following the grant of the lease of the last of the Flats to the Adjoining Tenant by the Landlord.

Insurance Rent:

- (a) 50% of the cost of any premiums (including any IPT) that the Landlord or the Management Company (as appropriate) expends (after any discount or commission is allowed or paid to the Landlord), and any fees and other expenses that the Landlord or the Management Company reasonably incurs, in effecting and maintaining insurance of the Building in accordance in with the obligations contained in this lease including any professional fees for carrying out any insurance valuation of the Reinstatement Value;
- (b) the cost of any additional premiums (including any IPT) and loadings that may be demanded by the Landlord's insurer as a result of any act or default of the Tenant, any undertenant, their workers, contractors or agents or any person at the Property with the express or implied authority of any of them.

Insured Risks: fire, explosion, lightning, earthquake, storm, flood, bursting and overflowing of water tanks, apparatus or pipes, escape of water or oil, impact by aircraft and articles dropped from them, impact by vehicles, riot, civil commotion, malicious damage, theft or attempted theft, falling trees and branches and aerials, subsidence, heave, landslip, collision, accidental damage to underground services, public liability to anyone else and any other risks which the Landlord reasonably decides to

Insure against from time to time and **Insured Risks** means any one of the IPT: Insurance Premium Tax chargeable under the Finance Act 1994 or any similar replacement or additional tax.

Landlord Covenants: the covenants on the part of the Landlord set out in Schedule 6.

Management Company Covenants: the covenants on the part of the Management Company set out in clause 6.

Permitted Use: as a single private dwelling.

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

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

Premium: £450,000 (Four Hundred and Fifty Thousand Pounds).

Property: the second and third floor flat of the Building known as 14-16 Carron Road, London SW8 1JT the floor plans of which is shown edged red on Plan 1 and more particularly described in Schedule 1 and numbered 14.

Refuse Area: the refuse area in such area as the Landlord shall from time to time designate.

Regulations: the covenants on the part of the Tenant set out in Schedule 5.

Reinstatement Cost: the full cost of reinstatement of the Building as reasonably determined by the Landlord from time to time, taking into account inflation of building costs and including any costs of demolition, site clearance, site protection, clearing up, professional fees and expenses and the costs of any other work to the Building that may be required by law and any VAT on any such costs, fees and expenses.

Rent: rent at the rate of £250 per annum

Rent Payment Dates: 25 March and 29 September in each year

Reservations: the rights accepted and reserved to the Landlord and Management Company in clause 4 and listed in Schedule 3.

Retained Parts: all parts of the Building other than the Property and the adjoining flat including:

(a) the main structure of the Building including the roof and roof structures, the foundations, the external walls and internal load bearing walls, the structural timbers, the joists and the guttering and the balcony railings and the structure of the balconies (including any balcony railings or walls);

(b) all parts of the Building lying below the floor surfaces or above the ceiling;

- (c) all external decorative surfaces of the Building and external doors, door frames and window frames;
- (d) the Service Media at the Building which do not exclusively serve either the Property or the Adjoining Flat; and
- (e) all boundary walls fences and railings of the Building.

Rights: the rights granted by the Landlord to the Tenant in clause 3 and listed in Schedule 2.

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

Shared Expenses: the Expenses to be shared by the Tenant and the Adjoining Tenant more particularly set out in clause 2 of Schedule 4 of the Lease.

Tenant Covenants: the covenants on the part of the Tenant set out in Schedule 4 and the Regulations.

Term: a term of 999 years from and including 1st January 2012 and to and including 31st December 3011

Third Party Rights: all rights, covenants and restrictions affecting the Building including the matters referred to at the date of this lease in the property register and entries of the charges register of title number SGL301847.

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

- 1.2 A reference to this **lease**, except a reference to the date of this lease or to the grant of this lease, is a reference to this deed and any deed, licence, consent, or other instrument supplemental to it.
- 1.3 A reference to the **Landlord** includes a reference to the person entitled to the immediate reversion to this lease. A reference to the **Tenant** includes a reference to the Tenant's personal representatives, successors in title and assigns.
- 1.4 A **working day** is any day which is not a Saturday, a Sunday, a bank holiday or a public holiday in England.
- 1.5 Any obligation in this lease on the Tenant not to do something includes an obligation not to permit or allow that thing to be done and an obligation to use best endeavours to prevent that thing being done by another person.

1.16 **Clause, Schedule and paragraph headings shall not affect the interpretation of this lease.**

1.17 **References to clauses and schedules are to the clauses of and schedules to this lease and references to paragraphs are to paragraphs of the relevant Schedule.**

1.18 **A person includes a corporate or unincorporated body (whether or not having separate legal personality).**

1.19 **A reference to **writing** or **written** excludes faxes or e-mail.**

1.20 **Unless the context otherwise requires, words in the singular include the plural and in the plural include the singular.**

1.21 **Unless the context otherwise requires, a reference to one gender shall include a reference to the other genders.**

1.22 **A reference to a statute, statutory provision or subordinate legislation is a reference to it as it is in force from time to time taking account of any amendment or re-enactment or re-enactment which it amends or re-enacts.**

1.23 **A reference to a statute or statutory provision shall include any subordinate legislation made from time to time under that statute or statutory provision.**

1.24 **A reference to the end of the term is to the end of the term however it ends.**

1.25 **The Schedules form part of this lease and shall have effect as if set out in full in the body of this lease. Any reference to this lease includes the Schedules.**

1.26 **Clause, Schedule and paragraph headings shall not affect the interpretation of this lease.**

2. GRANT

- 2.1 The Landlord lets with full title guarantee the Property to the Tenant for the Permitted Use for the Term.
- 2.2 The grant is made together with the Rights, excepting and reserving the Reservations, and subject to the Third Party Rights.
- 2.3 The grant is made in consideration of the Tenant paying to the Landlord the Premium (receipt of which the Landlord acknowledges) and covenanting to pay the Landlord the following sums as rent:
 - (a) the Rent;
 - (b) the Insurance Rent;
 - (c) all interest payable under this lease; and
 - (d) all other sums due under this lease.

PROVIDED THAT unless the Tenant is notified otherwise by the Landlord, until the Handover Date, the Tenant will pay the Insurance Rent together with any VAT to the Management Company together with any interest in respect of late payment in accordance with paragraph 4 of Schedule 4 of this lease.

3. THE RIGHTS

- 3.1 The Landlord grants the Tenant the Rights for all purposes connected with the Permitted Use of the Property, but in each case subject to complying with any Regulations relating to that Right.
- 3.2 The Rights are granted subject to the Third Party Rights and in so far as the Landlord is able to grant them and in common with:
 - (a) the Landlord, the Management Company and all persons authorised by them; and
 - (b) the Adjoining Tenant.
- 3.3 The Tenant shall not be deemed to have acquired any other easement or right over the Building or any neighbouring property other than the Rights and section 62 of the Law of Property Act 1925 shall not apply to this lease.

6.1 Subject to the provisions of clause 6.5 and clause 8.3, the Management Company covenants with the Landlord and the Tenant to observe and perform on behalf of the Landlord the obligations on the Tenant set out in clause 10, paragraph 2, and paragraph 3 of Schedule 6. These provisions shall apply to the Management Company to the same extent as they apply to the Landlord, and the Management Company may, in carrying out its obligations under these provisions, exercise on behalf of the Landlord the rights granted to the Tenant under these provisions. For the avoidance of doubt, the Landlord's liability to the Tenant under these provisions shall not be affected by the Management Company's covenant contained in this clause 6.1.

6. MANAGEMENT COMPANY COVENANTS

(a) with the Landlord and by way of separate covenant with the Management Company to observe and perform the Tenant covenants; and

(b) with the adjoining Tenant to observe and perform the Tenant regulations.

4.3 The Reservations shall be construed as extending to the Landlord and all persons authorised by the Landlord or otherwise entitled to exercise the Reservations, which shall, until the Hanover Date, include the Management Company.

4.2 The Reservations may be exercised by the Landlord notwithstanding that the exercise of any of the Reservations or the works carried out pursuant to them may result in a reduction in the flow of light or air to the property or the enjoyment of the property for the permitted use.

4.1 The Reservations are excepted and reserved from this lease for the benefit of the Building and to the extent possible for the benefit of any neighbouring or adjoining property in which the Landlord acquires an interest during the Term.

4. THE RESERVATIONS

6.2 The Management Company shall if requested by the Tenant in accordance with paragraph 5 of Schedule 6 enforce covenants against the Adjoining Tenant provided that the Tenant has:

- (a) provided the indemnity to the Management Company referred to in paragraph 5(a) of Schedule 6;
- (b) the security referred to in paragraph 5(b) of Schedule 6; and
- (c) has confirmed that it shall join in any action or proceedings if so requested by the Management Company.

PROVIDED ALWAYS THAT the Management Company shall provide the Landlord with such assistance as it shall require in connection with complying with its obligations under paragraph 5 of Schedule 6.

6.3 The Management Company shall indemnify the Landlord against all claims, liabilities, costs, expenses (including any solicitors', surveyors' or other professionals' costs and expenses, and any VAT on them, assessed on a full indemnity basis), damages and losses (including any diminution in the value of the Landlord's interest in the Building and loss of amenity of the Building) arising out of or in connection with:

- (a) any breach of any of the Management Company's Covenants; or
- (b) any act or omission of the Management Company or its workers, contractors or agents or any other person at the Property or the Building with the express or implied authority of any of them.

6.4 The Management Company shall admit the Tenant as a member of the Management Company in accordance with its articles of association.

6.5 Without prejudice to any rights or remedies that may have accrued to the Tenant against the Management Company prior to the Handover Date, the provisions of clause 6.1, clause 6.2 and clause 6.3 shall cease to have effect upon the occurrence of the Handover Date.

7. LANDLORD COVENANTS

7.1 For the purposes of this clause, the following definitions shall apply:

- (a) **assignment:** completion of:
 - (i) a transfer or assignment by deed, or
 - (ii) a transfer by operation of law which transfers or assigns the Original Landlord's reversionary interest in the Property, whether or not that transfer or assignment operates only in

equity and whether or not it is registered at HM Land Registry.

(b) **Original Landlord:** The Landlord as defined under this Lease.

7.2 Subject to clause 8.1 and clause 8.2, the Landlord covenants with the Tenant and by way of a separate covenant with the Management Company to observe and perform the Landlord Covenants.

7.3 Following an assignment, the Original Landlord shall not be liable for a breach of any of the landlord covenants of this lease occurring after the assignment. This shall not affect any right or remedy of the Tenant in respect of any breach of the landlord covenants of this lease occurring before the assignment.

7.4 Prior to the Handover Date the Landlord shall be liable for all costs associated with the Adjoining Flat and the Adjoining Tenant and the Landlord will indemnify the Tenant for all costs and expenses in connection thereto.

8. EXCLUSION OF LIABILITY

8.1 The Landlord shall not be liable to the Tenant for any failure or interruption in the Services where the failure or interruption is outside the Landlord's reasonable control.

8.2 In any case where the Tenant is aware or should reasonably be aware of a failure or interruption in the Services, the Landlord shall not be liable to the Tenant for the failure or interruption unless and until the Tenant has given the Landlord notice of it and the Landlord has not remedied the failure or interruption within a reasonable time.

8.3 The Management Company in carrying out its obligations under clause 6.1 shall be entitled to the same exclusion of liability as the Landlord under clause 8.1 and clause 8.2.

9. RE-ENTRY AND FORFEITURE

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

(a) any Rent or Insurance Rent or any other rent due under this lease is wholly or partly unpaid 21 days after becoming payable; or

(b) any breach of any of the Tenant Covenants.

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

10. DESTRUCTION OF BUILDING

10.1 If:

- (a) the Building is damaged or destroyed by an Insured Risk;
- (b) the Property is wholly or partly unfit for occupation and use; and
- (c) the payment of the insurance monies is not wholly or partly refused because of any act or omission of the Tenant or any undertenant or their respective workers, contractors or agents or any other person at the Property or the Building with the express or implied authority of any of them,

then payment of the Rent and Insurance Rent or a fair proportion of them according to the nature and extent of the damage, shall be suspended until the Building has been reinstated so as to make the Property fit for occupation and use.

10.2 Subject to the provisions of clause 6.1, if for any reason the repair, rebuilding or reinstatement of the Building shall be impossible following damage or destruction by any of the Insured Risks:

- (a) the Landlord's obligation to reinstate the Building contained in paragraph 3 of Schedule 6 shall be deemed to have been discharged;
- (b) the Landlord shall hold all proceeds of the insurance policy of the Building on trust for the Landlord, the Tenant, and the Adjoining Tenant in proportion to their respective interests in the Building at the time of the damage or destruction, as agreed in writing between the Landlord, and the Tenant and the Adjoining Tenant or failing agreement as determined pursuant to clause 10.3; and
- (c) the Landlord shall pay such sums due to the Tenant and the Adjoining Tenant within three months of agreement or on determination pursuant to clause 10.3.

10.3 Any dispute arising regarding this clause 10 shall be finally determined by arbitration in accordance with the provisions of the Arbitration Act 1996. The tribunal shall consist of one arbitrator appointed by the President for the time being of the Royal Institution of Chartered Surveyors.

11. SET-OFF

The Rent and Insurance Rent and all other amounts due under this lease shall be paid by the Tenant in full without any deduction or withholding other than as required by law. The Tenant shall not be entitled to assert any credit, set-off or counterclaim against the Landlord or Management Company (as appropriate) to justify withholding payment of any sum due.

12. CONSENTS

- 12.1 Any consent given by the Landlord under this lease may be granted subject to reasonable conditions.
- 12.2 No consent given by the Landlord under this lease shall imply that any consent required from a third party has been given and shall not obviate the need to obtain any consent required from a third party.

13. DISPUTES BETWEEN TENANTS

Save for any dispute arising under clause 10, any dispute between the Tenant and the Adjoining Tenant in relation to this lease, including any payment of costs, shall be resolved by the Landlord (or such other person as the Landlord shall appoint) whose decision shall be final and binding on the Tenant except on questions of law.

14. JOINT AND SEVERAL LIABILITY

At any time when the Landlord, the Management Company or the Tenant is more than one person, those persons shall in each case be jointly and severally liable for their respective obligations and liabilities arising under this lease. The Landlord and the Management Company may each take action against, or release or compromise the liability of, any one of those persons, or grant any time or other indulgence to any one of them, without affecting the liability of any other of them.

15. ENTIRE AGREEMENT

- 15.1 This lease and any documents annexed to it constitute the whole agreement between the parties and supersedes all previous discussions, correspondence, negotiations, arrangements, understandings and agreements between them relating to its subject matter.
- 15.2 Each party acknowledges that in entering into this lease and any documents annexed to it it does not rely on, and shall have no remedies in respect of, any representation or warranty other than those contained

in any written replies that the Landlord's solicitors have given to any written enquiries raised by the Tenant's solicitors before the date of this lease.

15.3 Nothing in this clause shall limit or exclude any liability for fraud.

16. NOTICES

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

- (a) in writing unless this lease expressly states otherwise and for the purposes of this clause a fax or an e-mail is not in writing;
- (b) given to the Landlord by:
 - (i) leaving it at the Landlord's address given in clause 16.4; or
 - (ii) sending it by pre-paid first-class post or other next working day delivery service at the Landlord's address given in clause 16.4;
- (c) given to the Tenant by:
 - (i) leaving it at the Property; or
 - (ii) sending it by pre-paid first-class post or other next working day delivery service at the Property;
- (d) given to the Management Company by:
 - (i) leaving it at the Management Company's registered office address; or
 - (ii) sending it by pre-paid first-class post or other next working day delivery service at the Management Company's registered office address.

16.2 If a notice is given in accordance with clause 16.1, it shall be deemed to have been received:

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

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

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

The Landlord's address for service is Flat 5, 39 Hyde Park Gate, London SW7 5DS or such other address as the Landlord may notify to the Tenant from time to time.

17. CONTRACTS (RIGHTS OF THIRD PARTIES) ACT 1999

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

18. VAT

Any obligation to pay money refers to a sum exclusive of VAT and the amount of any VAT payable in addition (whether by the Landlord, the Management Company or the Tenant) shall be paid by the Tenant to the Landlord or the Management Company (as appropriate).

19. LANDLORD AND TENANT (COVENANTS) ACT 1995

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

20. GOVERNING LAW AND JURISDICTION

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

20.2 Save for any dispute arising under clause 10, the parties irrevocably agree that the courts of England and Wales shall have exclusive jurisdiction to settle any dispute or claim that arises out of or in connection with this lease or its subject matter or formation (including non-contractual disputes or claims).

This document has been executed as a deed and is delivered and takes effect on the date stated at the beginning of it.

Schedule 1 The Property

1. All that property on the Second and Third floors of the Building known as 14-16 Carroun Road, London SW8 1JT and allocated postal number 14 the floor plans of which are shown edged red on Plan 1 including:
 - (a) the internal plaster, plasterboard and surface finishes of all walls;
 - (b) the whole of any internal, non-load bearing walls that are entirely within the Property;
 - (c) the inner half (severed medially) of the non-load bearing walls dividing the Property from any other parts of the Building;
 - (d) the floorboards or other floor surfaces above the joists or other structural floor supports supporting them;
 - (e) the ceiling plaster, plasterboard or other ceiling surface below the joists or other structural ceiling supports supporting them;
 - (f) the doors and windows and their frames, fittings and glass;
 - (g) all Service Media exclusively serving the Property;
 - (h) the floor surface only of the balcony (if there is a balcony);
 - (i) all Landlord's fixtures and fittings in the Property (if any);
 - (j) all additions and improvements to the Property; and
 - (k) The front door to the Property.
 - (l) The staircase leading to the Property
2. The Property shall not include any of the Retained Parts.

Schedule 2 The Rights

1. SHELTER AND PROTECTION

The right of support, shelter and protection from other parts of the Building, to the extent existing at the date of this lease.

2. USE OF RETAINED PARTS

The right for the Tenant and all persons authorised by the Tenant to use the dustbins in the Refuse Area if any for the purpose of depositing normal domestic rubbish.

3. SERVICE MEDIA

The right to use and to connect into any Service Media in the Building that serve the Property and which are in existence at the date of this lease or are constructed or installed during the Term from the commencement of the Term (provided that the Landlord may, at its discretion, re-route or replace any such Service Media at any time and the right shall then apply in relation to the Service Media as re-routed or replaced).

4. ACCESS TO OTHER PARTS OF THE BUILDING

The right to enter other parts of the Building with or without agents, professional advisers, workmen and equipment so far as is reasonably necessary to inspect or carry out any works to the Property required or permitted by this lease but at all times subject to compliance with the Conditions for Entry.

Schedule 3 The Reservations

1. SHELTER AND PROTECTION

All rights of support, shelter and protection from the Property to the extent those rights are capable of being enjoyed at any time during the Term.

2. LIGHT AND AIR

All rights of light and air to the extent those rights are capable of being enjoyed at any time during the Term.

3. SERVICE MEDIA

The right to use and to connect into any Service Media at the Property which serve other parts of the Building and which are in existence at the date of this lease or are installed or constructed during the period of the Term.

4. ACCESS TO THE PROPERTY

Subject to compliance with the Conditions for Entry, the right to enter the Property with or without agents, professional advisers, workmen and equipment so far as is reasonably necessary:

- (a) to inspect or carry out works to the Retained Parts and the Flats;
- (b) to inspect, repair, maintain, install, re-route or replace any Service Media serving any other part of the Building;
- (c) to inspect the state of repair and condition of the Property (following which the Landlord may give the Tenant notice of any breach of the Tenant Covenants relating to the repair or condition of the Property);
- (d) to carry out any works needed to remedy the breach set out in any notice served under paragraph 4(c) if the works have not been carried out by the Tenant to the reasonable satisfaction of the Landlord within the time period specified in the notice;
- (e) for any other purpose mentioned in or connected with this lease, the Reservations or the Landlord's interest in the Building and the Landlord's Neighbouring Property.

5. DEVELOPMENT

The full and free right at any time during the Term to develop any part of the Building (other than the Property or any part of the Building over which Rights are granted) and the Landlord's Neighbouring Property and any neighbouring or adjoining property in which the Landlord acquires an interest during the term as the Landlord may think fit.

6. ALTERATION AND SUSPENSION OF RIGHTS

- 6.1 The right to re-route and replace any Service Media at the Building over which Rights are granted.

Schedule 4 Tenant Covenants

1. RENT

- 1.1 To pay the Rent to the Landlord in advance by equal instalments on or before the Rent Payment Dates by standing order or by any other method that the Landlord from time to time requires by giving notice to the Tenant.
- 1.2 The first instalment of the Rent shall be paid on the date of this lease and shall be the proportion, calculated on a daily basis, of the Rent payable from the date of this lease until the day before the next Rent Payment Date.

2. SHARED EXPENSES

- 2.1 The Tenant to pay 50% of the expenses properly incurred relating to:-
 - (a) all of the costs of the Management Company;
 - (b) the insurance premiums for any insurance policy taken out either by the Landlord or the Management Company in respect of the Building;
 - (c) the costs relating to the Retained Parts; and
 - (d) such other costs as the Landlord may determine in the event of any dispute between the Tenant and the Adjoining Tenant.
- 2.2 In the event of the Adjoining Tenant making payment in whole or in part in respect of the Tenant's part of the Shared Expenses the Tenant shall pay the Adjoining Tenant his share of the Shared Expenses within 14 days of written demand by the Adjoining Owner.

3. INSURANCE

- 3.1 To pay to the Landlord or the Management Company (as appropriate):
 - (a) the Insurance Rent demanded by the Landlord or the Management Company by the date specified in the notice given by the Landlord or the Management Company under the terms of this lease;
 - (b) on demand 50% of any excess payable under an amount that is deducted or disallowed by the Landlord's insurer pursuant to any excess provision in the insurance policy of the Building following the occurrence of an Insured Risk; and

- (c) on demand an amount equal to any insurance money that the insurers of the Building refuse to pay by reason of any act or omission of the Tenant or any undertenant, their workers, contractors or agents or any person at the Building with the express or implied authority of any of them.

3.2 To give the Landlord, and until the Handover Date, the Management Company, notice immediately that:

- (a) any matter occurs in relation to the Tenant or the Building that any insurer or underwriter may treat as material in deciding whether or on what terms, to insure or continue insuring the Building;
- (b) any damage or loss occurs that relates to the Building and arises from an Insured Risk; and
- (c) any other event occurs which might affect any insurance policy relating to the Building.

3.3 Not to insure the Building or the Property against any of the Insured Risks in such a manner as would permit the Landlord's insurer to cancel the Landlord's insurance or to reduce the amount of any money payable to the Landlord in respect of any insurance claim.

4. INTEREST ON LATE PAYMENT

To pay interest to the Landlord or the Management Company (as appropriate) at the Default Interest Rate on any Rent, Insurance Rent or other payment due under this lease and not paid within 14 days of the date it is due, for the period from the due date until the date of actual payment, whether before or after judgment.

5. RATES AND TAXES

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

- (a) any taxes payable by the Landlord in connection with any dealing with or disposition of the reversion to this lease; and
- (b) any taxes, other than VAT and IPT, payable by the Landlord by reason of the receipt of any of the rents due under this lease.

5.2 To pay:

- (a) 50% of any such rates, taxes or other impositions that are payable in respect of the Building; and
- (b) 50% of any such rates, taxes or other impositions that are payable in respect of the Property together with other land (whether or not including any other part of the Building).

6. UTILITIES

- 6.1 To pay all costs in connection with the supply and removal of electricity, gas, water, sewage, telecommunications, data and other services and utilities to or from the Property.
- 6.2 To comply with all laws and with any recommendations of the relevant suppliers relating to the use of those services and utilities and the Service Media at or serving the Property.

7. COSTS

To pay on demand the costs and expenses of the Landlord (including any solicitors', surveyors' or other professionals' fees, costs and expenses and any VAT on them) assessed on a full indemnity basis incurred by the Landlord (both during and after the end of the Term) in connection with or in contemplation of any of the following:

- (a) the enforcement of any of the Tenant Covenants;
- (b) preparing and serving any notice in connection with this lease under section 146 or 147 of the Law of Property Act 1925 or taking any proceedings under either of those sections, notwithstanding that forfeiture is avoided otherwise than by relief granted by the court;
- (c) preparing and serving any notice in connection with this lease under section 17 of the Landlord and Tenant (Covenants) Act 1995;
- (d) preparing and serving any notice under paragraph 4(c) of Schedule 3; and
- (e) any consent applied for under this lease, whether or not it is granted (except to the extent that the consent is unreasonably withheld or delayed by the Landlord in circumstances where the Landlord is not entitled to unreasonably withhold or delay consent).

PROVIDED ALWAYS THAT until the Handover Date, the Tenant's obligation to pay costs under this paragraph shall include any costs and expenses of the Management Company (including any solicitors', surveyors' or other

professionals' fees, costs and expenses and any VAT on them) assessed on a full indemnity basis incurred prior to the Handover Date in connection with or in contemplation of any of the matters set out above in this paragraph.

8. ALTERATIONS

- 8.1 Not to make any external or structural alteration or addition to the Property or make any opening in any boundary of the Property or cut or maim any structural parts of the Building.
- 8.2 Not to make any internal, non-structural alteration or addition to the Property, or alteration to the plan, design or elevation of the Property, without the prior written consent of the Landlord, such consent not to be unreasonably withheld or delayed.
- 8.3 Not to install, alter the route of, damage or remove any Service Media at the Property, without the prior written consent of the Landlord, such consent not to be unreasonably withheld or delayed.

9. ASSIGNMENT AND UNDERLETTING

- 9.1 Not to assign part of this lease or underlet, charge or part with possession of part only of the Property.
- 9.2 Not to assign the whole of this lease, or underlet or part with possession of the whole of the Property, during the last seven years of the Term without the prior written consent of the Landlord, such consent not to be unreasonably withheld or delayed.
- 9.3 Not to assign the whole of this lease to a limited company without the prior written consent of the Landlord, such consent not to be unreasonably withheld or delayed.
- 9.4 Not to assign the whole of this lease unless the Tenant has first:
 - (a) paid to the Landlord or Management Company (as appropriate) any Rent or Insurance Rent or other sums payable under this lease which have fallen due before the date of assignment;
 - (b) provided the Landlord with an address for service in England or Wales if the assignee or transferee is not resident in England or Wales or is a limited company not registered within England or Wales.

- (c) obtained agreement from the assignee or transferee that they will become a member of the Management Company upon completion of the assignment or transfer.

9.5 Not to underlet the whole of the Property unless:

- (a) the underlease is on an assured shorthold tenancy agreement or any other tenancy agreement whereby the tenant does not obtain security of tenure on expiry or earlier termination of the term;
- (b) the underlease contains covenants substantially the same as those contained in the Regulations, other than the Regulation contained in paragraph 21(a) of Schedule 5; and
- (c) the underlease provides that the undertenant must not do anything that would or might cause the Tenant to be in breach of the Tenant Covenants.

9.6 Within one month of any assignment, underletting for more than one year, charge, parting with possession of or any other devolution of title to this lease or the Property to serve notice on the Landlord or (if required by the Landlord) the Landlord's solicitors and, until the Handover Date, the Management Company or the Management Company's solicitors, giving details and to:

- (a) provide a certified copy of the transfer or other instrument of devolution of title; and
- (b) pay the reasonable registration fees of the Landlord and Management Company or their respective solicitors, which shall be no less than Fifty Pounds plus VAT in respect of each document produced.

10. REPAIR AND DECORATION

- 10.1 To keep the Property in good repair and condition throughout the Term (provided that the Tenant shall not be liable to repair the Property to the extent that any disrepair has been caused by an Insured Risk, unless and to the extent that the policy of insurance of the Property has been vitiated or any insurance proceeds withheld in consequence of any act or omission of the Tenant, any undertenant or their respective workers, contractors or agents or any person at the Property with the express or implied authority of any of them).**
- 10.2 To renew and replace from time to time all Landlord's fixtures and fittings at the Property which may become beyond repair at any time during the Term.**

10.3 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 Property 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 Landlord.

11. COMPLIANCE WITH LAWS AND NOTICES

- 11.1 To comply with all laws relating to the Property, its use by the Tenant and any works carried out at it.
- 11.2 To comply with all laws relating to the use of the Retained Parts by the Tenant.
- 11.3 To carry out all works that are required under any law to be carried out at the Property (without prejudice to any obligation on the Tenant to obtain any consent under this lease).
- 11.4 Within one week after receipt of any notice or other communication affecting the Property or the Building (and whether or not served pursuant to any law) to:
 - (a) send a copy of the relevant document to the Landlord; and
 - (b) in so far as it relates to the Property or the Tenant's use of the Retained Parts, take all steps necessary to comply with the notice or other communication and take any other action in connection with it as the Landlord may reasonably require.

PROVIDED THAT until the Handover Date, the Tenant's obligations under this paragraph 11.4 shall be extended to include the Management Company.

12. NOTIFY DEFECTS

To give notice to the Landlord and, until the Handover Date, the Management Company of any defect in or want of repair or damage to the Property or Building for which the Landlord may be responsible under this lease or any law, as soon as the Tenant becomes aware of it.

13. THIRD PARTY RIGHTS

- 13.1 To comply with all obligations on the Landlord relating to the Third Party Rights insofar as they relate to the Property (and the exercise by the

Tenant of the Rights) and not do anything (even if otherwise permitted by this lease), that may interfere with any Third Party Right.

13.2 To allow the Landlord and any other person authorised by the terms of any Third Party Right to enter the Property in accordance with its terms.

14. REMEDY BREACHES

14.1 If the Landlord has given the Tenant notice of any breach of any of the Tenant Covenants relating to the repair or condition of the Property under paragraph 4(c) of Schedule 3, to carry out all works needed to remedy that breach as quickly as possible, and in any event within the time period specified in the notice (or immediately if works are required as a matter of emergency) to the reasonable satisfaction of the Landlord.

14.2 If the Tenant has not begun any such works within the time specified in the notice or is not carrying out the works with due speed or has not completed such works to the reasonable satisfaction of the Landlord, to permit the Landlord or, until the Handover Date, the Management Company (without prejudice to the other rights of the Landlord or Management Company in this lease) and all persons authorised by them, to enter the Property and carry out the works needed.

14.3 To pay to the Landlord or, until the Handover Date, the Management Company (as appropriate) on demand the costs properly incurred by the Landlord and/or Management Company in carrying out any works pursuant to this clause (including any solicitors', surveyors' or other professionals' costs and expenses, and any VAT on them, assessed on a full indemnity basis).

15. PERMIT ENTRY

To permit all those entitled to exercise any right to enter the Property to do so subject to their compliance with the Conditions for Entry.

16. INDEMNITY

To indemnify the Landlord, and until the Handover Date, the Management Company, against all claims, liabilities, costs, expenses (including any solicitors', surveyors' or other professionals' costs and expenses, and any VAT on them, assessed on a full indemnity basis), damages and losses (including any diminution in the value of the Landlord's interest in the Building and loss of amenity of the Building) arising out of or in connection with:

- (a) any breach of any of the Tenant Covenants; or
- (b) any act or omission of the Tenant, any undertenant or their respective workers, contractors or agents or any other person at the Property or the Building with the express or implied authority of any of them.

17. RETURNING THE PROPERTY TO THE LANDLORD

At the end of the Term to return the Property to the Landlord in good and substantial repair, condition and decoration and in accordance with the Tenant Covenants.

18. MEMBERSHIP OF THE MANAGEMENT COMPANY

- 18.1 The Tenant must within 14 days of becoming the Tenant apply to the Management Company in accordance with its articles of association to become a member of the Management Company.
- 18.2 The Tenant must not withdraw from membership of the Management Company or dispose of any of the rights attaching to the membership of the Management Company whilst it remains the Tenant.
- 18.3 If requested to do so by the Landlord, the Tenant shall:
 - (a) become a director or secretary of the Management Company; and
 - (b) deliver to the Landlord the duly completed signed company Form AP01 or AP03 or such other company form as shall replace these forms PROVIDED ALWAYS THAT in the case of the Tenant being a corporate Tenant, the Tenant shall procure that an individual who is a director or secretary of the corporate Tenant becomes a director or secretary of the Management Company and shall deliver to the Landlord the duly completed Form AP02 or AP04 or such company forms as shall replace these forms.

Schedule 5 The Regulations

1. Not to use the Property for any purpose other than for the Permitted Use or carry on any trade or business at the Property.
2. Not to hold any political meeting or sale by auction at the Property.
3. Not to use the Property for any noisy, offensive, illegal or immoral purpose.
4. Not to do anything at the Property which may be or become a nuisance or annoyance, or cause loss, damage or injury, to the Landlord or the Adjoining Tenant or the occupiers of any neighbouring property.
5. Not to bring or keep any inflammable, explosive, dangerous or offensive substances or goods onto the Property or Building.
6. Not to do anything which may cause any insurance of the Building to become void or voidable or which may cause an increased premium to be payable in respect of it (unless the Tenant has previously notified the Landlord or, until the Handover Date, the Management Company and has paid any increased premium).
7. To comply with the requirements and recommendations of the insurers relating to the Property and the exercise by the Tenant of the Rights.
8. Not to overload any structural part of the Building nor any Service Media at or serving the Property or the Building.
9. Not to do anything which may lessen the support or protection given by the Property to other parts of the Building.
10. Not to keep any animal or bird on the Property without the prior written consent of the Landlord, which consent may be revoked at any time.
11. Not to hang or expose clothes or other articles outside the Property or on any balcony or shake anything out of the windows of the Property.

12. Not to stop up, darken or obstruct any windows at the Property or Building or do anything else which may obstruct the flow of light or air to the Property or any other part of the Building.
13. To clean the inside of the windows of the Property as often at least once every two months.
14. Not to 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 Property so as to cause annoyance to the Adjoining Tenant or any other occupiers of the Building.
15. Not to throw any dirt, rubbish, rags or other refuse into the sinks, baths, lavatories, cisterns or waste soil pipes in the Property.
16. Not to keep or deposit any rubbish at the Building except suitably wrapped and sealed and placed in a dustbin in the Refuse Area.
17. Not to decorate the exterior of the Property in any way other than the entrance door to the Property.
18. Not to put any sign, plate, writing or drawing of any kind on any part of the exterior of the Property or in any window so as to be seen from the outside without the prior written consent of the Landlord.
19. Not to fix any television or radio aerial, satellite dish or receiver on the Building without the prior written consent of the Landlord.
20. Not to place any "For Sale" or "To Let" sign on the Building without the prior written consent of the Landlord.
21. To observe and perform the Tenant Covenants contained in:
 - (a) Paragraph 10 of Schedule 4; and
 - (b) Paragraph 15 of Schedule 4.
22. To comply with all variations of these Regulations and all other reasonable and proper regulations made by the Landlord or its agents from time to time in accordance with the principles of good estate management and notified to the Tenant that relate to:
 - (a) the use of the Retained Parts;

- (b) the management of the Building and the welfare of its occupants; and
- (c) the use of any Service Media, structures or other items outside the Building that are used or capable of being used by the Building in common with other land.

Schedule 6 Landlord Covenants

1. QUIET ENJOYMENT

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

2. INSURANCE

- 2.1 To effect and maintain insurance of the Building against loss or damage caused by any of the Insured Risks with reputable insurers, on fair and reasonable terms that represent value for money, for an amount not less than the Reinstatement Value subject to:
 - (a) any exclusions, limitations, conditions or excesses that may be imposed by the insurer; and
 - (b) insurance being available on reasonable terms in the London insurance market.
- 2.2 To serve on the Tenant a notice giving full particulars of the gross cost of the insurance premium payable in respect of the Building (after any discount or commission but including IPT). Such notice shall state:
 - (a) the date by which the gross premium is payable to the insurers; and
 - (b) the Insurance Rent payable by the Tenant, how it has been calculated and the date on which it is payable.
- 2.3 In relation to any insurance effected by the Landlord under this clause, the Landlord shall:
 - (a) at the request of the Tenant supply the Tenant with:
 - (i) a copy of the insurance policy and schedule; and
 - (ii) a copy of the receipt for the current year's premium.
 - (b) notify the Tenant of any change in the scope, level or terms of cover as soon as reasonably practicable after days after the Landlord has become aware of the change;
 - (c) use reasonable endeavours to procure that the insurance policy contains a non-validation provision in favour of the Landlord in respect of any act or default of the Tenant or any other occupier of the Building; and

(d) procure that the interest of the Tenant and their mortgagees are noted on the insurance policy, either by way of a general noting of the tenants' and mortgagees' interests under the conditions of the insurance policy or (provided that the Landlord has been notified of any assignment to the Tenant pursuant to paragraph 9.6 of Schedule 4) specifically.

3. REBUILD FOLLOWING DAMAGE OR DESTRUCTION

If the Building or any part of it is damaged or destroyed by an Insured Risk, the Landlord shall:

- (a) promptly make a claim under the insurance policy for the Building;
- (b) notify the Tenant immediately if the insurer indicates that the Reinstatement Cost will not be recoverable in full under the insurance policy, and, where appropriate, pursue any of the Adjoining Tenant in respect of any monies that the insurers of the Building refuse to pay by reason of any act or omission of the Adjoining Tenant or any undertenant, their workers, contractors or agents or any person at the Building with the express or implied authority of any of them;
- (c) promptly take such steps as may be necessary and proper to obtain all planning and other consents to repair (or as the case may be) rebuild the Building;
- (d) subject to obtaining such consents, use any insurance money received (other than for loss of Rent) and any money received from the Tenant under paragraph 3.1(c) of Schedule 4 promptly to repair the damage in respect of which the money was received or (as the case may be) to rebuild the Building; and
- (e) subject to obtaining such consents, provide premises or facilities equivalent in size, quality and layout to those previously at the Building but if the relevant consents cannot be obtained for premises or facilities equivalent in size, quality and layout to those previously at the Building to provide premises and facilities that are reasonably equivalent to those previously at the Building.

4. LEASE OF ADJOINING FLAT

4.1 To ensure that the lease of the Adjoining Flat granted or to be granted by the Landlord for an original term of over 21 years is in substantially the same form as this lease and contains covenants substantially the same as the Regulations.

4.2 Until such time as the Landlord grants a lease of the Adjoining Flat the Landlord will maintain and repair the Adjoining Flat to the extent that no physical damage is caused to the Property or will procure that the Management Company will do so. For the avoidance of doubt, this covenant will automatically lapse once a lease of the Adjoining Flat has been granted.

5. ENFORCEMENT OF COVENANTS AGAINST THE ADJOINING TENANT

At the written request of the Tenant to enforce or assist the Tenant in enforcing the Regulations against the Adjoining Tenant provided that:

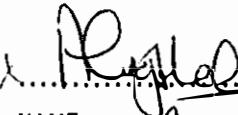
- (a) the Tenant shall indemnify the Landlord in writing against all costs and expenses of such enforcement (including any solicitors', surveyors' or other professionals' costs and expenses, and any VAT on them, assessed on a full indemnity basis);
- (b) the Landlord shall not be required to take any action or incur any costs under this clause until the Tenant has given to the Landlord such security as the Landlord shall in its reasonable discretion require;
- (c) the Tenant shall join in any action or proceedings if so requested by the Landlord.

6. TO TRANSFER THE FREEHOLD

Within a reasonable time following the grant of either this Lease or the lease to be granted to the Adjoining Tenant by the Landlord (whichever is the later), the Landlord will transfer to the Management Company the freehold of the Building, and the Management Company will accept the same.

Executed as a deed by
KG PROJECT LIMITED acting
by a Director in the presence
of:-

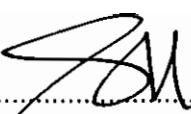



✓ NAME Anne Brytterent

ADDRESS 14 Hambrook Walk
Sittingbourne Kent ME10 2BH

OCCUPATION Legal Secretary / PA

Executed as a deed by **14-16**
CARROUN ROAD
(MANAGEMENT) LIMITED
acting by a Director in the
presence of:




✓ NAME Anne Brytterent

ADDRESS 14 Hambrook Walk
Sittingbourne Kent ME10 2BH

OCCUPATION OF WITNESS Legal Secretary / PA