

**PART 8 OF THE ENTERPRISE ACT 2002 (EA02)
UNDERTAKINGS TO THE COMPETITION AND MARKETS AUTHORITY (CMA)
UNDER SECTION 219 OF THE EA02 RELATING TO:**

**THE UNFAIR TERMS IN CONSUMER CONTRACTS REGULATIONS 1999; AND
PART 2 OF THE CONSUMER RIGHTS ACT 2015.**

Adriatic Land 3 Limited, registered number 56273, registered office De Catapan House, Grange Road, St Peter Port, Guernsey GY1 2QG and its subsidiaries within the meaning of section 1159 of the Companies Act 2006 (**Adriatic**), voluntarily gives the following undertakings to the CMA under section 219 of the EA02. These undertakings represent promises in relation to future conduct by Adriatic in relation to UK consumers. These undertakings do not amount to an admission, express or implied, that Adriatic (or any other person) has contravened UK consumer protection (or any other) laws.

Adriatic has co-operated with the CMA and entered into these undertakings following those entered into by Countryside (as defined below) with the CMA on 13 September 2021 (**Countryside Undertakings**), and on the basis of the framework agreement it has entered into with Countryside in accordance with the Countryside Undertakings (**Countryside Framework Agreement**).

The CMA accepts these undertakings from Adriatic on the basis that Adriatic has stated to the CMA that no Ground Rent has been paid to it under a Doubling Clause.

UNDERTAKINGS

In accordance with section 219(4) and section 219B of the EA02 Adriatic undertakes:

- not to engage in any conduct which contravenes paragraphs 1 to 10 below;
- not to engage in such conduct in the course of its business or another business; and
- not to consent to or connive in the carrying out of such conduct by a body corporate with which it has a special relationship (within the meaning of section 222(3) of the EA02).

Interpretation

Countryside means Countryside Properties PLC, registered number 09878920, registered office Countryside House, The Drive, Brentwood, Essex, CM13 3AT and its subsidiaries within the meaning of section 1159 of the Companies Act 2006.

Doubling Clause means a term or terms in a Lease which cause the Ground Rent payable under the Lease to double (or more) more frequently than every 20 years, and includes any such clause which was in a Lease and has been subsequently varied to refer to a different rate of escalation (eg RPI).

Ground Rent refers to the principal rent payable periodically by a Leaseholder to his or her landlord under the terms of a Lease, however described, but for the avoidance

of doubt does not include other sums which may be reserved as rent such as but not limited to a service charge and insurance costs.

HomeGround means Homeground Management Ltd, registered number 07305337, registered office 5 Market Yard Mews, 194-204 Bermondsey Street, London, SE1 3TQ.

Lease means a long residential lease for which Countryside was originally the freeholder (or landlord) and that contains a Doubling Clause and for which Adriatic is the freeholder (or landlord) at the date of signing these undertakings, but excluding such residential long leases where the Ground Rent payable is for the ultimate benefit of either a local authority or a registered provider of social housing.

Leaseholder means a person who holds a leasehold interest in a property pursuant to a Lease.

Removal of Doubling Clauses

1. Adriatic will make an offer to each Leaseholder to vary the Lease in order to remove the Doubling Clause, with any associated costs to the Leaseholder to be covered up to an amount of £750 (or up to £990 where both: (i) a Lease; and (ii) a lease of a parking space for which Countryside was originally the freeholder (or landlord) and that contains a clause that would be a Doubling Clause were it in a Lease and for which Adriatic is the freeholder (or landlord) at the date of signing these undertakings, are owned by the same Leaseholder and are being varied together) and such costs to be reimbursed upon provision by the Leaseholder of reasonable evidence that such costs have been incurred. For the avoidance of doubt, the amount of £750 or £990 (as applicable) is the Leaseholder's maximum aggregate total entitlement under these undertakings for costs incurred and is inclusive of VAT.
2. The offer in paragraph 1 will be communicated by:
 - a. sending a letter to the relevant property under the Lease; and
 - b. sending an email to the Leaseholder (where their email address is known to Adriatic by virtue of such email address being recorded in HomeGround's property management system and associated with the relevant Leaseholder).
3. The offer in paragraph 1 will be communicated within 30 working days of the later of the date of these undertakings or the execution of the Countryside Framework Agreement, and then again annually for a two-year period or until accepted by the Leaseholder, whichever is earliest.
4. Adriatic will procure that HomeGround will:

- a. place and maintain details on a suitable webpage of HomeGround's website about a Leaseholder's ability to vary their Lease in order to remove the Doubling Clause within 30 days of the later of the date of these undertakings or the execution of the Countryside Framework Agreement;
- b. include a link to the webpage in written correspondence sent to Leaseholders by or on behalf of Adriatic in relation to the relevant property under the Lease offering to remove the Doubling Clause pursuant to paragraph 1; and
- c. do so for a two-year period or until all Doubling Clauses have been removed, whichever is earliest.

In the event that HomeGround ceases to manage the relevant freeholds on behalf of Adriatic, Adriatic will comply with the terms of this paragraph whether themselves or through another managing agent employed in respect of the relevant freeholds.

5. Once an offer has been accepted by a Leaseholder (and whether that acceptance is communicated by the Leaseholder to their freeholder directly or to HomeGround or in the event that HomeGround ceases to manage the relevant freeholds, the relevant appointed managing agent), Adriatic will use all commercially reasonable endeavours to effect the variation of the Lease without undue delay.

Non-reliance on Doubling Clauses

6. From the later of the date of these undertakings or the execution of the Countryside Framework Agreement, Adriatic will not rely, or seek to rely, on a Doubling Clause against a Leaseholder, including not demanding any Ground Rent above the initial Ground Rent.
7. From the later of the date of these undertakings or the execution of the Countryside Framework Agreement, Adriatic will not take any action or steps for possession against a Leaseholder for non-payment of Ground Rent in reliance on Ground 8 of Schedule 2 to the Housing Act 1988 or take any action or steps leading to possession or any other sanction against a Leaseholder for non-payment of Ground Rent in excess of the initial Ground Rent.

Other matters

8. Whilst these undertakings are in effect, to the extent Adriatic sells the freehold of any property which is subject to a Lease and for which they are the freeholder (or

landlord), they will do so on terms that the purchaser will comply with a set of obligations in relation to the Leases acquired that are the same as those set out in paragraphs 1 – 7 of these undertakings (as applied to the Leaseholder in question), and the timing is to be taken to run from the date of the sale of the freehold and for the balance of any period remaining under these undertakings.

9. Whilst these undertakings are in effect, to the extent that Adriatic acquires the freehold of any property subject to a lease that would, but for the temporal limitation in the definition of “Lease,” become a Lease on Adriatic’s acquisition of the freehold, they will offer to remove the Doubling Clause under the same terms as set out in these undertakings. They will also comply with the requirements of paragraphs 6 and 7 above.

10. Without prejudice to any other information which the CMA may request, Adriatic will provide the CMA:

- a. within 30 working days of the applicable deadlines for making offers under paragraph 1 above, with written confirmation that all such offers have been made to all Leaseholders (or where all such offers have not been made, the number outstanding and the reasons why together with a timetable for the satisfaction of outstanding requirements); and
- b. with an annual report setting out:
 - i. the total number of offers made under paragraph 1 above;
 - ii. the total number of such offers which have been accepted;
 - iii. the total number of Doubling Clauses removed through variation of the relevant Lease; and
 - iv. confirmation of compliance with paragraphs 6 and 7 above.

BY SIGNING THESE UNDERTAKINGS ADRIATIC IS AGREEING TO THE TERMS OF THESE UNDERTAKINGS.

IF HAVING SIGNED THIS DOCUMENT ADRIATIC DOES NOT COMPLY WITH ANY OF THE ABOVE UNDERTAKINGS, IT IS AWARE THAT IT MAY BE THE SUBJECT OF AN APPLICATION TO THE COURT FOR AN ENFORCEMENT ORDER UNDER SECTION 215 OF THE EA02.

THE CMA WILL CONSIDER VARYING OR TERMINATING THESE UNDERTAKINGS, EITHER UPON REQUEST FROM ADRIATIC OR UNDER THE CMA’S OWN INITIATIVE, WHERE THERE HAS BEEN A CHANGE OF CIRCUMSTANCES SUCH THAT THESE UNDERTAKINGS ARE NO LONGER APPROPRIATE IN DEALING WITH THE ISSUES THEY WERE DESIGNED TO ADDRESS (E.G., THE UNDERTAKINGS ARE AFFECTED BY NEW LEGISLATION OR CHANGES IN MARKET CONDITIONS).