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**dated**  **20[ ]**

**[ ] as Landlord**

and

**[ ] as Leaseholder**

**Shared Ownership** **Lease of a Flat**

|  |  |
| --- | --- |
| Trowers & Hamlins LLP  55 Princess Street  Manchester  M2 4EW  **t** +44 (0)161 838 2000  **f** +44 (0)161 838 2001  www.trowers.com | 1 |
| draft () dated [ ] | |

NOTE FUNDAMENTAL CLAUSES HIGHLIGHTED BLUE

in relation to flat at [ ]

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**HM Land Registry**

**Prescribed clauses**

|  |  |  |  |
| --- | --- | --- | --- |
| **LR1** | **Date of Lease** | | |
| **LR2** | **Title number(s)** | | |
| **LR2.1** | **Landlord's title number(s)**  *Title number(s) out of which this* *lease is granted. Leave blank if not registered.*  [insert as applicable] | | |
| **LR2.2** | **Other title numbers**  *Existing title number(s) against which entries of matters referred to in LR9, LR10, LR11 and LR13 are to be made.*  [insert as applicable] | | |
| **LR3** | **Parties to this** **lease**  *Give full names and addresses of each of the parties. For UK incorporated companies and limited liability partnerships, also give the registered number including any prefix. For overseas companies, also give the territory of incorporation and, if appropriate, the registered number in the United Kingdom, including any prefix.* | | |
|  | **Landlord:** | [insert as applicable] | |
|  | **Tenant:** | [insert as applicable]and in this lease referred to as the "the Leaseholder" | |
|  | **Other parties:**  *Specify capacity of each party, for example "**management company", "**guarantor", etc.* |  | |
| **LR4** | **Property**  *Insert a full description of the land being leased or refer to the clause, schedule or paragraph of a schedule in this* *lease in which the land being leased is more fully described. Where there is a letting of part of a registered title, a plan must be attached to this* *lease and any floor levels must be specified.* ***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.***  [insert as applicable]and in this lease referred to as "the Premises" | | |
| **LR5** | **Prescribed statements etc.**  *If this* *lease includes a statement falling within LR5.1, insert under that sub-clause the relevant statement or refer to the clause, schedule or paragraph of a schedule in this* *lease which contains the statement. In LR5.2, omit or delete those* *Acts which do not apply to this* *lease.* | | |
| **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.**  [insert as applicable] | | |
| **LR5.2** | **This** **lease is made under, or by reference to, provisions of: Leasehold Reform Act 1967, Housing Act 1985, Housing Act 1988 or Housing Act 1996**  Not applicable | | |
| **LR6** | **Term for which the** **Property is leased**  *Include only the appropriate statement (duly completed) from the three options.*  *NOTE: The information you provide, or refer to, here will be used as part of the* *particulars to identify the* *lease under rule 6 of the Land Registration Rules 2003.*  [Insert as applicable] | | |
|  | *Option A*  From and including: | |  |
|  | To and including: | |  |
|  | *Option B*  The term as specified in this lease at clause/schedule/ | | |
|  | *Option C*  The term is as follows: | | |
| **LR7** | **Premium**  *Specify the total* *premium, inclusive of any VAT where payable.*  [insert as applicable] | | |
| **LR8** | **Prohibitions or restrictions on disposing of this** **lease**  *Include whichever of the two statements is appropriate. Do not set out here the wording of the provision.*  This lease contains a provision that prohibits or restricts dispositions. | | |
| **LR9** | **Rights of acquisition etc.**  *Insert the relevant provisions in the sub-clauses or refer to the clause, schedule or paragraph of a schedule in this* *lease which contains the provisions.* | | |
| **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**  [insert as applicable] | | |
| **LR9.2** | **Tenant's covenant to (or offer to) surrender this** **lease**  [Clause ‎3.19.2] [‎6.8.1][insert as applicable] | | |
| **LR9.3** | **Landlord's contractual rights to acquire this** **lease**  [insert as applicable] | | |
| **LR10** | **Restrictive covenants given in this** **lease by the** **Landlord in respect of land other than the** **Property**  *Insert the relevant provisions or refer to the clause, schedule or paragraph of a schedule in this* *lease which contains the provisions.*  [None/insert as applicable] | | |
| **LR11** | **Easements**  *Refer here only to the clause, schedule or paragraph of a schedule in this* *lease which sets out the easements.* | | |
| **LR11.1** | **Easements granted by this** **lease for the benefit of the** **Property**  [As specified in Schedule 3/insert as applicable] | | |
| **LR11.2** | **Easements granted or reserved by this** **lease over the** **Property for the benefit of other property**  [As specified in Schedule 4/insert as applicable] | | |
| **LR12** | **Estate rentcharge burdening the** **Property**  *Refer here only to the clause, schedule or paragraph of a schedule in this* *lease which sets out the rentcharge.*  [insert as applicable] | | |
| **LR13** | **Application for standard form of restriction**  *Set out the full text of the standard form of restriction and the title against which it is to be entered. If you wish to apply for more than one standard form of restriction use this clause to apply for each of them, tell us who is applying against which title and set out the full text of the restriction you are applying for. Standard forms of restriction are set out in Schedule 4 to the Land Registration Rules 2003.*  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 [specify title number] [or [their conveyancer or specify appropriate details]] that the provisions of clause ‎3.19.1 (Pre-emption provisions) of the registered lease have been complied with [or that they do not apply to the disposition]."  / [insert as applicable] | | |
| **LR14** | **Declaration of trust where there is more than one person comprising the** **Tenant**  *If the* *Tenant is one person, omit or delete all the alternative statements.*  *If the* *Tenant is more than one person, complete this clause by omitting or deleting all inapplicable alternative statements.*  *Option A*  The Tenant is more than one person. They are to hold the Property on trust for themselves as joint tenants  *Option B*  The Tenant is more than one person. They are to hold the Property on trust for themselves as tenants in common in equal shares.  *Option C*  The Tenant is more than one person. They are to hold the Property on trust  Complete as necessary. | | |

**Particulars**

|  |  |
| --- | --- |
| **Account Year** | a year ending on [31 March] or such other date as designated by the Landlord from time to time and notified to the Leaseholder in writing |
| **Commencement Date** | [ ] |
| **Gross Rent** | £[                   ] per annum, subject to review in accordance with ‎Schedule 5 |
| **Initial Market Value** | means the sum of £[                            ]; |
| **Initial Percentage** | [ ]% |
| **Premium** | the sum of £[                           ] |
| **Review Date** | [                           ] and each successive [                       ] during the Term and the term the **Relevant Review Date** shall be construed accordingly |
| **[****Specified Proportion]** | [         %]/[a fair and proper proportion attributable to the Premises, such proportion to be conclusively determined by the Landlord (who shall act reasonably)]. |
| **Specified Rent** | a sum equal to the Unacquired Percentage of the Gross Rent (the Specified Rent on the date of this lease being £[ ] [or (if greater) the Minimum Rent]) |
| **Term** | [ ] years from and including the Commencement Date |

Shared ownership lease

dated                                                  20[ ]

Parties

1. **[                             ]** [(company no [                      ])] whose registered office is at [                                                            ] [registered with the Regulator of Social Housing under number [                             ]] [and which is a registered society as defined in section 1 Co-operative and Community Benefit Societies Act 2014 under number [            ]] (the **Landlord**)
2. **[                              ]** of [                                        ] (the **Leaseholder**)

Agreed terms

1. Definitions and Interpretation
   1. In this Lease:

**Account Year** has the meaning set out in the Particulars**;**

**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;

**Authorised Person** means the individual nominated by the Landlord to estimate expenditure in relation to the Service Provision in accordance with clause ‎7.3;

**Bank Rate of the Bank of England** means the interest base rate set by the Bank of England or any statutory successor or replacement body from time to time**;**

**Building** means the building of which the Premises form part and each and every part of the Building [and the car park, service or loading area, service road] and any other areas the use and enjoyment of which is appurtenant to the Building, whether or not within the structure of the Building;

**Commencement Date** has the meaning set out in the Particulars:

**Common Parts** means those parts of the Building (whether or not within the structure of the Building) to be used in common by any of the Leaseholder, other tenants and occupiers of the Building, the Landlord, and those properly authorised or permitted by them to do so, and **Common Parts** includes (but without limitation) the [atrium and entrance hall, corridors, lobbies, staircases, lavatories, access ways, passages, lifts, escalators, turntables, courtyards, external pavements, car park, and its ramp, service and loading areas, service road, gardens] and other such amenities within the [Landlord's Estate], but excluding any such parts as may be within the Premises;

**Default** means:

(a) the existence of arrears of at least three months' payments in respect of the Loan; or

(b) any other breach by the Leaseholder of the terms applicable to the Loan;

**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;

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

**Gross Rent** has the meaning set out in the Particulars;

**Homes England** means the executive non-departmental public body, sponsored by the Ministry of Housing, Communities & Local Government and shall include any statutory successor or replacement body;

**Initial Market Value** has the meaning set out in the Particulars;

**Initial Percentage** has the meaning set out in the Particulars;

**Landlord** includes the Landlord's successors in title and assigns from time to time entitled to the immediate reversion to this Lease;

[**Landlord's Estate** means [ ]];

**Law Society Standard Conditions of Sale** means the most up to date edition of the Standard Conditions of Sale as published by the Law Society from time to time, being at the date of this Lease the [Standard Conditions of Sale (Fifth Edition – 2018 Revision)] or such alternative conditions agreed to be used by both parties;

**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) to (g) below:

(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 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 in relation to (a) to (g)

exceeds the aggregate of A and B below:

A the gross sale proceeds to be received from a disposal (including a surrender) of the Leaseholders interest in the Premises; and

B 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 the Leaseholder; and

(d) any failure by the Leaseholder or any predecessor in title to carry out the obligations contained in clause ‎3.4 (Repair) and clause ‎3.5 (Decoration);

**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;

**Particulars** means the Particulars set out in this Lease directly after the Prescribed Clauses;

**Payment Sum** means the sum equal to the Acquired Percentage of the Market Value of the Premises as at a date no more than eight 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 paragraph (c) and paragraph (d) of the definition of **Market Value**;

**Permitted Use** means a single private residence in the occupation of a single household provided that this restriction shall not prevent occupiers of the Premises working from a home office where such use is not inconsistent with residential occupation;

**Portioned Percentage** means at any relevant time (including for the avoidance of doubt on Final Staircasing) the percentage interest in the Premises which the Leaseholder proposes to acquire under the provisions of ‎Schedule 6, 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 date of this Lease and ending on the date of Final Staircasing;

**Premises** means the premises described in ‎Schedule 1;

**Premium** has the meaning set out in the Particulars;

**Review Date** has the meaning set out in the Particulars;

**Service Charge** means the Specified Proportion of the Service Provision;

**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;

**Service Provision** means the sum calculated in accordance with clause ‎7.3, clause ‎7.4 and clause ‎7.5;

**Specified Proportion** has the meaning set out in the Particulars;

**Specified Rent** has the meaning set out in the Particulars;

**Term** has the meaning set out in the Particulars;

[**Transfer** means [details of Transfer Deed to Landlord]];

**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 Landlord or Leaseholder by or on behalf of the president of the Royal Institution of Chartered Surveyors; and

**Valuer's Certificate** means a written certificate from an associate or fellow of the Royal Institution of Chartered Surveyors confirming the Market Value and the amount of the Payment Sum.

* 1. In this Lease the terms defined shall have the meanings specified.
  2. Any obligation on a party to this Lease to do any act includes an obligation to procure that it is done.
  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.
  4. References to liability include, where the context allows, claims, demands, proceedings, damages, losses, costs and expenses.
  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.
  6. Unless the contrary intention appears, references:
     1. to defined terms are references to the relevant defined terms;
     2. to numbered clauses and Schedules are references to the relevant clause in, or Schedule to, this Lease; and
     3. to a numbered paragraph in any Schedule are references to the relevant paragraph in that Schedule.
  7. Words in this Lease denoting the singular include the plural meaning and vice versa.
  8. 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.
  9. 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.
  10. Words and expressions which appear in the first column of the Particulars, shall in this Lease have the meaning shown opposite them in the second column of the Particulars.

1. The letting terms

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

* 1. together with the rights set out in ‎Schedule 3; but
  2. subject to and with the benefit of the provisions set out in ‎Schedule 6; and
  3. except and reserved to the Landlord the rights set out in ‎Schedule 4;
  4. for the Term,

the Leaseholder paying during the Term the Specified Rent (subject to revision under ‎Schedule 5) 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.

1. Leaseholder's Obligations

The Leaseholder covenants with the Landlord as follows.

* 1. Pay rent

To pay the Specified Rent at the times and in the manner mentioned in clause ‎2 and all other monies due under this Lease without deduction.

* 1. Interest

To pay interest calculated on a day to day basis at an annual rate of 3% above the Bank Rate of the Bank of England for the time being in force on so much of the Specified 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.

* 1. Outgoings
     1. To pay Outgoings.
     2. 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 of Outgoings attributable to the Premises, such proportion to be conclusively determined by the Landlord (who shall act reasonably).
     3. [To pay to the Landlord (or to any other party whom the Landlord may from time to time direct) upon demand such fair and reasonable proportion of all sums due pursuant to the Transfer and payable by the Landlord such proportion to be conclusively determined by the Landlord (acting reasonably) and to fully and effectually indemnify the Landlord against any breach non-performance or non-observance of this obligation (insofar as the same relate to or affect the Premises).]
  2. Repair

To repair and keep the Premises in good and substantial repair and condition (except in respect of damage by risks insured under clause ‎5.2 unless the insurance money is irrecoverable by reason of any act or default of the Leaseholder) provided that the Leaseholder shall not be liable by virtue of this clause ‎3.4 to execute or do any works which fall within the scope of clause ‎5.3.

* 1. Decoration

As often as is reasonably necessary and in the last month of the Term in a proper and workmanlike manner (and in the last month of the Term in colours approved by the Landlord) to paint, paper, treat and generally decorate in a style appropriate to property of a like character all the inside of the Premises previously or usually so painted, papered, treated and decorated.

* 1. Provide floor coverings

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

* 1. Repair damage to Common Parts

In respect of any damage or disrepair to the Common Parts caused or contributed to by any act, neglect or default of the Leaseholder or the Leaseholder's household, 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 incurred by the Landlord in repairing, making good, renewing and/or reinstating such damage or disrepair.

* 1. Not to alter
     1. Not to:
        1. make any alterations or additions to the exterior of the Premises;
        2. make any structural alterations or structural additions to the interior of the Premises;
        3. erect any new buildings on the Premises;
        4. in any way interfere with the outside of the Building; or
        5. remove any of the Landlord's fixtures from the Premises.
     2. 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).
  2. Comply with requirements of public authorities

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 provided that the Leaseholder shall not be liable by virtue of this clause ‎3.9 to execute or do any works which fall within the scope of clause ‎5.3.

* 1. 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.

* 1. Expenses of the Landlord

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

* + 1. 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
    2. otherwise incurred by the Landlord in respect of any breach of covenant by the Leaseholder under this Lease.
  1. 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.

* 1. Landlord's right of inspection and right of repair
     1. 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.
     2. 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, to execute to the reasonable satisfaction of the Landlord or the Landlord's surveyor all repairs, works, replacements or removals required within three months (or sooner if necessary) after receipt of notice.
     3. If the Leaseholder fails to comply with a notice under clause ‎3.13.2, the Landlord may itself or by its workpeople or agents enter the Premises and execute the repairs, works, replacements or removals.
     4. To pay to the Landlord on demand all expenses incurred under clause ‎3.13.3.
  2. Permit entry

At all reasonable times during the Term on notice to permit the Landlord and the lessees of other adjoining or neighbouring premises 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;

* 1. 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 under clause ‎5.2 unless the insurance money is irrecoverable by reason of any act or default of the Leaseholder).

* 1. Use

Not to use the Premises for anything other than for the Permitted Use.

* 1. Restrictions on use

Not to do any act or thing which may:

* + 1. 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;
    2. 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;
    3. result in any form of harassment or intimidation of any other person, including the Landlord's staff, contractors and agents; or
    4. result in the use of the Premises for any unlawful or immoral purpose.
  1. Assignment and Underletting
     1. Not to assign, underlet, charge, mortgage, or part with possession of part only of the Premises.
     2. Not to underlet or part with possession of the whole of the Premises without the prior written consent of the Landlord (such consent not to be unreasonably withheld or delayed and for the avoidance of doubt it shall be reasonable for the Landlord to withhold consent where underletting does not comply with guidance or the grant funding conditions provided by Homes England from time to time).
     3. Not without the prior written consent of the Landlord (such consent not to be unreasonably withheld and which for the avoidance of doubt it shall be reasonable to be and deemed to be withheld in circumstances where the Leaseholder's obligations under clause ‎3.19 have not been complied with) to assign the whole of the Premises.
  2. First Option To Buy (Pre-emption)
     1. Subject to clause ‎3.19.5, 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 ‎3.19.2 and clause ‎3.19.3.
     2. If the Leaseholder wishes to assign the whole of the Premises during the Pre-emption Period they shall first serve written notice on the Landlord (such notice to be accompanied with a Valuer's Certificate dated no earlier than 8 (eight) weeks before the notice) offering a surrender of this Lease and within 4 (four) weeks of receipt the Landlord may serve written notice on the Leaseholder:
        1. 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 7 will apply; or
        2. stating that the Landlord will accept a surrender of this Lease, in which case the provisions of Schedule 8 will apply.
     3. If the Landlord does not serve a notice under clause ‎3.19.2 within the 4 week period specified in clause ‎3.19.2 (as to which time shall be of the essence) 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 service of the Leaseholder's notice pursuant to clause ‎3.19.2 provided that if no exchange of contracts or completion has taken place within such 12 month period and the Leaseholder wishes to assign the whole of the Premises the procedure set out in clause ‎3.19.2 and this clause ‎3.19.3 shall be repeated.
     4. The Landlord and the Leaseholder shall apply to the Chief Land Registrar to enter a restriction in the Form set out in Prescribed Clause LR13 in the proprietorship register of the Leaseholder's title to the Premises.
     5. Where this Lease is assigned by way of either:
        1. a disposal under a will or intestacy;
        2. under Section 24 or 24A of the Matrimonial Causes Act 1973 or Section 2 of the Inheritance (Provision for Family and Dependants) Act 1975;
        3. 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.);
        4. under paragraph 1 of schedule 1 of the Children Act 1989 (orders for financial relief against parents);
        5. under Part 2 or 3 of Schedule 5 or paragraph 9 of schedule 7 of 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 ‎3.19.1 to clause ‎3.19.3 will not apply.

* 1. Notifying the Landlord of Changes

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, mortgage, charge, or devolution to the Landlord and to pay a reasonable fee to the Landlord for the registration of the notice.

* 1. **Protection of** rights

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 any right of access or light from or over the Premises to any neighbouring property to be acquired.

1. Leaseholder's further Obligations

The Leaseholder covenants with the Landlord and with and for the benefit of the tenants and occupiers from time to time of the other premises in the Building as follows.

* 1. Observe Further Obligations in ‎Schedule 2

To observe the covenants set out in ‎Schedule 2.

* 1. **Comply with** Regulations

To comply with such reasonable regulations as the Landlord may make from time to time relating to the orderly and proper use of the Common Parts and security of the Building.

1. Landlord's Obligations

The Landlord covenants with the Leaseholder as follows.

* 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.

* 1. 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 keep the Building insured against loss or damage by fire and such other risks as the Landlord may from time to time reasonably determine having due regard to the UK Finance Mortgage Lenders' Handbook (or such replacement publication) requirements from time to time or that the Leaseholder or the Leaseholder's mortgagee may reasonably require in some insurance office of repute to its full reinstatement value (including all professional fees in connection with any reinstatement and two years' loss of rent) and whenever required will produce to the Leaseholder the insurance policy and the receipt for the last premium and will in the event of the Building being damaged or destroyed by fire or other risks covered by such insurance as soon as reasonably practicable make a claim against the insurers and lay out the insurance monies in the repair, rebuilding or reinstatement of the Building.

* 1. Repair redecorate renew structure

Subject to:

* + 1. clause ‎6.1; and
    2. payment of the Specified Rent and Service Charge;

the Landlord shall maintain, repair, redecorate, renew and (in the event in the Landlord's reasonable opinion such works are required) improve:

* + 1. the load bearing framework, the external fabric of the Building and all other structural parts of the Building, the roof, foundations, joists and external walls of the Building and Service Media and machinery and plant within (but not exclusively serving) the Premises and all parts of the Building which are not the responsibility of the Leaseholder under this Lease or of any other leaseholder under a similar lease of other premises in the Building;
    2. the Service Media, cisterns and tanks and other gas, electrical, drainage, ventilation and water apparatus and machinery in under and upon the Building (except such as serve exclusively an individual flat in the Building and except such as belong to any utility supply authority or company); and
    3. the Common Parts.
  1. Lighting and cleaning of Common Parts

Subject to clause ‎6.1 and to clause ‎5.3 and so far as practicable to keep the Common Parts of the Building adequately cleaned and lighted.

* 1. Lettings of other flats

That every lease or tenancy of any flat in the Building granted after the date of this Lease by the Landlord shall contain covenants to be observed by the tenant of that flat similar to those set out in ‎Schedule 2 and (save in the case of any flat which may be let at a rent on a periodic basis or for a fixed term of seven years or less) shall be substantially in the same form as this Lease.

* 1. Enforce Obligations in other leases

If so required by the Leaseholder to enforce the tenant's covenants similar to those contained in this Lease which are or may be entered into by the tenants of other flats in the Building so far as they affect the Premises provided that the Leaseholder indemnifies the Landlord against all costs and expenses of such enforcement.

* 1. **HM** **Land** Registry **certificate of compliance**

That the Landlord will promptly in response to a request from the Leaseholder provide a certificate confirming where applicable for the purposes of the restriction contained in clause ‎3.19.4 that the provisions of clause ‎3.19.1 have either been complied with or do not apply to the disposition.

1. Provisos

The parties agree the following provisos.

* 1. Landlord's Protection Provisions
     1. The Landlord shall not be liable to the Leaseholder for any failure in or interruption of the services referred to in clause ‎5.3 or clause ‎5.4 not attributable to its neglect or default.
     2. The Landlord may add to, diminish, modify or alter any service referred to in clause ‎5.3 or clause ‎5.4 if by reason of any change of circumstances during the Term such addition, diminution or alteration is in the opinion of the Landlord reasonably necessary or desirable in the interests of good estate management or for the benefit of the occupiers of the Building.
  2. Proviso for Forfeiting the Lease
     1. This clause ‎6.2 shall apply where:
        1. the Specified Rent shall be unpaid for 21 days after becoming payable (whether formally demanded or not); or
        2. if any covenant on the part of the Leaseholder shall not be performed or observed.
     2. 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.
     3. Clause ‎6.2.2 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):
        1. the Landlord shall give notice to the Mortgagee or any mortgagee of the Leaseholder of whom the Landlord has received notice pursuant to clause ‎3.20 (as the case may be) before commencing any proceedings for forfeiture of this Lease or proceedings for possession of the Premises; and
        2. 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.
  3. 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 household or any visitor, 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 Landlord.

* 1. Landlord's power to deal with other Property

Notwithstanding anything contained in this Lease the Landlord shall have power without obtaining any consent from or making any compensation to the Leaseholder to deal as the Landlord may think fit with any other land, buildings or premises adjoining or near to the Building and to erect, rebuild or heighten on such other land or premises any buildings whether such buildings shall or shall not affect or diminish the light or air which may now or at any time during the Term be enjoyed by the Leaseholder or other tenants or occupiers of the Premises.

* 1. Power to alter Common Parts

The Landlord shall have power at its discretion to alter the arrangement of the Common Parts provided that after such alteration the access to and amenities of the Premises are not substantially less convenient than before.

* 1. Party walls

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

* 1. Suspension of rent in case of insured damage

If the whole or any part of the Premises (or the Common Parts necessary for access to it) are destroyed or damaged by fire or any other risks covered by the Landlord's insurance so as to be rendered unfit for use then (unless the insurance money is irrecoverable by reason of any act or default of the Leaseholder) the Specified Rent or a fair proportion of it shall be suspended until the Premises (and the Common Parts necessary for access) are again fit for use.

* 1. Frustration clause
     1. Subject to clause ‎6.8.2, in the event of the repair, rebuilding or reinstatement of the Premises being frustrated by any reason beyond the control of the 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 in respect of the Premises.
     2. 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 ‎6.8.1 plus the Mortgagee Protection Claim (calculated on the basis that paragraph A in the definition of **Loss** is the amount referred to in clause ‎6.8.1).
     3. Any overpayment of insurance monies shall be a debt due from the Leaseholder to the Landlord and shall be payable on demand.
  2. Expert determination
     1. 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 ‎6.9 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.
     2. 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:
        1. the president from time to time of the Royal Institution of Chartered Surveyors; or
        2. 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 them to make appointments on their behalf.

* + 1. The person so appointed is to:
       1. act as an expert, and not as an arbitrator; and
       2. must afford the parties the opportunity within such a reasonable time limit as the person 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.
    2. 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.
    3. The fees and expenses of the expert, including the cost of their 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.
    4. 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.
    5. 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 their stead under clause ‎6.9.2.
    6. The determination of the independent expert, except in case of manifest error, is to be binding on the Landlord and the Leaseholder.
  1. **End of** Liability **in respect of** **Landlord's obligations** **on assignment**

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.

1. Service charge provisions
   1. Obligation to pay

The Leaseholder covenants with the Landlord to pay the Service Charge during the Term by equal payments in advance at the same time and in the same manner in which the Specified Rent is payable under this Lease, or following Final Staircasing, by any other method that the Landlord from time to time reasonably requires by giving notice to the Leaseholder.

* 1. When calculated

The Service Provision in respect of any Account Year shall be calculated before the beginning of the Account Year and shall be calculated in accordance with clause ‎7.3.

* 1. How calculated

The Service Provision shall consist of a sum comprising the expenditure estimated by the Authorised Person as likely to be incurred in the Account Year by the Landlord for the matters specified in clause ‎7.4 together with:

* + 1. an appropriate amount as a reserve for or towards the matters specified in clause ‎7.4 as are likely to give rise to expenditure after such Account Year being matters which are likely to arise either only once during the then unexpired term of this Lease or at intervals of more than one year (including (without limitation) such matters as the decoration of the exterior of the Building) (the said amount to be calculated in a manner which will ensure as far as is reasonably possible that the Service Provision shall not fluctuate unduly from year to year); but
    2. reduced by any unexpended reserve already made pursuant to clause ‎7.3.1.
  1. Service Provision

The relevant expenditure to be included in the Service Provision shall comprise all expenditure reasonably incurred by the Landlord in connection with the repair, management, maintenance and provision of services for the Building and shall include (without prejudice to the generality of the foregoing):

* + 1. the costs of and incidental to the performance of the Landlord's covenants contained in clause ‎5.2 and clause ‎5.3 and clause ‎5.4;
    2. the costs of and incidental to compliance by the Landlord with every notice, regulation or order of any competent local or other authority in respect of the Building (which shall include compliance with all relevant statutory requirements);
    3. all reasonable fees, charges and expenses payable to the Authorised Person, any solicitor, accountant, surveyor, valuer, architect or other person whom the Landlord may from time to time reasonably employ in connection with the management or maintenance of the Building including the computation and collection of rent (but not including fees, charges or expenses in connection with the effecting of any letting or sale of any premises) including the cost of preparation of the account of the Service Charge and if any such work shall be undertaken by an employee of the Landlord then a reasonable allowance for the Landlord for such work;
    4. any Outgoings assessed, charged, imposed or payable on or in respect of the whole of the Building or in the whole or any part of the Common Parts; and
    5. any administrative charges incurred by or on behalf of the Landlord including but not limited to:
       1. the grant of approvals under this Lease or applications for such approvals;
       2. the provision of information or documents by or on behalf of the Landlord;
       3. costs arising from non-payment of a sum due to the Landlord; and/or
       4. costs arising in connection with a breach (or alleged breach) of this Lease.
  1. Adjustment to actual expenditure

As soon as practicable after the end of each Account Year the Landlord shall determine and certify the amount by which the estimate referred to in clause ‎7.3 shall have exceeded or fallen short of the actual expenditure in the Account Year and shall supply the Leaseholder with a copy of the certificate and the Leaseholder shall be allowed or (as the case may be) shall pay immediately following receipt of the certificate the Specified Proportion of the excess or the deficiency.

* 1. Landlord to contribute to reserve in respect of unlet parts

The Landlord will for the period that any flats in the Building are not let on terms making the tenant liable to pay a service charge corresponding to the Service Charge payable under this Lease and provide in respect of all such flats a sum equal to the total that would be payable by the tenants of such flats by way of contribution to the reserve referred to in clause ‎7.3.1 and the said reserve shall be calculated accordingly.

* 1. Declaration **in relation to the Landlord and Tenant Act 1985**

The parties agree that the provisions of sections 18 to 30B of the Landlord and Tenant Act 1985 and of Part V of the Landlord and Tenant Act 1987 all of which regulate service charges shall apply to the provisions of this Lease.

1. Lender protection
   1. If a Mortgagee enforces its security in respect of the Loan then (subject to the other provisions of this clause ‎8) 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.
   2. The deduction under clause ‎8.1 is conditional upon the Mortgagee agreeing simultaneously with the deduction under clause ‎8.1 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.
   3. A claim may only be made to the extent:
      1. the Mortgagee has made a Loss; and
      2. the Mortgagee has obtained the Landlord's consent to the terms of each and every Loan; and
      3. 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 ‎8.3.3 the onus of proof is on the Landlord to show the sale was at an undervalue; and
      4. the Leaseholder has not, prior to any default occurring under the Loan, accomplished Final Staircasing.
   4. When applying for the Landlord's consent under clause ‎8.3.2 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).
   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.
   6. The Leaseholder hereby authorises:
      1. 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
      2. 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).
2. SDLT Certificate

*[PURCHASER'S CONVEYANCER TO MARK WHETHER OPTIONS* ***A*** *OR* ***B*** *APPLIES]*

**Option A (purchaser to pay SDLT on 100% value of property):**

For the purposes of paragraph 4 of Schedule 9 of the Finance Act 2003 the Landlord and the Leaseholder confirm 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 minimum rent payable is the Minimum Rent and that the Leaseholder intends Stamp Duty Land Tax to be charged in accordance with the said paragraph 4 of Schedule 9 by reference to the Initial Market Value and the Minimum Rent.

**Option B (Purchaser To Only Pay SDLT On % Share Being Purchased)**

The Landlord and the Leaseholder hereby confirm that the Initial Percentage is less than 80% as specified in paragraph 4A(2)(b) of Schedule 9 of the Finance Act 2003 and that the Leaseholder hereby confirms that they intend Stamp Duty Land Tax to be charged in accordance with paragraph 4A of Schedule 9 of the Finance Act 2003.

1. 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 two days after being posted postage prepaid and by first class recorded delivery in an envelope addressed to them at such address.

1. 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.

1. Value Added Tax

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

1. **[Charity** Clause]

[Charity clause if applicable.]

This lease has been executed on the date stated at the beginning of it.



The Premises

1. [Here set out the description of the Premises]
2. The Premises include:
   1. [the inside [and outside] of the windows and other lights and the frames, glass, equipment and fitments relating to windows and lights of the Premises];
   2. the doors, door frames, equipment, fitments and any glass relating to the doors of the Premises [including/excluding the external door(s)];
   3. the internal plaster or other surfaces of load bearing walls and columns within the Premises and of walls which form boundaries of the Premises;
   4. non load bearing walls completely within the Premises;
   5. the flooring, raised floors and floor screeds down to the joists or other structural parts supporting the flooring of the Premises;
   6. the plaster or other surfaces of the ceilings and false ceilings within the Premises and the voids between the ceilings and false ceilings;
   7. the Service Media within and exclusively serving the Premises; and
   8. appurtenances, fixtures, fittings and rights granted by this Lease,

and improvements and additions made to, and fixtures, fittings and appurtenances in, the Premises.

1. The Premises do not include:
   1. the load bearing framework of the Building;
   2. the external fabric of the Building [(excluding any windows and doors included in paragraph 2 above)]
   3. all other structural parts of the Building including the roof, foundations, joists and external walls of the Building; and
   4. Service Media and machinery and plant within (but not exclusively serving) the Premises.

Mutual Obligations

1. Not to use the Premises nor permit the Premises to be used for:
   1. any purpose other than the Permitted Use; or
   2. any purpose from which a nuisance can arise to the owners, lessees or occupiers of the other premises in the Building or of the premises in the neighbourhood.
2. Not to do or permit to be done by the Leaseholder or any member of the Leaseholder's household or any visitor, employee, servant or licensee of the Leaseholder any act or thing which may:
   1. render void or voidable any policy of insurance on the Building or may cause an increased premium to be payable;
   2. cause or permit to be caused nuisance, annoyance or disturbance to the owners lessees or occupiers of premises in the neighbourhood or visitors to the neighbourhood;
   3. result in any form of harassment or intimidation of any other person, including the Landlord's staff, contractors and agents; or
   4. result in the use of the Premises for any unlawful or immoral purpose.
3. Not to do or permit to be done anything which may cause obstruction in or interference with any of the Service Media in the Building.

Easements, Rights and Privileges

1. The right for the Leaseholder and all persons authorised by the Leaseholder (in common with all other persons entitled to the like right) at all times to use the Common Parts for all purposes incidental to the occupation and enjoyment of the Premises (but not further or otherwise).
2. The right to subjacent and lateral support and to shelter and protection from the other parts of the Building.
3. The free and uninterrupted passage and running of water, steam, soil, air, gas, electricity and telephone communications from and to the Premises through the Service Media which now are or may at any time during the Term be in, under or passing through the Building or any part of it.
4. The right for the Leaseholder with workmen and others at all reasonable times on notice (except in the case of emergency) to enter upon other parts of the Building:
   1. for the purpose of repairing, cleansing, maintaining or renewing any Service Media; or
   2. for the purpose of repairing, maintaining, renewing or rebuilding the Premises or any part of the Building giving subjacent or lateral support shelter or protection to the Premises,

causing as little disturbance as possible and making good any damage caused.



Exceptions and Reservations

There are excepted and reserved out of this Lease to the Landlord and the lessees of the other premises comprised in the Building:

1. easements rights and privileges over along and through the Premises equivalent to those set forth in ‎Schedule 3 paragraph ‎2, paragraph ‎3 and paragraph ‎4.
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.

Rent Review

1. Definitions

In this ‎Schedule 5:

**A** means the monthly figure shown in the Index published for the Relevant Month in the year to the immediately preceding Relevant Review Date or (if none) in the year to the Commencement Date;

**B** means the monthly figure shown in the Index published for the Relevant Month in the year to the Relevant Review Date;

**Index** means the all items retail prices index published by the Office for National Statistics;

**Relevant Month** means [insert month][[1]](#footnote-1).

1. 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 5).

1. Upwards only rent review
   1. The reviewed Gross Rent is to be the greater of:
      1. the sum of the Gross Rent under this Lease immediately preceding the Relevant Review Date x 1.005; and
      2. the sum of the Gross Rent under this Lease immediately preceding the Relevant Review Date x ((B/A) + 0.005).
   2. 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.
   3. If the Index ceases to be published then there shall be substituted in the calculation in paragraph ‎3.1.2 such other index as the Landlord shall (acting reasonably) determine as being a generally respected measure of the general increase in retail prices.
   4. 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 ‎3.1.2 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 ‎3.1.2 or with respect to the construction or effect of this provision, then such dispute or question shall (if it is not resolved within three months of the Relevant Review Date) be referred to an independent expert pursuant to clause ‎6.9.
2. 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 5.

1. 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.

1. Rental Adjustments
   1. If the reviewed Specified Rent payable from a Review Date is not agreed or determined in accordance with the provisions of this ‎Schedule 5 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.
   2. 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 Bank Rate of the Bank of England on each of the instalments of the arrears from the time that it would have become due if the reviewed rent had then been agreed or determined until payment becomes due from the Leaseholder to the Landlord under this paragraph ‎6.2].
2. **Notice of Review**

Prior to 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.



Staircasing Provisions

* 1. At any time or times during the Term the Leaseholder may serve notice in writing on the Landlord stating the Portioned Percentage they propose to acquire. The provisions of this ‎Schedule 6 shall also be exercisable by any mortgagee of the Leaseholder of whom the Landlord has received proper notice pursuant to clause ‎3.20.
  2. 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 ‎1.1 (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 seven days of receipt of the said determination.
  3. At any time within three months of the Valuer's determination the Leaseholder may pay for a Portioned Percentage in accordance with the provisions of paragraph ‎1.4.
  4. 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 6) plus any unpaid sums under paragraph ‎1.5 and as from the date of such payment (a) the Portioned Percentage so acquired shall form part of the Acquired Percentage and (b) the Specified Rent payable under this Lease shall be a sum equal to the Unacquired Percentage of the Gross Rent.
  5. 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.
  6. 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.
  7. If the provisions of this ‎Schedule 6 are exercised by any mortgagee under paragraph ‎1.1 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:
     1. 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;
     2. the relevant Portioned Percentage shall be calculated on the basis of that deemed Market Value; and
     3. 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 ‎1.4, (B) delivery by the Landlord to the mortgagee of the memorandum under paragraph ‎1.6, and (C) completion of the sale of the Premises by the mortgagee.
  8. Where the Leaseholder serves a notice under paragraph ‎1.1 the Landlord must not act in a way that would unreasonably delay the acquisition by the Leaseholder of the Portioned Percentage they propose to acquire.

1. Upon payment of the sum referred to in paragraph ‎1.4 in circumstances where the Acquired Percentage has become 100%:
   1. the definition of **Acquired Percentage** shall be amended to mean a 100% percentage interest in the Premises;
   2. the Specified Rent shall be reduced to the Minimum Rent; and
   3. the following provisions of this Lease shall no longer have effect:
      1. definition of **Default**, **Enforcement Date**, **Final Staircasing**, **Loss**, **Mortgagee Protection Claim**, **Payment Sum**, **Portioned Percentage**, **Pre-emption Period**, **Unacquired Percentage**, **Valuer** and **Valuer's Certificate**;
      2. clause ‎3.18.2;
      3. clause ‎3.18.3;
      4. clause ‎3.19;
      5. [clause ‎6.8][[2]](#footnote-2)
      6. clause ‎8;
      7. ‎Schedule 5;
      8. this ‎Schedule 6 (except this paragraph ‎2);
      9. ‎Schedule 7; and
      10. ‎Schedule 8.
2. The costs of any determination by the Valuer pursuant to the provisions of this ‎Schedule 6 shall be paid by the Leaseholder to the Landlord on demand.
3. The parties agree that the decision of the Valuer shall be final and binding on the parties to this Lease.

Assignment By Leaseholder to Nominated Purchasers

1. If the Landlord serves notice on the Leaseholder pursuant to clause ‎3.19.2(a) 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.
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 the 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 ‎3.19.2(a) 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 ‎3.19.2 and clause ‎3.19.3 shall be repeated.

Surrender by Leaseholder (Pre-emption)

1. If the Landlord serves notice on the Leaseholder pursuant to clause ‎3.19.2(b) 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 four 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 rents 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 ‎3.20 of a mortgage or charge of this Lease:
   1. 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;
   2. the receipt of the said mortgagee or chargee shall absolutely discharge the Landlord from its obligations under this ‎Schedule 8;
   3. 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 legal 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
   4. if at the time of such surrender under this ‎Schedule 8 (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 Payment Sum plus the Mortgage Protection Claim (calculated on the basis that paragraph A in the definition of **Loss** is the Payment Sum).
4. Save as otherwise provided any costs incurred by either party pursuant to the provisions of this ‎Schedule 8 shall be borne by that party.

|  |  |  |
| --- | --- | --- |
| Executed as a deed by  **[COMPANY NAME]**  acting by [**name of director**], a director and  [**name of director/secretary**], [director/company secretary] | ) ) ) ) ) | …………………………………… Director |
|  |  | ……………………………………  Director/Secretary |

|  |  |  |
| --- | --- | --- |
| Signed as a deed by  [**NAME**] | )  ) | ………………………………………  *Signature of party* |
| in the presence of:  witness signature: …………………………… |  |  |
| name:  address:  occupation: |  |  |

|  |  |  |
| --- | --- | --- |
| Signed as a deed by  [**NAME**] | )  ) | ………………………………………  *Signature of party* |
| in the presence of:  witness signature: …………………………… |  |  |
| name:  address:  occupation: |  |  |



Memorandum of Staircasing

**(Number [                   ])**

Premises :

Date of Lease :

Leaseholder :

Landlord :

**This is to record the following:**

On the day of 2[ ] on the payment of £[                  ] (the **Premium**) being [   ]% of the Market Value of the Premises as assessed by the Valuer on the 2[ ] 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

……………………………

Signed for and on behalf of the Landlord

………………………………



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:

1. RPI Index for [                    ] [20 ] was [                 ] (this was the Index on which the rent review in [             ] [20 ] was based);
2. The Gross Rent fixed at the rent review in [                     ] [20 ] was [                  ] per month;
3. RPI Index for [                  ] [20 ] is [                  ] (this is the Index on which the rent review in [                 ] [20 ] is being based);
4. The reviewed Gross Rent as at [                   ] [20 ] is therefore [                 ] per month being: £[           ] x (() + 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 2021 in the following circumstances:

1. The Lease had Rent Review Dates on 1st April 2020 and 1st April 2021;
2. As at April 2021 the Leaseholder's share in the Premises was 45%;
3. The Gross Rent from 1st April 2020 had been increased to £200 per month (based on the RPI in September 2019), and so the actual rent payable prior to the current review would have been £110 per month (being 55% of £200);
4. The RPI was 291.0 in September 2019, and 294.3 in September 2020.

**Worked Example Notice**

*The next* *Rent Review Date under your shared ownership* *lease of the Premises is [1st April 2021]. The rent which you currently pay is [£110.00] per month.*

*The rent which you must pay on and after [1st April 2021] is [£111.80] per month.*

*The new figure of [£111.80] per month is calculated as follows:*

1. *RPI Index for [September 2019] was [291.0] (this was the Index on which the rent review in [April 2020] was based);*
2. *The* *Gross Rent fixed at the rent review in April 2020 was [£200.00] per month;*
3. *RPI Index for [September 2020] is [294.3] (this is the Index on which this rent review in [April 2021] is being based);*
4. *The reviewed* *Gross Rent as at [1st April 2021] is therefore [£202.27] per month being: £200 x ((294.3/291.0) + 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 [£203.27], which is the sum of [£111.80] per month.*

1. *Drafting Note (this footnote is for the guidance of the drafter and should be deleted from the completed lease): RPI is normally published two months after the month to which it relates so ensure that the month chosen as the relevant Month is at least two clear months before the Review Date*. [↑](#footnote-ref-1)
2. *Drafting Note (this footnote is for the guidance of the drafter and should be deleted from the completed lease):* Clause 6.8 (frustration clause) is not a fundamental clause. Landlords can decide whether the clause should continue after Final Staircasing hence the inclusion of clause 6.8 in square brackets. The standard form of lease provides that clause 6.8 will no longer have any effect after Final Staircasing. [↑](#footnote-ref-2)