



**FIRST-TIER TRIBUNAL  
PROPERTY CHAMBER (RESIDENTIAL  
PROPERTY)**

**Case Reference** : **LON/00AL/LVT/0006**

**Properties** : **Various Blocks at Greenwich Creekside,  
London SE8:  
Atrium Heights, SE8 3FB  
The Vertex Tower, SE8 3FE  
Cavatina Point, SE8 3FG  
Adagio Point, SE8 3FG**

**Applicants** : **(1) Creekside Village West Ltd  
(2) Lawrence McCann (9 Artium Heights)  
(3) Roderick Manzie (77 Vertex Tower)  
(4) Surinder Hundal (45 Cavatina Point)  
(5) Emma Humphries (90 Adagio Point)**

**Representative** : **Naylor LLP**

**Respondents** : **(1) Adriatic Land 5 Ltd  
(2) Various leaseholders of Greenwich  
Creekside – as set out in the schedule  
annexed to the application**

**Type of  
Application** : **Variation of lease**

**Tribunal** : **Judge Nicol  
Mr J Naylor**

**Date and venue  
of hearing** : **4<sup>th</sup> November 2024;  
10 Alfred Place, London WC1E 7LR**

**Date of Decision** : **4<sup>th</sup> November 2024**

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**DECISION**

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**The Tribunal orders that:**

- (1) The leases which are subject to this application shall be varied with effect from 1<sup>st</sup> December 2024 as set out in **Appendix B** to this decision.
- (2) The Applicants do file a copy of this Order at HM Land Registry to note the changes in Appendix B.
- (3) Further, the Applicants shall, by **30<sup>th</sup> November 2024**, provide each lessee with copies of this order and their lease as amended.

Relevant legislation is set out in **Appendix A** to this decision.

### **The Tribunal's reasons**

1. The Applicants have applied to vary the 242 leases of the privately-owned flats at Greenwich Creekside, London SE8 under section 37 of the Landlord and Tenant Act 1987 (“the Act”). The Respondent leaseholders are currently charged for space heating and hot water at a fixed percentage of the consumption within their building based on the square footage of each flat. The First Applicant proposes to amend the leases to permit the installation of heat meters so that each leaseholder pays for the costs of the energy that they actually consume. This would permit each leaseholder to control their own costs.
2. The application was heard at a face-to-face hearing on 4<sup>th</sup> November 2024 attended by:
  - Mr David Sawtell, counsel for the Applicants; and
  - One of the Applicants, Mr Roderick Manzie.
3. No Respondents attended. This is not surprising. The freeholder, the First Respondent, has been properly informed of the proceedings in accordance with the Tribunal’s directions but has chosen not to participate, having indicated on the Tribunal’s reply form that they do not oppose the application. As explained further below, only a small number of lessees have ever indicated any opposition at any time and none within the Tribunal proceedings. In accordance with rule 34 of the Tribunal Procedure (First-tier Tribunal) (Property Chamber) Rules 2013, the Tribunal is satisfied that the Respondents have been properly notified of the hearing and that it is in the interests of justice to proceed in their absence.
4. The documents before the Tribunal consisted of a bundle, prepared by the Applicants, of 339 pages and a skeleton argument from Mr Sawtell.
5. On 21<sup>st</sup> August 2023, the First Applicant, the lessee-owned management company, wrote to the Respondents as follows:

There are 371 flats within the Estate, of which 242 are privately owned (“the Private Flats”), with the remaining 129 owned by London & Quadrant (“the L&Q Flats”), held as a mix of social housing and shared ownership subleases.

The L&Q Flats have existing heat meters which record heat consumption from the communal heating system for space and water heating within these properties. These meters are read periodically by a meter reading machine which must be transported to the front door of each L&Q apartment by an authorised member of staff, monthly. The meters are now 15 years old and failures of the meters are being experienced.

The Private Flats are not served by any heat meters and instead are charged for space heating and hot water at a fixed percentage of the total consumption within their building based on the square footage of their properties. The Private Flat charges include the costs of the L&Q Flats too, on the proviso that L&Q provide credit refunds once usage by L&Q Flats has been calculated from their meters. Essentially, this means that the Private Flats are over-charged to cover L&Q Tenants heating costs and L&Q repays them at a later date which will exceed one year depending on the time taken to complete the development's annual accounts.

The leaseholder directors of the resident management company are concerned that:

- Apportionment of costs by apartment size does not encourage economic use of the heating system since economies made by individuals offer no discernible financial gain.
- Tenants in Private flats let out by their owners have no incentive to control costs, as their apartments are let with heating costs included in the rent.
- In the current economic climate with very high gas costs, uneconomic use of heating by some leaseholders and tenants places an unreasonable and uncontrollable financial burden on others.
- It is unreasonable for Private Flat leaseholders to fund the heating costs of L&Q flats on an ongoing basis until credits arrive.
- L&Q and Shared Owners will experience very high costs to replace their meters individually when they fail if they do not participate in a wide rollout of modern meters to over 200 apartments which has substantial economies of scale.

The Management company is therefore proposing:

- To install heat meters within the Private Flats to allow each leaseholder to control their own heating costs.

However, the leases of the Private Flats do not presently permit the Management Company to perform the proposed installation in item 1, to recover the costs for the installation, to charge to maintain the core meter system or to charge Private Flats based on meter readings rather than floor space.

The Management company is therefore also proposing:

- To vary the Private Flat leases to enable the Management Company to perform the proposed installation of a heat meter in each private apartment.
- To vary the Private Flat leases to enable the Management Company to recover the costs of the installation of heat meters via the Service Charge at an equal cost to each apartment (i.e., not charged by floor space); and
- To vary the Private Flat leases to enable the Management Company to charge for heating based on the installed meter readings rather than by floor space.
- *To vary the Private Flat leases to enable the Management Company to charge for heating based on the installed meter readings rather than by floor space (or a reasonable estimate in the event the readings are not accurate) together with any ancillary fees relating to the same to be charged on an equal per flat basis (to include fees such as any ongoing management and maintenance or repairs of the core systems).*

The variations to the leases can only be achieved through an application to a court - the First Tier Property Tribunal ("The FTPT"). A request to vary is permitted under the relevant provisions of the Landlord and Tenant Act 1987 however to be successful, at least 75% of the Private Flat leaseholders within the Estate must participate and consent to the variation. Furthermore, no more than 10% of them can oppose it.

Alongside the application, we intend in due course to liaise with L&Q and their tenants to replace the ageing existing heat meters in the L&Q Flats with the same modern meters, to ensure that all Flats can be charged for heating based on a uniform and regulated basis, underpinned by the actual usage of each property.

The leaseholder Directors are of the opinion that the costs to Private Flat leaseholders of installing the meters will very quickly be recovered by eliminating the space-based heating charges, and leaseholders will be in control of their own costs.

6. The letter went on to invite the lessees to complete an attached form indicating whether they supported or opposed the proposal. The result was:
  - 183 lessees, 75.3% of the total, supported the proposal,
  - 5 lessees, 2.1%, opposed it, and
  - 54, 22.6%, did not respond.
7. Section 37 of the Act gives the Tribunal the power to order all the leases to be amended, despite the opposition or silence of the minority, if less

than 10% oppose that while at least 75% are in favour. Accordingly, the First Applicant applied to the Tribunal for such an order.

8. The Tribunal issued directions on 29<sup>th</sup> July 2024. Some of the lessees were added as Applicants in order to address any potential concerns about the First Applicant's standing under section 37(4). A Reply Form was attached by which any of the Respondents could indicate their agreement or opposition to the application. Nine such Forms were returned, including from the First Respondent, all indicating agreement.
9. The Tribunal is satisfied that the proposed amendments to the leases have a sound rationale, are well-supported and are not meaningfully opposed so that it is appropriate to order the amendments sought.

**Name:** Judge Nicol

**Date:** 4<sup>th</sup> November 2024

## **Appendix A: relevant legislation**

### **Landlord and Tenant Act 1987**

#### **S37 Application by majority of parties for variation of leases.**

- (1) Subject to the following provisions of this section, an application may be made to the appropriate tribunal in respect of two or more leases for an order varying each of those leases in such manner as is specified in the application.
- (2) Those leases must be long leases of flats under which the landlord is the same person, but they need not be leases of flats which are in the same building, nor leases which are drafted in identical terms.
- (3) The grounds on which an application may be made under this section are that the object to be achieved by the variation cannot be satisfactorily achieved unless all the leases are varied to the same effect.
- (4) An application under this section in respect of any leases may be made by the landlord or any of the tenants under the leases.
- (5) Any such application shall only be made if—
  - (a) in a case where the application is in respect of less than nine leases, all, or all but one, of the parties concerned consent to it; or
  - (b) in a case where the application is in respect of more than eight leases, it is not opposed for any reason by more than 10 per cent of the total number of the parties concerned and at least 75 per cent of that number consent to it.
- (6) For the purposes of subsection (5)—
  - (a) in the case of each lease in respect of which the application is made, the tenant under the lease shall constitute one of the parties concerned (so that in determining the total number of the parties concerned a person who is the tenant under a number of such leases shall be regarded as constituting a corresponding number of the parties concerned); and
  - (b) the landlord shall also constitute one of the parties concerned.

#### **S38 Orders varying leases**

- (3) If, on an application under section 37, the grounds set out in subsection (3) of that section are established to the satisfaction of the tribunal with respect to the leases specified in the application, the tribunal may (subject to subsections (6) and (7)) make an order varying each of those leases in such manner as is specified in the order.
- (5) If the grounds referred to in subsection (2) or (3) (as the case may be) are established to the satisfaction of the tribunal with respect to some but not all of the leases specified in the application, the power to make an order under that subsection shall extend to those leases only.
- (6) A tribunal shall not make an order under this section effecting any variation of a lease if it appears to the tribunal —
  - (a) that the variation would be likely substantially to prejudice—
    - (i) any respondent to the application, or
    - (ii) any person who is not a party to the application,

and that an award under subsection (10) would not afford him adequate compensation, or

- (b) that for any other reason it would not be reasonable in the circumstances for the variation to be effected.
- (8) A tribunal may, instead of making an order varying a lease in such manner as is specified in the order, make an order directing the parties to the lease to vary it in such manner as is so specified; and accordingly any reference in this Part (however expressed) to an order which effects any variation of a lease or to any variation effected by an order shall include a reference to an order which directs the parties to a lease to effect a variation of it or (as the case may be) a reference to any variation effected in pursuance of such an order.
- (9) A tribunal may by order direct that a memorandum of any variation of a lease effected by an order under this section shall be endorsed on such documents as are specified in the order.
- (10) Where a tribunal makes an order under this section varying a lease the tribunal may, if it thinks fit, make an order providing for any party to the lease to pay, to any other party to the lease or to any other person, compensation in respect of any loss or disadvantage that the tribunal considers he is likely to suffer as a result of the variation.

## **APPENDIX B:**

### **Box 5C (draft of variation sought)**

We propose the wording referred to above is amended as follows:

#### **CREEKSIDE VILLAGE LEASE CLAUSES (Adagio)**

##### **Insert the following provisions into the leases:**

- In the Definitions provisions at page 1, under “Annual Contributions”, insert the new line, “(f) Heat Meter Operating Cost”

- Insert new definition in Clause (1) for “Heat Meter”:

“Heat Meter” means the heat meter serving the Property between the communal heating network and the internal space and water heating systems within the Property”

- Insert new definition in Clause (1) for “Heat Meter Installation Cost”:

“Heat Meter Installation Cost” means the total cost of installing the Heat Meter in each of the residential flats in the Private Residential Block

(including the costs of any ancillary equipment or core system) divided equally between the number of residential flats in the Private Residential Block”

- Insert new definition in Clause (1) for “Heat Meter Operating Cost”:

“Heat Meter Operating Cost” means the total cost of the Management Company’s expenditure under Clause 4A divided equally between the number of residential flats in the Private Residential Block”

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- Insert new definition in Clause (1) for “Supply Agreement”:

“Supply Agreement” means the Supply Agreement relating to the supply of space and water heating which has been executed by the Tenant and which may be reasonably varied by the Management Company”

- Insert at end of Clause 3(1)(ii): “and Clause 4A”

- Insert new Clause 3(1)(iii): “to the Management Company the Heat Meter Installation Cost as specified in Clause 1”

- Insert new Clause 3(8)(e): “to install maintain repair renew and replace or upgrade if appropriate the Heat Meter and any associated or ancillary equipment”

- Insert new Clause 3(17): “to pay to the Management Company the cost of space and water heating in respect of the Property assessed on the following basis:

(i) To enter into a Supply Agreement with the Management Company in respect of the supply of the metered usage of and the payment for space and water heating supplied to the Property.

(ii) To pay all charges to the Management Company in accordance with the Supply Agreement pursuant to the metered usage of the Property or a



reasonable estimate in the Management Company's discretion in the event that such meter readings are inaccurate or unavailable.

(iii) The Tenant or the Tenant's family, servants or licensees or by any other person under the control of the Tenant shall not interfere in any way with,

carry out alterations to, damage (or cause damage to through neglect or misuse) the Heat Meter or associated equipment.

(iv) In respect of any damage or disrepair to the Heat Meter or associated equipment caused or contributed to by any act, neglect or default of the Tenant

or the Tenant's family, servants or licensees or by any other person under the control of the Tenant, the Tenant 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.

(v) The Management Company is relieved from liability in respect of the provision of space and water heating to the Property where such provision is

obstructed prevented by the Tenant's refusal to provide access to the Property."

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- Insert in existing Clause 4(7)(a), fourth line, after 'Clause 4': "and Clause 4A"

- Insert in existing Clause 4(7)(a), penultimate line, after 'Clause 4': "and Clause 4A"

- Insert at end of existing Clause 4(7)(c), after 'Clause 4': "and Clause 4A"

- Insert new Clause 4(7)(d): "(d) The existing reserve (accumulated to the date of the initial installation of the Heat Meter system and subsequently)

can be used by the Management Company towards the expenditure incurred by the Management Company in performing its obligations under

Clause 4A."

- Insert new Clause 4A after Clause 4:

**4A THE** Management Company **COVENANTS** with the Tenant and the Landlord to carry out the following obligations at all times during the

Term in respect of the following in respect of the Heat Meter and the Heat Meter communal and core system and any associated or ancillary

equipment:

(i) Carry out the initial installation of the Meter and any associated or ancillary equipment in each residential flat as well as the communal and core

system and associated or ancillary equipment in the Private Residential Block (including the decommissioning or adaptation of any existing system)

(ii) Maintain repair and replace or upgrade if appropriate the Heat Meter communal and core system and any associated or ancillary equipment

(iii) Maintain repair and replace or upgrade if appropriate the Heat Meter and any associated or ancillary equipment in each residential flat in the

Private Residential Block

(iv) Provide and incur the costs of such services staffing maintenance upkeep and ancillary costs as it shall in its discretion consider appropriate for

the good management of the Heat Meter system and any associated or ancillary equipment"

- In Schedule 1, insert new paragraph at end, “but excluding the Heat Meter and associated pipes wires cables and conduits serving the Heat Meter”

**The following provisions shall be deleted from the leases:**

In the Definitions provisions at page 1, under “Annual Contributions”, the line “(f) x% in respect of the Fuel Costs” where x is a number

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**CREEKSIDE VILLAGE LEASE CLAUSES (Vertex)**

**Insert the following provisions into the leases:**

- In the Definitions provisions at page 1, under “Annual Contributions”, insert the new line, “(f) Heat Meter Operating Cost”

- Insert new definition in Clause (1) for “Heat Meter”:

“Heat Meter” means the heat meter serving the Property between the communal heating network and the internal space and water heating systems within the Property”

- Insert new definition in Clause (1) for “Heat Meter Installation Cost”:

“Heat Meter Installation Cost” means the total cost of installing the Heat Meter in each of the residential flats in the Private Residential Block

(including the costs of any ancillary equipment or core system) divided equally between the number of residential flats in the Private Residential

Block”

- Insert new definition in Clause (1) for “Heat Meter Operating Cost”:

“Heat Meter Operating Cost” means the total cost of the Management Company’s expenditure under Clause 4A divided equally between the

number of residential flats in the Private Residential Block”

- Insert new definition in Clause (1) for “Supply Agreement”:

“Supply Agreement” means the Supply Agreement relating to the supply of space and water heating which has been executed by the Tenant and

which may be reasonably varied by the Management Company”

- Insert at end of Clause 3(1)(ii): “and Clause 4A”

- Insert new Clause 3(1)(iii): “to the Management Company the Heat Meter Installation Cost as specified in Clause 1”

- Insert new Clause 3(8)(e): “to install maintain repair renew and replace or upgrade if appropriate the Heat Meter and any associated or ancillary

equipment”

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- Insert new Clause 3(17): “to pay to the Management Company the cost of space and water heating in respect of the Property assessed on the

following basis:

- (i) To enter into a Supply Agreement with the Management Company in respect of the supply of the metered usage of and the payment for space and

water heating supplied to the Property.

(ii) To pay all charges to the Management Company in accordance with the Supply Agreement pursuant to the metered usage of the Property or a reasonable estimate in the Management Company's discretion in the event that such meter readings are inaccurate or unavailable.

(iii) The Tenant or the Tenant's family, servants or licensees or by any other person under the control of the Tenant shall not interfere in any way with, carry out alterations to, damage (or cause damage to through neglect or misuse) the Heat Meter or associated equipment.

(iv) In respect of any damage or disrepair to the Heat Meter or associated equipment caused or contributed to by any act, neglect or default of the Tenant or the Tenant's family, servants or licensees or by any other person under the control of the Tenant, the Tenant 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.

(v) The Management Company is relieved from liability in respect of the provision of space and water heating to the Property where such provision is obstructed prevented by the Tenant's refusal to provide access to the Property."

- Insert in existing Clause 4(6)(a), fourth line, after 'Clause 4': "and Clause 4A"
- Insert in existing Clause 4(6)(a), penultimate line, after 'Clause 4': "and Clause 4A"
- Insert at end of existing Clause 4(6)(c), after 'Clause 4': "and Clause 4A"
- Insert new Clause 4(6)(d):

"(d) The existing reserve (accumulated to the date of the initial installation of the Heat Meter system and subsequently) can be used by the Management Company towards the expenditure incurred by the Management Company in performing its obligations under Clause 4A."

- Insert new Clause 4A after Clause 4:

**4A THE** Management Company **COVENANTS** with the Tenant and the Landlord to carry out the following obligations at all times during the Term in respect of the following in respect of the Heat Meter and the Heat Meter communal and core system and any associated or ancillary equipment:

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(i) Carry out the initial installation of the Meter and any associated or ancillary equipment in each residential flat as well as the communal and core system and associated or ancillary equipment in the Private Residential Block (including the decommissioning or adaptation of any existing system)

(ii) Maintain repair and replace or upgrade if appropriate the Heat Meter communal and core system and any associated or ancillary equipment

(iii) Maintain repair and replace or upgrade if appropriate the Heat Meter and any associated or ancillary equipment in each residential flat in the

Private Residential Block

(iv) Provide and incur the costs of such services staffing maintenance upkeep and ancillary costs as it shall in its discretion consider appropriate for

the good management of the Heat Meter system and any associated or ancillary equipment”

- In Schedule 1, insert new paragraph at end, “but excluding the Heat Meter and associated pipes wires cables and conduits serving the Heat Meter”

**The following provisions shall be deleted from the leases:**

In the Definitions provisions at page 1, under “Annual Contributions”, the line “(f) x% in respect of the Fuel Costs” where x is a number

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**CREEKSIDE VILLAGE LEASE CLAUSES (Atrium)**

**Insert the following provisions into the leases:**

- In the Definitions provisions at page 1, under “Annual Contributions”, insert the new line, “(f) Heat Meter Operating Cost”

- Insert new definition in Clause (1) for “Heat Meter”:

“Heat Meter” means the heat meter serving the Property between the communal heating network and the internal space and water heating

systems within the Property”

- Insert new definition in Clause (1) for “Heat Meter Installation Cost”:

“Heat Meter Installation Cost” means the total cost of installing the Heat Meter in each of the residential flats in the Residential Block (including the

costs of any ancillary equipment or core system) divided equally between the number of residential flats in the Residential Block”

- Insert new definition in Clause (1) for “Heat Meter Operating Cost”:

“Heat Meter Operating Cost” means the total cost of the Management Company’s expenditure under Clause 4A divided equally between the

number of residential flats in the Residential Block”

- Insert new definition in Clause (1) for “Supply Agreement”:

“Supply Agreement” means the Supply Agreement relating to the supply of space and water heating which has been executed by the Tenant and

which may be reasonably varied by the Management Company”

- Insert at end of Clause 3(1)(ii): “and Clause 4A”

- Insert new Clause 3(1)(iii): “to the Management Company the Heat Meter Installation Cost as specified in Clause 1”

- Insert new Clause 3(8)(e) “to install maintain repair renew and replace or upgrade if appropriate the Heat Meter and any associated or ancillary

equipment”

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- Insert new Clause 3(17): “to pay to the Management Company the cost of space and water heating in respect of the Property assessed on the

following basis:

- (i) To enter into a Supply Agreement with the Management Company in respect of the supply of the metered usage of and the payment for space and

water heating supplied to the Property.

(ii) To pay all charges to the Management Company in accordance with the Supply Agreement pursuant to the metered usage of the Property or a reasonable estimate in the Management Company's discretion in the event that such meter readings are inaccurate or unavailable.

(iii) The Tenant or the Tenant's family, servants or licensees or by any other person under the control of the Tenant shall not interfere in any way with, carry out alterations to, damage (or cause damage to through neglect or misuse) the Heat Meter or associated equipment.

(iv) In respect of any damage or disrepair to the Heat Meter or associated equipment caused or contributed to by any act, neglect or default of the Tenant or the Tenant's family, servants or licensees or by any other person under the control of the Tenant, the Tenant 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.

(v) The Management Company is relieved from liability in respect of the provision of space and water heating to the Property where such provision is obstructed prevented by the Tenant's refusal to provide access to the Property.

- Insert in existing Clause 4(5)(a), fourth line, after 'Clause 4': "and Clause 4A"
- Insert in existing Clause 4(5)(a), penultimate line, after 'Clause 4': "and Clause 4A"
- Insert at end of existing Clause 4(5)(c), after 'Clause 4': "and Clause 4A"
- Insert new Clause 4(5)(d):

"(d) The existing reserve (accumulated to the date of the initial installation of the Heat Meter system and subsequently) can be used by the Management Company towards the expenditure incurred by the Management Company in performing its obligations under Clause 4A."

- Insert new Clause 4A after Clause 4:

**4A THE** Management Company **COVENANTS** with the Tenant and the Landlord to carry out the following obligations at all times during the Term in respect of the following in respect of the Heat Meter and the Heat Meter communal and core system and any associated or ancillary equipment:

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(i) Carry out the initial installation of the Meter and any associated or ancillary equipment in each residential flat as well as the communal and core system and associated or ancillary equipment in the Private Residential Block (including the decommissioning or adaptation of any existing system)

(ii) Maintain repair and replace or upgrade if appropriate the Heat Meter communal and core system and any associated or ancillary equipment

(iii) Maintain repair and replace or upgrade if appropriate the Heat Meter and any associated or ancillary equipment in each residential flat in the Residential Block

(iv) Provide and incur the costs of such services staffing maintenance upkeep and ancillary costs as it shall in its discretion consider appropriate for

the good management of the Heat Meter system and any associated or ancillary equipment”

- In Schedule 1, insert new paragraph at end, “but excluding the Heat Meter and associated pipes wires cables and conduits serving the Heat Meter”

**The following provisions shall be deleted from the leases:**

In the Definitions provisions at page 1, under “Annual Contributions”, the line “(f) x% in respect of the Fuel Costs” where x is a number

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**CREEKSIDE VILLAGE LEASE CLAUSES (Cavatina)**

**Insert the following provisions into the leases:**

- In the Definitions provisions at page 1, under “Annual Contributions”, insert the new line, “(f) Heat Meter Operating Cost”

- Insert new definition in Clause (1) for “Heat Meter”:

“Heat Meter” means the heat meter serving the Property between the communal heating network and the internal space and water heating

systems within the Property”

- Insert new definition in Clause (1) for “Heat Meter Installation Cost”:

“Heat Meter Installation Cost” means the total cost of installing the Heat Meter in each of the residential flats in the Residential Block (including the

costs of any ancillary equipment or core system) divided equally between the number of residential flats in the Residential Block”

- Insert new definition in Clause (1) for “Heat Meter Operating Cost”:

“Heat Meter Operating Cost” means the total cost of the Management Company’s expenditure under Clause 4A divided equally between the

number of residential flats in the Residential Block”

- Insert new definition in Clause (1) for “Supply Agreement”:

“Supply Agreement” means the Supply Agreement relating to the supply of space and water heating which has been executed by the Tenant and

which may be reasonably varied by the Management Company”

- Insert at end of Clause 3(1)(ii): “and Clause 4A”

- Insert new Clause 3(1)(iii): “to the Management Company the Heat Meter Installation Cost as specified in Clause 1”

- Insert new Clause 3(8)(e) “to install maintain repair renew and replace or upgrade if appropriate the Heat Meter and any associated or ancillary

equipment”

- Insert new Clause 3(17): “to pay to the Management Company the cost of space and water heating in respect of the Property assessed on the

following basis:

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- (i) To enter into a Supply Agreement with the Management Company in respect of the supply of the metered usage of and the payment for space and

water heating supplied to the Property.

(ii) To pay all charges to the Management Company in accordance with the Supply Agreement pursuant to the metered usage of the Property or a reasonable estimate in the Management Company's discretion in the event that such meter readings are inaccurate or unavailable.

(iii) The Tenant or the Tenant's family, servants or licensees or by any other person under the control of the Tenant shall not interfere in any way with, carry out alterations to, damage (or cause damage to through neglect or misuse) the Heat Meter or associated equipment.

(iv) In respect of any damage or disrepair to the Heat Meter or associated equipment caused or contributed to by any act, neglect or default of the Tenant or the Tenant's family, servants or licensees or by any other person under the control of the Tenant, the Tenant 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.

(v) The Management Company is relieved from liability in respect of the provision of space and water heating to the Property where such provision is obstructed prevented by the Tenant's refusal to provide access to the Property.

- Insert in existing Clause 4(7)(a), fourth line, after 'Clause 4': "and Clause 4A"
- Insert in existing Clause 4(7)(a), penultimate line, after 'Clause 4': "and Clause 4A"
- Insert at end of existing Clause 4(7)(c), after 'Clause 4': "and Clause 4A"
- Insert new Clause 4(7)(d):

"(d) The existing reserve (accumulated to the date of the initial installation of the Heat Meter system and subsequently) can be used by the Management Company towards the expenditure incurred by the Management Company in performing its obligations under Clause 4A."

- Insert new Clause 4A after Clause 4:

**"4A THE Management Company COVENANTS with the Tenant and the Landlord to carry out the following obligations at all times during the**

**Term in respect of the following in respect of the Heat Meter and the Heat Meter communal and core system and any associated or ancillary equipment:**

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(i) Carry out the initial installation of the Meter and any associated or ancillary equipment in each residential flat as well as the communal and core system and associated or ancillary equipment in the Private Residential Block (including the decommissioning or adaptation of any existing system)

(ii) Maintain repair and replace or upgrade if appropriate the Heat Meter communal and core system and any associated or ancillary equipment

(iii) Maintain repair and replace or upgrade if appropriate the Heat Meter and any associated or ancillary equipment in each residential flat in the

Residential Block

(iv) Provide and incur the costs of such services staffing maintenance upkeep and ancillary costs as it shall in its discretion consider appropriate for

the good management of the Heat Meter system and any associated or ancillary equipment”

- In Schedule 1, insert new paragraph at end, “but excluding the Heat Meter and associated pipes wires cables and conduits serving the Heat Meter”

**The following provisions shall be deleted from the leases:**

In the Definitions provisions at page 1, under “Annual Contributions”, the line “(f) x% in respect of the Fuel Costs” where x is a number