

**SCHEDULE 1**

This is Schedule 1 comprising Definitions referred to in the Agreement for the STEPS Project

between

The Board of Inland Revenue (1)

and

The Commissioners of Customs and Excise (2)

and

The Secretary of State for the Environment, Transport and the Regions (3)

and

Mapeley STEPS Contractor Limited (4)

dated

[            ] 2001

## Definitions

### PART A

"Acceptance Notice"	has the meaning given to it in paragraph 19.4 of Section A of Part 1 of Schedule 5 [ <i>Land Matters</i> ];
"Acts"	has the meaning given in clause 22.6 [ <i>Departments' Data: Issues relating to data</i> ];
"Addition Notice"	has the meaning given to it in paragraph 19.1 of Section A of Part 1 of Schedule 5 [ <i>Land Matters</i> ];
"Additional Property"	has the meaning given in paragraph 19 of Section A of Part 1 of Schedule 5 [ <i>Land Matters</i> ];
"Additional Service"	has the meaning given in paragraph 1 of Part 6 of Schedule 11 [ <i>Change Procedures</i> ];
"Adjusted Performance Template Score" or "Adjusted PTS"	means the Adjusted Performance Template Score for each Service in each Contract Month determined in accordance with Part 3 of Schedule 13 [ <i>Performance Measurement System</i> ];
"Adjustment Statement"	means a statement prepared in accordance with Part 3 of Schedule 5 [ <i>Land Matters</i> ] to deal with any apportionment of monies following the Commencement Date;
"Affected Party"	has the meaning given in clause 28 [ <i>Force Majeure and Relief Events</i> ];
"Aggregate Core Allowance"	means the sum of the Annual Core Allowance for the Contract Year during which a Departments' Reduction in Core Space will take effect and all preceding Contract Years less the aggregate of all of the Business Square Metres in respect of which the Aggregate Core Allowance has previously been used in accordance with the provisions of clause 21.10 [ <i>Departments' Reduction in Core Space</i> ];
"Aggregate Flexibility Allowance"	means the sum of the Annual Flexibility Allowance for the Contract Year during which a notice is given under clause 21.1 [ <i>Change Procedures: Vacation of Flexible Facilities without compensation</i> ] and all preceding Contract Years less the aggregate of all of the Business Square Metres in respect of which the Aggregate Flexibility Allowance has previously been used in accordance with the provisions of clause 21.1 [ <i>Vacation of Flexible Facilities without compensation</i> ];

- "Aggregate Further Allowance" means the sum of the Annual Further Allowance for the Contract Year during which a Departments' Reduction in Core Space will take effect and all preceding Contract Years less the aggregate of all of the Business Square Metres in respect of which the Aggregate Further Allowance has previously been used in accordance with the provisions of clause 21.10 [*Departments' Reduction in Core Space*];
- "Agreement" means this agreement made between the Departments, the SSE and the STEPS Contractor and shall include all Schedules, appendices, annexes, plans and drawings attached hereto together with any amendments made in accordance with clause 45.3 [*Entire Agreement and variation of terms*];
- "Agreement to Surrender" means an agreement to surrender a STEPS Lease of a Northern Irish Property in the terms set out in Part 12 of Schedule 5 [*Land Matters*];
- "Alternative Security" means:
- (a) a letter of credit from a bank authorised to do business in the UK by the Bank of England; or
  - (b) a bond from a reputable insurance company carrying out the business of providing surety bonds in the UK; or
  - (c) a cash deposit; or
  - (d) such other security as shall be agreed between the Departments and the STEPS Contractor (failure to agree not being a dispute for the purposes of clause 43 or Schedule 17 [*Dispute Resolution Procedures*]);
- provided in each case the Departments have first ranked priority in respect of such Alternative Security;
- "Annual Core Allowance" means the sum of:
- (a) the number of Business Square Metres in Facilities added in that year as a result of a Departments' Increase in Space which are designated as Core Facilities; and

- (b) for each of the fourth to the eighteenth Contract Years 15,000 Business Square Metres, and for all other Contract Years, zero Business Square Metres;
- "Annual Flexibility Allowance" means for the first Contract Year 2,500 Business Square Metres, for each of the second to the fifth Contract Years 5,000 Business Square Metres and for each of the sixth to the fifteenth Contract Years 15,000 Business Square Metres and zero for each remaining Contract Year;
- "Annual Further Allowance" means zero for the first three Contract Years and for each of the fourth to the eighteenth Contract Years 15,000 Business Square Metres;
- "Annual PM Schedule" means, in respect of each Site and applicable Service Only Occupancy, a schedule setting out the Planned Maintenance Works to be performed during the Contract Year immediately following the date upon which the relevant schedule is due to be prepared and submitted in draft form pursuant to clause 11.5, such schedule to be prepared in accordance with this Agreement;
- "Appraisal" means a technical appraisal and in respect of a proposed Departments' Facilities Change exploring the costs, timing, options for completing and impact of the proposed Departments' Facility Works, such appraisal to be in an appropriate level of detail in the circumstances (having regard to Good Industry Practice, the Departments' Objectives, the scope and complexity of the proposed Facility Works);
- "Assignment" means the form of assignment of a Leasehold Property in the terms of Part 5, Sections A and C of Schedule 5 [*Land Matters*] and an assignation of a Leasehold Property situated in Scotland in the terms of Section B of Part 5 of Schedule 5 [*Land Matters*];
- "Associate" of a person means:
- (a) any other body corporate or partnership which is controlled by the person; and
  - (b) any person, body corporate or partnership which controls the person;
  - (c) and any other body corporate or partnership which is controlled by a

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person, body corporate or partnership which controls the person, and for the purposes of this paragraph control shall be construed in accordance with section 840 of the Income and Corporation Taxes Act 1988;

"Associated Entity"	means: <ul style="list-style-type: none"><li>(a) an Associate of the STEPS Contractor or any of the Sponsors (so long as it retains an interest in the equity share capital of the STEPS Contractor);</li><li>(b) any shareholder, director, officer or employee of the STEPS Contractor or of an Associate of the STEPS Contractor or any director or officer of the Sponsors or of any Associate of those companies or any of those persons' spouses, children, step-children or partners; or</li><li>(c) any body corporate of which any person referred to in (b) above is a shareholder, director, officer or employee (but disregarding for this purpose any shareholding amounting to less than 5% of the issued share capital of any body corporate whose shares are quoted on a recognised exchange);</li></ul>
"Available Business Square Metre"	with regard to a Facility means all Business Square Metres apart from Unavailable Business Square Metres;
"Balancing Payment Credit Note"	means a credit note issued by the STEPS Contractor under clause 18.6 [ <i>Payment: Balancing Payment Procedure</i> ] where the Payment Certificate states an amount is due to the Departments from the STEPS Contractor;
"Balancing Payment Invoice"	means an invoice issued by the STEPS Contractor under clause 18.6 [ <i>Payment: Balancing Payment Procedure</i> ] where the Payment Certificate states an amount is due to the STEPS Contractor from the Departments;
"Balancing Payment Statement"	means the statement described in clause 18.4 [ <i>Payment: Balancing Payment Procedure</i> ];
"Base Value"	has the meaning given to it in Schedule 19 [ <i>Development Gains</i> ];

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"Basic Utilities Amount"	has the meaning given in paragraph 15 of Schedule 38 [ <i>Utilities</i> ];
"Bid Model"	means the data base and operating cash flow computer model relating to the STEPS Contractor including all expenditure, revenues and financing of the Operations, 4 copies of which on CD ROM have each been dated and initialled by the Parties for the purposes of identification, or such replacement for that initial Bid Model as may be agreed by the Parties or determined pursuant to the terms of this Agreement;
"Building Maintenance Services"	means the maintenance services, or any part thereof (as the context requires), to be performed by the STEPS Contractor in accordance with this Agreement;
"Business Continuity Manager"	means the person appointed by the STEPS Contractor to hold that post as envisaged in Schedule 30 [ <i>Business Continuity Requirements</i> ];
"Business Day"	means in relation to Operations at, or the calculation of Available Business Square Metre Days with regard to, Sites:  (a) in Scotland, a day other than a Saturday, Sunday or a local holiday in Scotland;  (b) in Northern Ireland, a day other than a Saturday, Sunday or bank holiday in Northern Ireland,  and in relation to all other matters under this Agreement, a day other than a Saturday, Sunday or bank holiday in England;
"Business Square Metres"	means the number of square metres required by the Departments or any OGD or ISB at a Facility stated in the Facility Output Requirements or, where it is being measured, the number measured in accordance with Definition 3 of the "Code of Measuring Practice" issued by the Royal Institution of Chartered Surveyors and the Incorporated Society of Valuers and Auctioneers Fourth Edition (November 1993), as amended from time to time in accordance with this Agreement;
"Capital Payment Stream"	means the stream of monthly payments as described in paragraph 2.6 of Part 1 of Schedule 11 [ <i>Change Procedures</i> ];

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"Catering"	means the Service relating to catering;
"Catering Service Contract"	means a contract for delivery of Catering;
"Catering Service Provider"	means the Service Provider of Catering under a Catering Service Contract;
"Catering Subsidy Amount"	means the amount agreed by the Departments to be paid to the Catering Service Provider annually under the Catering Services Contracts procured by the STEPS Contractor at the Departments' request;
"CDM Regulations"	means the Construction (Design and Management) Regulations 1994;
"Certificate of Commencement"	means the certificate to be issued by the Departments' Representative pursuant to clause 2.8 [ <i>Conditions Precedent and Commencement Date</i> ] in the form set out in Part 1 of Schedule 18 [ <i>Certificates</i> ];
"Certificate of Title"	means a certificate of title prepared and issued prior to the date of this Agreement by a Local Property Lawyer in respect of a Freehold Property, a Leasehold Property or an Historic Property;
"Certificated Property"	means a Property in respect of which the Local Property Lawyers have provided (for the purposes of this Agreement) a Certificate of Title;
"Challenge Amount"	means the amount which is the difference between:  (a) the amount, as determined in accordance with clause 18.9 [ <i>Payment: Disputed Amounts</i> ] which the Departments should have paid in respect of the amount (or part thereof) specified on a Balancing Payment Statement; and  (b) the amount, if any, which the Departments actually paid in respect of the amount referred to in paragraph (a) above,  together with interest at the Default Interest Rate from the date on which the relevant amount would have been due if the Balancing Payment Invoice on Balancing Payment Credit Note had reflected the amount which should have been included in the Balancing Payment Statement down to the

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	time when the Challenge Amount will be reflected in a payment pursuant to clause 18.6 [ <i>Payment: Balancing Payment Procedure</i> ];
"Challenge Notice"	means a notice delivered by the Departments to the STEPS Contractor pursuant to clause 18.8 [ <i>Payment: Disputed Amounts</i> ];
"Challenge Period"	means the period from the day of submission of a Balancing Payment Statement to and including the 90th day thereafter;
"Change"	means: <ul style="list-style-type: none"><li>(a) a Departments' Reduction in Flexible Space;</li><li>(b) a Departments' Reduction in Core Space;</li><li>(c) a Departments' Increase in Space;</li><li>(d) a Departments' Facilities Change;</li><li>(e) a Service Change; or</li><li>(f) a Contractor's Facilities Change,</li></ul> as the case may be;
"Change in Costs"	means in respect of each Facility or Service Only Occupancy, as the case may be, the increase or decrease in cost to the STEPS Contractor to the extent it arises out of accommodating a Qualifying Change including any cost of a capital nature including any increase or decrease in revenue earned by the STEPS Contractor apart from revenue earned pursuant to this Agreement, and, in the case of costs, for which the STEPS Contractor is not otherwise compensated;
"Change Invoice"	means, in respect of any Contract Month, an invoice submitted by the STEPS Contractor setting out: <ul style="list-style-type: none"><li>(a) any amount payable pursuant to paragraph 3.5 of Part 5 of Schedule 11 [<i>Change Procedures</i>] in respect of Specialist Consultancy Services in respect of a Departments' Facilities Change which became due in the previous Contract Month;</li></ul>

- (b) any payment of Consultancy Fees pursuant to paragraphs 8.3 or 9.1 of Part 5 of Schedule 11 [*Change Procedures*] which became due and payable by the Departments to the STEPS Contractor in the previous Contract Month;
- (c) any interim payment in respect of any Departments' Facilities Change requested by the Departments pursuant to a Change Works Order, if, and to the extent, it is being financed by the Departments, which was certified and became due pursuant to paragraph 12.18 of Part 5 of Schedule 11 [*Change Procedures*] in the previous Contract Month;
- (d) any final payment in respect of any Departments' Facilities Change requested by the Departments pursuant to a Change Works Order, if, and to the extent, it is being financed by the Departments, which was certified and became due pursuant to paragraph 12.18 of Part 5 of Schedule 11 [*Change Procedures*] in the previous Contract Month; and
- (e) any amount payable in the previous Contract Month pursuant to the following paragraphs of Schedule 11 [*Change Procedures*]:
  - paragraph 9 of Part 3b
  - paragraph 4 of Part 4
  - paragraph 9 of Part 5;

"Change of Control"

means any circumstance or event, or series of circumstances or events (whether they are connected or not) being

- (a) any sale or other disposal of any legal or beneficial interest in the share capital or partnership share of any company or other entity in the Corporate Structure (including the control over the exercise of voting rights of the equity share capital or partnership share), or
- (b) any material change the powers of the directors or other equivalent executive officers or the freedom of the directors or such officers to exercise their powers as they consider appropriate which has the

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effect of materially altering the control of the management, business or affairs of any company or other entity in the Corporate Structure;

which occurs at any tier within the Corporate Structure which has the consequence that:

- (i) the Sponsors in aggregate ultimately legally and beneficially own or exercise the control over the exercise of voting rights of the share capital or partnership share in respect of less than 75% of the share capital or partnership share in the STEPS Contractor or STEPS Investment Co; or
- (ii) Soros and/or Fortress in aggregate ultimately legally and beneficially own or exercise the control over the exercise of voting rights of the share capital or partnership share in respect of less than 51% of the share capital or partnership share in the STEPS Contractor or STEPS Investment Co; or
- (iii) there is a change of the freedom or inhibition of directors or other executive officers to exercise their powers at any tier in the Corporate Structure which gives rise to a material adverse change in the ultimate powers of the Sponsors in aggregate or of Soros or Fortress in aggregate in respect of the management, business or affairs of the STEPS Contractor or of STEPS Investment Co (irrespective of whether such ultimate powers, control or management is or are exercised through the rights of the Sponsors, Soros or Fortress respectively, in respect of any other companies or other entities in the Corporate Structure);

"Change Works Order"

means a works order issued by the Departments' Representative pursuant to paragraph 2 or 3.6 of Part 5 of Schedule 11 [*Change Procedures*], requesting the completion of a Departments' Facilities Change in accordance with:

- (a) the Schedule of Rates; or
- (b) the Competitive Tender Procedure;

and containing the particulars set out in paragraph

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	2.1 of Part 5 of Schedule 11 [ <i>Change Procedures</i> ] as appropriate;
"Character"	has the meaning given in Part 4 of Schedule 9 [ <i>Required Outputs</i> ];
"Charged Properties"	means:  [ <i>Text redacted</i> ].
"Childcare"	means the Service relating to childcare;
"Childcare Service Contract"	means a contract for delivery of Childcare;
"Childcare Service Provider"	means the Service Provider of Childcare under a Childcare Service Contract;
"Childcare Subsidy Amount"	means the amount agreed to be paid to the Childcare Service Provider by the Departments under the Childcare Services Contracts procured by the STEPS Contractor at the Departments' request;
"Churn Invoice"	means an invoice recording the labour costs for removals incurred in accordance with paragraph 11.3 of Part 3 of Schedule 9 [ <i>Required Outputs</i> ] of the previous Contract Month;
"Classified Facility"	means any Facility or Service Only Occupancy identified in the Facility Output Requirements as being classified;
"Commencement Date"	means 2 April 2001;
"Commercial Lease"	means a lease, tenancy or licence under which a Third Party Tenant occupies all or part of a Site;
"Competitive Tender Procedure"	means the procedure set out in Schedule 22 [ <i>Competitive Tender Procedure</i> ] by which the STEPS Contractor is to obtain competitive tenders for the provision of the Tendered Services, the Schedule of Rates and Facility Works (to be provided either to the STEPS Contractor or directly to the Departments) or to other competitive tenders in accordance with the terms of this Agreement;
"Competitive Tendering"	means applying the Competitive Tendering Procedures in respect of any Tendered Services or Facility Works (or any application of the Competitive Tender Procedures, as the context requires), and the term "Competitively Tendered" shall be construed accordingly;

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"Completion Statement"	means a statement prepared in accordance with Part 3 of Schedule 5 [ <i>Land Matters</i> ] to deal with any apportionment of monies at the Commencement Date;
"Component"	means the components of the Facility Price and the Service Only Occupancy Price, namely  in respect of the Facility Price: <ul style="list-style-type: none"><li>• Component F1 – Property and other costs,</li><li>• Component F2 – Facilities Management costs,</li><li>• Component F3 – Life Cycle costs, and</li><li>• Component F4 – Debt,</li></ul> and in respect of the Service Only Occupancy Price: <ul style="list-style-type: none"><li>• Component S1 – Facilities management costs, and</li><li>• Component S2 – Life Cycle costs.</li></ul>
"Composite Invoice"	has the meaning given in clause 18.3B;
"Conditions Precedent"	means the conditions referred to in Schedule 2 [ <i>Conditions Precedent</i> ];
"Confidentiality Undertaking"	means a confidentiality undertaking in the form in Part 2 of Schedule 31 [ <i>Departments' Additional Security Requirements</i> ];
"Connected Person"	means the STEPS Contractor, any of the Sponsors (so long as it retains an interest in the equity share capital of the STEPS Contractor) or any Associated Entity of any of them provided that a person shall not be a Connected Person where the STEPS Contractor did not know, could not reasonably have known and had taken all reasonable precautions to ascertain whether such person was an Associated Entity;
"Consent"	means a consent, permit, permission, licence or authorisation or approval, whether required from a Relevant Authority, Third Party Landlord, adjoining owner or occupier, or otherwise;
"Consequential Facilities Works"	means any alteration or adjustment to any part of a Facility or Equipment that is reasonably necessary as a sole and direct consequence of any proposed Departments' Facilities Change to permit the STEPS Contractor to deliver the Overarching Requirements and the Required Accommodation

Standards in respect of the relevant Site once the proposed Departments' Facilities Change has been implemented;

"Consequential Service Change"

means any Service Change that is reasonably necessary as a sole and direct consequence of any proposed Departments' Facilities Change to enable any Service to be delivered at a Facility in accordance with the Overarching Requirements and the Service Requirements (including the Building Maintenance Services) once the Departments' Facilities Change has been implemented;

"Consultancy Services"

means architecture, engineering, surveying, quantity surveying, valuation, environmental assessment and audit, management, project management, planning, interior design and landscaping design and other similar services provided by consultancy practices which provide the services referred to in this definition or any one or more of them as the context requires;

"Continuity Plans"

means plans proposed by the STEPS Contractor and approved by the Departments (acting reasonably) to ensure the continuity of the Departments' business activities in the event of a disaster or unexpected event;

"Contract Month"

means:

- (a) for the first Contract Month, the period beginning on 30 March 2001 and expiring at midnight on 30 April 2001; and
- (b) otherwise a calendar month during the Operating Period;

"Contract Payment Statement"

has the meaning given in clause 18.2 [*Payment: Provisional Payment*];

"Contract Year"

means, during the Operating Period, a period of 12 months starting on 1 April (or in the case of the first Contract Year a period starting on 2 April 2001 and ending on 31 March 2002) save for the "last Contract Year" which shall be:

- (i) subject to (ii) below, the period between the 1 April preceding the expiry of the Operating Period and the date on which the Operating Period expires; or
- (ii) if this Agreement is terminated before the

expiry of the Operating Period, the period between the 1 April preceding the date on which this Agreement is terminated and the date of termination;

"Contracting Associate"	means any Service Provider and any Associate of the STEPS Contractor which performs any function in connection with this Agreement or the Operations;
"Contractor's Facilities Change"	means any change in the quality or appearance of a Facility or in the manner in which the STEPS Contractor will fulfill the Facility Output Requirements at a particular Required Location proposed by the STEPS Contractor pursuant to clause 21.13 [ <i>Change Procedures: Contractor's Facilities Changes</i> ] including a change in colour away from the Departments' corporate colours currently in use at a Facility or Service Only Occupancy;
"Contractor's Service Change"	means a Service Change resulting from a change to a Method Statement proposed by the STEPS Contractor pursuant to clause 21.18 [ <i>Contractor's Service Changes</i> ];
"Contractor's Scheme"	means the Retirement Benefit Scheme referred to in clause 13.13 [ <i>Transfer of TUPE Employees and Pensions: Pension Arrangements</i> ];
"Core Facilities"	means those Facilities identified with a "C" in the column headed "Designation" in Part 4 of Schedule 9 [ <i>Required Outputs</i> ];
"Core Property"	means any Property or Historic Property which is, or is anticipated at the Commencement Date to provide, the Site for a Core Facility;
"Core Reduction Notice"	means a document which states on its face that it is a core reduction notice, and which specifies the relevant Departments' Reduction in Core Space and the date when it is proposed that the Departments' Reduction in Core Space will be implemented;
"Corporate Structure"	means the ownership of the share capital or partnership share of companies and other entities shown Schedule 8, Part A of the Facilities Agreement (including the proportions in which such equity share capital or partnership share is owned) and any other arrangements or tiers of ownership of different entities subsequently put in

place which do not amount to a Change of Control whereby the Sponsors ultimately own the share capital of and control the business, management and affairs of STEPS Investment Co and the STEPS Contractor;

"Corrective Action Notice" has the meaning given in clause 16.2 [*Measuring of Performance: Corrective Action Notices*];

"CPU" means the Crown Property Unit or any subsequent replacement thereof or any other relevant lawful authority;

"Critical Areas" means the areas identified as critical areas on the plans attached in Schedule 37 [*FRI Contractor Leases and Critical Areas*] for the following Sites (and any new or replacement areas notified to the STEPS Contractor by the Departments):

[*Text redacted*].

"Critical Area Lease" has the meaning given in Schedule 37 [*FRI Contractor Leases and Critical Areas*];

"Critical Aspects" means those aspects of the Required Outputs listed in Part 6 of Schedule 15 [*Payment Provisions*];

"Crown" means the Government of the United Kingdom and shall include references to any devolved government of Scotland, Northern Ireland, Wales and England or any region of any such country and shall also include references to any department, minister, ministry or agency of any such government to the extent the same shall have a separate legal personality;

"Default Interest Rate" means LIBOR plus 1% pa;

"Departments" has the meaning given in clause 1.3;

"Departments' Brief" means a document describing the Departments' requirements in respect of a proposed Departments' Facilities Change prepared by the Departments, at the Departments' option, and in such form and detail as the Departments' consider appropriate after consultation with the STEPS Contractor pursuant to paragraph 3.1 of Part 5 of Schedule 11 [*Change Procedures*];

"Departments' Business" means any and all activity in respect of or related to the performance by the Departments of their

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	Statutory Functions to be carried out at the Facilities or Service Only Occupancies, as the case may be, but excluding the Operations;
"Departments' Business Recovery Managers"	means the person or persons nominated by the Departments' Representatives from time to time as fulfilling that role for the purposes of this Agreement or, if none, the Departments' Representative;
"Departments' Contractor"	means any person with whom the Departments have contracted for the provision of services, goods and/or works which are part of or necessary for the services delivered by the Departments to the public or to HM Government;
"Departments' Contractors' Leases"	means the leases, licences or other arrangements existing at the date of this Agreement in favour of a Departments' Contractor as are more particularly set out in Section A of Part 9 of Schedule 5 [ <i>Land Matters</i> ];
"Departments' Estate and Contract Management Unit"	means the project team referred to in clause 4.12 [ <i>Representatives: Management</i> ], comprising:  (a) 12 Regional Estate and Contract Management Units (RECMUs), and  (b) 1 Central Estate and Contract Management Unit (CECMU);
"Departments' Equipment"	means the equipment and furniture at the Sites of the types described in paragraph 2 of Schedule 8 [ <i>Departments' Equipment</i> ];
"Departments' Facilities Change"	means a change in the configuration or specification of accommodation or the alteration of any physical characteristics of such accommodation or the addition or replacement of any Equipment at a Site where a Facility is provided, for which the STEPS Contractor is not otherwise entitled to receive payment hereunder, and for which the STEPS Contractor shall receive no additional remuneration, and which may include work at a site necessary to implement a Departments' Increase in Space or to facilitate the vacation by the Departments of parts of Facilities initiated and completed pursuant to Part 5 of Schedule 11 [ <i>Change Procedures</i> ], and which is not otherwise to be delivered, provided or undertaken by the STEPS Contractor pursuant to this Agreement;

"Departments' Facilities Change Enquiry"	<p>means a document stating on its face that it is a Departments' Facilities Change Enquiry indicating that the Departments wish to undertake a Departments' Facilities Change and describing in such level of detail as the Departments consider appropriate the Facility Works, including:</p> <ul style="list-style-type: none"><li>(a) the nature and scope of the relevant Facility Works;</li><li>(b) the Site(s) at which they are to be performed;</li><li>(c) the timing of the proposed Departments' Facilities Change; and</li><li>(d) any issues the Departments would like the STEPS Contractor to address in connection with the proposed Departments' Facilities Change;</li></ul>
"Departments' Increase Enquiry"	<p>means a document stating on its face that it is a Departments' Increase Enquiry, specifying a Departments' Increase in Space, whether by way of extension to an existing Facility, or by the addition of a new Facility;</p>
"Departments' Increase in Space"	<p>means additional Available Business Square Metres in respect of a Facility or the addition of a new Facility at a Required Location requested by the Departments;</p>
"Departments' Northern Ireland Solicitors"	<p>means the firm of Tughan &amp; Co of Marlborough House, 30 Victoria Street, Belfast BT1 3GS or such other firm of solicitors in Northern Ireland as may be appointed by the Departments for the purposes of this Agreement;</p>
"Departments' Objectives"	<p>means, achieving the following in relation to a Departments' Facilities Change or Competitive Tendering:</p> <ul style="list-style-type: none"><li>(a) value for money;</li><li>(b) compliance with the Required Outputs and the Agreement;</li><li>(c) the uninterrupted performance of the Departments' Business;</li><li>(d) compliance with Law;</li><li>(e) any other aims and objectives</li></ul>

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communicated to the STEPS Contractor by the Departments from time to time;

"Departments' Reduction in Core Space"	means a vacation of a Core Facility or part of a Core Facility prior to the end of the Operating Period requested by the Departments;
"Departments' Representative"	means Fiona Porter or such other person as is appointed from time to time by the Departments in accordance with clause 4.1 [ <i>Representatives: Departments' Representative</i> ];
"Departments' Scottish Solicitors"	means the firm of Burness of 50 Lothian Road, Edinburgh EH3 9BY or such other firm of solicitors in Scotland as may be appointed by the Departments for the purposes of this Agreement;
"Departments' Service Change"	means a Service Change proposed by the Departments;
"Departments' Service Change Confirmation"	means a notice issued by the Departments' Representative confirming that he is satisfied with the STEPS Contractor's notice pursuant to paragraph 1.3(b) of Part 4 of Schedule 11 [ <i>Change Procedures</i> ];
"Departments' Service Change Enquiry"	means a document stating on its face that it is a Departments' Service Change Enquiry, and describing the Departments' Service Change required by the Departments;
"Departments' Service Change Order"	means a document of that description issued by the Departments' Representative in accordance with Part 4 of Schedule 11 [ <i>Change Procedure</i> ];
"Designated Contact Point (Help Desk)"	means the service centre facility to be provided by the STEPS Contractor for the receipt of and coordination of responses to enquiries, requests, reports and/or complaints from the Departments, any OGD, ISB or Departments' Contractor regarding the Services;
"Determination Notice"	means a notice delivered by the STEPS Contractor to the Departments pursuant to clauses 18.9 [ <i>Payment: Disputed Amounts</i> ] or 18.18 [ <i>Payment: Expiry</i> ];
"Development Gain"	has the meaning set out in Schedule 19 [ <i>Development Gains</i> ];
"Development Gain Credit"	has the meaning set out in Schedule 19 [ <i>Development Gains</i> ];

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"Direct Agreement"	means an agreement substantially in the form shown in Schedule 16 [ <i>Form of Direct Agreement</i> ] or such other form acceptable to the Departments;
"Direct Procurement Change"	means a Departments' Facilities Change, Departments' Increase in Space, Departments' Service Change or work required to facilitate the vacation by the Departments of parts of Facilities which have been directed to be treated as a Direct Procurement Change pursuant to clause 21.28;
"Direct Procurement Contractor"	means the contractor appointed to implement a Direct Procurement Change;
"Direct Procurement Contract"	means the contract between the Departments and the Direct Procurement Contractor for the implementation of a Direct Procurement Change;
"Direct Services Agreement"	means an agreement substantially in the form shown in Schedule 35 [ <i>Form of Direct Services Agreement</i> ] or such other form as is acceptable to the Departments;
"Disclosed Data"	has the meaning given in clause 22.2 [ <i>Departments' Data</i> ];
"Dispute Resolution Procedures"	means the procedures referred to in clause 43 [ <i>Dispute Resolution Procedures</i> ] and set out in Part 1 of Schedule 17 [ <i>Dispute Resolution Procedures</i> ];
"English and Welsh Properties"	means such of the Properties as are situated in England and Wales;
"Equipment"	means the Plant, the STEPS Contractor's computers, equipment, furniture and other assets at any Site or Service Only Occupancy from time to time (other than any part or parts thereof occupied by the STEPS Contractor or any Associate of it) provided by the STEPS Contractor to enable it to perform its obligations under this Agreement and, to the extent that any of it still exists at any relevant time and is situated at any such Site, the Departments' Equipment which is transferred to the STEPS Contractor pursuant to paragraph 3 of Schedule 8 [ <i>Departments' Equipment</i> ];
"Estate"	means the portfolio of Properties, Historic Properties and Additional Properties as a whole;
"Estates Strategies"	means the documents entitled "Estates Strategies" issued pursuant to clause 10.14 [ <i>Estates</i>

*Strategies and Lease Renewals*];

"Event of Default"	means any of the events set out in clause 29.1 [ <i>Termination by the Departments: List of Events of Default</i> ];
"Excluded Properties"	means:  [ <i>Text redacted</i> ].
"Existing Lease"	means any lease, licence, tenancy, agreement for lease, licence or tenancy, or any deed or document ancillary to such documents relating to a Site which is transferred to the STEPS Contractor pursuant to this Agreement or is the subject of a Virtual Assignment and which is in existence at 30 March 2001 (and, to avoid doubt, does not include a STEPS Lease);
"Existing Services"	means those of the Services provided to the Departments under an Existing Service Contract;
"Existing Service Contracts"	means the contracts listed in Part 1 of Schedule 21 [ <i>Existing Service Contracts</i> ];
"Existing Service Provider"	means a person providing services to the Departments pursuant to an Existing Service Contract at the date of this Agreement;
"Existing Service Provider Amount"	has the meaning given in clause 18.13 [ <i>Payment: Existing Service Contracts</i> ];
"Existing Sites"	means those Sites set out in the column headed "Property Name" in Schedule 6 [ <i>The Properties</i> ] and at which there is one or more Core Properties, Flexible Properties and/or Intermediate Properties;
"Expiry Certificate"	means a certificate in the form set out in Part 2 of Schedule 18 [ <i>Certificates</i> ];
"Expiry Date"	means the expiry of the Operating Period;
"Expiry Requirements"	means the requirements that the Facilities then occupied by the Departments, and/or any OGD, ISB or Departments' Contractor and the Equipment used to provide the Services at such Sites shall at the Expiry Date comply with all of the requirements of this Agreement, including (without limitation) the Required Accommodation Standards, the Service Requirements, the Method Statements, the Annual PM Schedule, the Five Year Plan and the Statutory Requirements;

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"Facilities Agreement"	means the Facilities Agreement between the STEPS Contractor, the Guarantor and Halifax plc in the form approved by the Departments from time to time;
"Facility"	means one set of those facilities which the STEPS Contractor is required to provide to fulfill the Facility Output Requirements which set of facilities is identified in Part 4 of Schedule 9 [ <i>Required Outputs</i> ] by reference to a single number in the Facility Number column in that Schedule, and includes a Core Facility, an Intermediate Facility and a Flexible Facility;
"Facility Change Implementation Plan"	means a detailed plan for the implementation of a Departments' Facilities Change setting out such information and detail as is appropriate in the circumstances (having regard to Good Industry Practice, the Departments' Objectives and the scope and complexity of the proposed Departments' Facilities Change) and including the particulars and information set out in paragraph 5.4 of Part 5 of Schedule 11 [ <i>Change Procedures</i> ];
"Facility Number"	means the number assigned to a Facility in Part 4 of Schedule 9 [ <i>Required Outputs</i> ];
"Facility Output Requirements"	means the minimum requirements of space, amenities and other features and Services required by the Departments at each Facility, Service Only Occupancy set out in Part 4 of Schedule 9 [ <i>Required Outputs</i> ], as amended from time to time in accordance with clause 21 [ <i>Change Procedures</i> ];
"Facility Payment"	means in respect of a Contract Month the payment in respect of the provision of a Facility and the Services provided to that Facility calculated in accordance with the provisions of clause 18 [ <i>Payment</i> ] and Part 2 of Schedule 15 [ <i>Payment Provisions</i> ];
"Facility Price" or "FP"	means in respect of each particular Facility the number set out under the column headed "Total Facility Price (FP) £/year" in the table included as Part 4 of Schedule 15 [ <i>Payment Provisions</i> ] as the same may be amended and replaced from time to time in accordance with this Agreement;
"Facility Service Provider Replacement Notice Number"	means a number equal to one-twelfth of the relevant Facility Warning Notice Number from time

	to time;
"Facility Unit Price" or "FUP"	means in respect of each particular Facility the number set out under the column headed "FUP £/m <sup>2</sup> /BD" in the table included as Part 4 of Schedule 15 [ <i>Payment Provisions</i> ] as the same may be amended and replaced from time to time in accordance with this Agreement;
"Facility Warning Notice Number"	means a number set on the first day of each Contract Year equal to 12 multiplied by the aggregate of the number of Services to be provided at the relevant Facility or Service Only Occupancy (as the case may be), all as set out in the current version of Schedule 9 [ <i>Required Outputs</i> ];
"Facility Works"	means all the works (including plant, equipment and materials) to which Part 5 of Schedule 11 [ <i>Change Procedures</i> ] applies;
"Fast Track Procedures"	means the procedures set out in Part 3 of Schedule 17 [ <i>Dispute Resolution Procedures</i> ];
"Feasibility Study"	means a feasibility study in respect of a Departments' Increase in Space prepared by the STEPS Contractor revising and/or confirming as appropriate the contents of the Option Appraisal in respect of each Proposed Site and incorporating the plans, specifications and other information described in Schedule 11 [ <i>Change Procedures</i> ] Part 3b paragraph 4.2;
"Final Proposal"	means the STEPS Contractor's final proposal in respect of a proposed Departments' Facilities Change setting out such information and detail as is appropriate in the circumstances (having regard to Good Industry Practice, the Departments' Objectives and the scope and complexity of the proposed Departments' Facilities Change) and including the particulars described in paragraph 5.2 of Part 5 of Schedule 11 [ <i>Change Procedures</i> ];
"Financial Model"	means the STEPS Contractor's financial model dated 23 February 2001, consisting of the following computer files:  (a) master reference with VOA flex 15k 23 feb.xls 23/02/2001 13:35  (b) FPS master reference with VOA flex 15K 23 feb.xls 23/02/2001 13:41

- (c) Mapeley SQL database 23 feb.SQL  
22/02/2001 16:47
- (d) Mapeley access database 23 feb.mdb  
28/02/2001 20:25
- (e) Parallel spreadsheet 23 feb.xls 28/02/2001  
20:21

"First Charge"

means the charge or charges granted or to be granted by the STEPS Contractor in favour of the Departments over the Charged Properties (or in respect of the Charged Properties situated in Scotland, a standard security) in the forms set out in Schedule 26 [*First Charges*] and any charge in substitution for a First Charge;

"First Charges Ratio"

means the result of the following calculation:

$$FCR = \frac{a - b}{c} \times 100\%$$

where:

FCR = First Charges Ratio;

- a = the amount which would have to be paid pursuant to sub-clause 34.4(l) as set out in Schedule 27 [*Transfer Payment Provisions*] (from time to time);
- b = the total value of any Alternative Security described in (a) to (c) of the definition of Alternative Security; and
- c = the total value of the Charged Properties (after allowing for the substitution of other Properties in accordance with clause 7.6 [*Transfer of the Properties*]) determined on an open market basis (assuming an arms length sale by a willing seller to a willing buyer) and in accordance with the provisions for determining market value of properties in the Red Book as at the date the ratio is calculated;

*for example:*

$$\frac{100 - 20}{100} \times 100\% = 80\%$$

"Five Year Plan"	means, in respect of each Site and applicable Service Only Occupancy, the plan setting out the Life Cycle Works to be performed over a period of five successive Contract Years from the beginning of the next Contract Year immediately following the date the relevant Five Year Plan is due to be prepared and submitted in draft form pursuant to clause 11.5, the first of such plans being those agreed between the Parties, and identified as the First Five Year Plans, and the subsequent plans produced and agreed or determined in accordance with clauses 11.5 and 11.7 to 11.10 [ <i>Five Year Plan</i> ] each such Five Year Plan to be prepared in accordance with this Agreement;
"Flexible Compensation Sum"	means an amount recorded in Schedule 14 [ <i>Unavoidable Costs</i> ] following the operation of paragraph 6.2 of part 1 of Schedule 11 [ <i>Change Procedures</i> ];
"Flexible Facilities"	means those Facilities identified with an "F" in the column headed "Designation" in Part 4 of Schedule 9 [ <i>Required Outputs</i> ];
"Flexible Property"	means any Property which is, or is anticipated at the Commencement Date, to provide the Site for a Flexible Facility;
"FMR"	means, in respect of each Site and applicable Service Only Occupancy, a forward maintenance register setting out the Life Cycle Works to be performed in the Contract Year immediately following the date upon which the relevant FMR is due to be prepared and submitted in draft form pursuant to clause 11.5, and setting out the programme for such works, the first such FMRs being as agreed between the Parties, and identified as being the first FMRs, and thereafter each such forward maintenance register to be prepared in accordance with this Agreement;
"FOR"	means the Facility Output Requirements;
"Force Majeure"	has the meaning given in clause 28.2 [ <i>Force Majeure and Relief Events</i> ];
"Fortress"	means Fortress Registered Investment Trust of 1301 Avenue of the Americas, New York, NY10019;

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"FP Adjustment Procedure"	means the procedure set out in Part 1 of Schedule 11 [ <i>Change Procedures</i> ];
"FP"	refer to "Facility Price";
"Freehold Properties"	means the properties or part of properties identified with an "F" in the column headed "Freehold or Leasehold" in Schedule 6 [ <i>The Properties</i> ];
"Freehold Transfer"	means a transfer of a Freehold Property in any of the forms set out in Part 4 of Schedule 5 [ <i>Land Matters</i> ];
"FRI Contractor Leases"	means the leases in favour of Departments' Contractors or OGD Contractors at the date of this Agreement as listed in Part 11 of Schedule 5 [ <i>Land Matters</i> ];
"Funders"	means all or any of the persons apart from the Sponsors or any Associate of any of the Sponsors who provide financing or funding under the Funding Agreements including, where the context so permits, prospective financiers or funders and rating agencies and monoline insurers;
"Funding Agreements"	means all or any of the agreements or instruments to be entered into by the STEPS Contractor or any of its Associates with any Funder relating to the financing of, inter alia, the acquisition of the Properties and the Operations (including the Facilities Agreements) and any agreements or instruments to be entered into by the STEPS Contractor or any of its Associates with any Funder relating to the rescheduling of their indebtedness or the refinancing of any debt or equity share capital (apart from the refinancing of equity share capital by other equity share capital) of the STEPS Contractor or any of its Associates;
"Funding Shortfall"	has the meaning given in paragraph 1.2 of Part 2 of Schedule 11 [ <i>Change Procedures</i> ];
"FUP"	refer to "Facility Unit Price";
"Furniture Invoice"	means an invoice recording:  (a) all the costs of furniture procured on behalf of the Departments pursuant to the Departments' furniture call-off contract(s) and other suppliers directed by the

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Departments' Representative pursuant to paragraph 12.3 of Part 3 of Schedule 9 [*Required Outputs*] in the previous Contract Month;

- (b) all costs of maintenance of the Departments' furniture other than the STEPS Contractor's cost of management, incurred pursuant to paragraph 12.3 of Part 3 of Schedule 9 [*Required Outputs*] in the previous Contract Month;

"General Method Statement" means the document agreed between the Parties to be the General Method Statement;

"Good Industry Practice" means the exercise of that degree of skill, diligence, prudence, foresight and practice which would reasonably and ordinarily be expected from a skilled and experienced person engaged in the same type of undertaking;

"Governmental and Departmental Standards" means the standards, policies, guidance or instructions published by Government agencies as listed in Schedule 33 [*Governmental and Departmental Standards*];

"Guarantee" means a guarantee in favour of the Departments in the form set out in Part 2 of Schedule 40 [*Form of Guarantee*];

"Guarantor" means STEPS Investment Co and any other person who may provide a Guarantee to the Departments from time to time;

"Historic Custom Houses" means [REDACTED]  
[REDACTED]  
[REDACTED]  
[REDACTED]

"Historic Leases" means the leases to be granted by the SSE to the STEPS Contractor or the Guarantor (as the case may be) of the Historic Properties in the form of the leases attached at Schedule 39 [*Historic Leases*];

"Historic Properties" means [REDACTED]  
[REDACTED]  
[REDACTED] and "Historic Property" shall be construed accordingly;

"Holding Company" has the meaning given in Part XXVI of the Companies Act 1985;

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"Implementation Contract"	has the meaning, in respect of each Departments' Increase in Space, given in paragraph 5.7 of Part 3b of Schedule 11 [ <i>Change Procedures</i> ];
"Implementation Plan"	means the STEPS Contractor's statement of the objectives it plans to achieve by specified dates set out in Schedule 2 [ <i>Implementation Plan</i> ];
"Indemnity Amount"	is the amount determined in accordance with clause 32.17 [ <i>Expiry of the Project Agreement: Indemnity</i> ];
"Index Adjustment Factor"	means the number for the relevant Component for the relevant Contract Year as shown in the table set out in paragraph 2.1 of Part 1 of Schedule 15 [ <i>Payment Provisions</i> ];
"Indexed Amount"	means an amount subject to indexation in accordance with Part 1 of Schedule 15 [ <i>Payment Provisions</i> ];
"Indexation Date"	means the last day of each Contract Year;
"Indicative Implementation Plan"	means an indicative plan for the implementation of a Departments' Increase in Space or a Departments' Facilities Change containing all details applicable to the implementation as appropriate in the circumstances, including the particulars and information described in paragraph 5.2 of Part 3b of Schedule 11 [ <i>Change Procedures</i> ];
"Information"	has the meaning given to it in paragraph 6 of Part 2 of Schedule 5 [ <i>Land Matters</i> ];
"Initial Funding Agreements"	means the first Funding Agreements to be entered into by the STEPS Contractor;
"Intellectual Property Rights"	means all registered or unregistered trade marks, service marks, patents, registered designs, utility models, applications for any of the foregoing, copyrights, unregistered designs, confidential information, know-how or other intellectual property rights subsisting in or relating to the Facilities and the Equipment or used by the STEPS Contractor to provide the Services and which are necessary for the efficient performance of the Operations;
"Intermediate Facilities"	means those Facilities identified with an "I" in the column headed "Designation" in Part 4 of Schedule 9 [ <i>Required Outputs</i> ];

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"Intermediate Property"	means any Property which is, or is anticipated at the Commencement Date, to provide the Site for an Intermediate Facility;
"IP Disaster Procedures"	means the STEPS Contractor's proposals for the backup, disaster recovery and storage in respect of data, materials and documents necessary for the performance and delivery of the Operations, the first such IP Disaster Procedures being as agreed between the Parties, and identified as such, and thereafter as updated pursuant to the Review Procedure;
"ISB"	means a person (whether that person is an officer or employee of the Departments or of an OGD or any other officer appointed by the Crown or another person having a legal personality separate from the Departments whether or not such person exists at the date of this Agreement) who fulfills a function specified by Law associated or connected with Departments' Business who has functional independence of the Departments;
"ISB Provisional Payment Invoice"	means an invoice for the amounts in respect of Business Square Metres occupied by an ISB as set out in clause 18.16 [ <i>Payment: OGD and ISB Invoicing</i> ];
"ISB Balancing Payment Invoice"	means an invoice for the amounts in respect of Business Square Metres occupied by an ISB as set out in clause 18.16 [ <i>Payment: OGD and ISB Invoicing</i> ];
"Landlords Utilities Amount"	has the meaning given in paragraph 16 of Schedule 38 [ <i>Utilities</i> ];
"Law"	means any applicable law, statute, proclamation, by-law, directive, decision, regulation, authorisation, rule, order, notice, rule of court or delegated or subordinated legislation including directions or guidance issued pursuant to any legislation provided such is derived from a valid legal authority;
"Leasehold Deeds"	means the Title Deeds disclosed by or referred to in the Title Information;
"Leasehold Enquiries"	means the replies to enquiries before contract prepared and issued prior to the date of this Agreement by a Local Property Lawyer in respect of a Leasehold Property;

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"Leasehold Properties"	means the properties or parts of properties identified with an "L" in the column headed "Freehold or Leasehold" in Schedule 6 [ <i>The Properties</i> ];
"Leasehold Transfer"	means a transfer of Leasehold Property situated in England and Wales or Northern Ireland, the title to which is registered, in the terms set out in Sections A and C of Part 5 of Schedule 5 [ <i>Land Matters</i> ];
"Liaison Committee"	means the committee referred to in clause 5.1 [ <i>Liaison</i> ];
"LIBOR"	has the meaning given to it in the Facilities Agreement;
"Life Cycle Item"	means any material, consumables, equipment, plant or machinery necessary to carry out Life Cycle Works;
"Life Cycle Works"	means all works for the renewal, represervation, redecoration, replacement and repair of the Sites and applicable Service Only Occupancies, Equipment and Plant that:  (a) are necessary for the STEPS Contractor to meet its obligations under this Agreement; and  (b) are not Planned Maintenance Works;
"List of Sites"	means the list specifying the Site or Sites at which the Facilities for each Required Location will be provided in order to fulfill the Facility Output Requirements, as set out in Schedule 10 [ <i>List of Sites</i> ] and amended from time to time in accordance with clause 21 [ <i>Change Procedures</i> ];
"Local Property Lawyer"	means in relation to the Properties located in England and Wales either the firm of Beachcroft Wansborough of 13 Police Street, Manchester M2 7WA or Cripps Harries Hall of Wallside House, 12 Mount Ephraim Road, Tunbridge Wells, Kent TN1 1EE and in relation to the Properties located in Scotland means the Departments' Scottish Solicitors and in relation to Properties located in Northern Ireland means the Departments' Northern Ireland Solicitors;
"Maintenance Item"	means any materials, consumables, equipment plant or machinery necessary to carry out

	maintenance works;
"Major Occupier"	means a department or agency of HM Government which occupies a building or land, and which bears to the responsibility for the management and operation of the building or land, where the building or land is occupied in part by another department or agency of HM Government;
"Maximum Service Provider Replacement Notice Number"	means a number equal to one-twelfth of the Maximum Warning Notice Number from time to time;
"Maximum Warning Notice Number"	means a number set at the first day of each Contract Year equal to 12 multiplied by the aggregate of the number of Services to be provided at all Facilities and all Serviced Only Occupancies, as set out in the current version of Schedule 9 [ <i>Required Outputs</i> ];
"Method Statements"	means the standards, specifications, procedures and other requirements for the provision and management of the Services to the Sites and Service Only Occupancies and other Operations, including the Annual PM Schedules, FMRs, Five Year Plans and General Method Statement in the agreed terms, and in each case as amended from time to time in accordance with the Agreement;
"MOTO"	means the Memorandum of Terms of Occupation entered into or to be entered into by the Departments and an OGD pursuant to the terms of the Departmental Estate Occupancy Agreement which regulates the occupation of space by the OGD in property owned or deemed to be held by the Departments or any other form of agreement or memorandum replacing or modifying such memorandum or agreement;
"National Overhead Compensation"	means in respect of a Core Facility the NPV calculated at a real discount rate of 8.01% <sup>1</sup> of the future stream of £2.9 million (which shall be an Indexed Amount) as subsequently modified by the operation of Part 3a of Schedule 11 [ <i>Change Procedures</i> ] from the date of the implementation of a Departments' Reduction in Core Space until the end of the Operating Period divided by the total number of Business Square Metres at Core Facilities at the date of the implementation of the

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<sup>1</sup> 8.01% was substituted for 8.06% pursuant to Schedule 7 of the Supplemental Agreement

Departments' Reduction in Core Space multiplied by the number of Business Square Metres to be vacated in excess of the Aggregate Core Allowance determined in the manner set out in clause 21.10;

"National Utilities Efficiency Manager"

means the individual appointed pursuant to clause 15.15 [*Quality Assurance and Efficiency*];

"Net Present Value" or "NPV"

means the net present value of any stream of cashflows calculated at a given date by:

- (a) discounting all such cashflows arising after the given date by the rate specified in the relevant provision; and
- (b) inflating all such cashflows arising before the given date by the rate specified in the relevant provision,

all such calculations to be carried out using prices and other amounts assessed in accordance with this Agreement taking account of the indexation and other provisions of this Agreement up to the date when the calculation is carried out, but not afterwards i.e. using amounts which would be the amount of such costs if the expenditure or liability were incurred at the date of the calculation and disregarding the future effect of inflation or indexation or similar provisions relating to the future value of money in any other agreement;

"New Premises"

means the land and buildings which are identified by the Departments in the notice given under clause 32.2 [*Expiry of the Project Agreement*];

"New Site"

means a plot of land together with one or more buildings and other improvements (if any) erected thereon or a specified part of a building and other improvements (if any) in each case together with all rights appertaining to the land or buildings or improvements but subject to such rights of Third Party Landlords or any other person as may be imposed on the land or building or improvements under and in accordance with the Title Deeds, which the STEPS Contractor proposes as the place within a Required Location at which the STEPS Contractor proposes to provide a Facility to fulfill the Facility Output Requirements which upon being accepted by the Departments in accordance with this Agreement will be identified in the List of Sites (as amended as a result of any relevant

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	Change);
"New Site Life Cycle Replacement Plan"	means a plan detailing Life Cycle Works to be carried out at a New Site over the remainder of the Operating Period;
"Nominated STEPS Adjudicator"	means a person agreed to or selected pursuant to paragraph 2 of Part 6 of Schedule 17 [ <i>Dispute Resolution Procedures</i> ];
"Non Certificated Properties"	means the Properties in respect of which a Certificate of Title has not been produced for the purposes of this Agreement;
"Normal Working Hours"	means the working hours for each Facility and Service Only Occupancy as set out in Schedule 9 [ <i>Required Outputs</i> ];
"Northern Irish Properties"	means such of the Properties as are situated in Northern Ireland;
"Notice to Proceed"	means a notice issued by the Departments' Representative to the STEPS Contractor pursuant to paragraph 5.8 of Part 5 of Schedule 11 [ <i>Change Procedures</i> ] in which the Departments' Representative requests that the STEPS Contractor proceeds with certain Facility Works described in the notice in accordance with the Final Proposal and the Facility Change Implementation Plan and the final tenders agreed between the Parties;
"Notice to Suspend"	means a notice issued by the Departments' Representative to the STEPS Contractor pursuant to paragraph 10.1 Part 5 of Schedule 11 [ <i>Change Procedure</i> ] requesting that the STEPS Contractor ceases to carry out any further work in respect of a Departments' Facilities Change;
"Notice to Withdraw"	means a notice issued by the Departments' Representative to the STEPS Contractor advising the STEPS Contractor that the Departments wish to withdraw from a Departments' Increase in Space and/or a Departments' Facilities Change (as the case may be);
"NPV"	refer to "Net Present Value";
"OGD"	means a department or agency of HM Government other than the Departments;
"OGD Balancing Payment Invoice"	means an invoice for the amounts in respect of Business Square Metres occupied by an OGD as

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	set out in clause 18.16 [ <i>Payment: OGD and ISB Invoicing</i> ];
"OGD Business"	means any of the OGD's businesses to be carried out at the Facilities;
"OGD Contractor"	means any person with whom an OGD has contracted for the provision of services, goods and/or works which are part of or necessary for the services delivered by OGD to the public or to HM Government;
"OGD Contractor Leases"	means the leases, licences or other arrangements existing at the date of this Agreement in favour of an OGD Contractor;
"OGD Provisional Payment Invoice"	means an invoice for the amounts in respect of Business Square Metres occupied by an OGD as set out in clause 18.16 [ <i>Payment: OGD and ISB Invoicing</i> ];
"OGD Rates Remittance Request"	means a remittance request for the amounts in respect of Business Square Metres occupied by an OGD as set out in clause 18.16 [ <i>Payment: OGD and ISB Invoicing</i> ];
"OGD Utilities Invoice"	means an invoice for the amounts in respect of Utilities for Business Square Metres occupied by an OGD as set out in clause 18.16 [ <i>Payment: OGD and ISB Invoicing</i> ];
"Operating Period"	means the period of 20 years from and including the Commencement Date;
"Operations"	means the delivery, execution, performance or provision (as appropriate) in accordance with this Agreement of:  (a) the Facilities;  (b) the Services; and  (c) any other activity or service which the STEPS Contractor is to perform under or pursuant to this Agreement;
"Option Appraisal"	means a report prepared by the STEPS Contractor following the guidance and addressing the matters referred to in the Treasury Green Book (using a national or local firm of chartered surveyors) outlining various options in respect of a proposed Departments' Increase in Space, and setting out

such information and details as is or are appropriate in the circumstances (having regard to Good Industry Practice, the Departments' Objectives, local custom and the scope and complexity of the proposed Departments' Increase in Space) and identifying a number of Proposed Sites for a new Facility as well as setting out the information described in paragraph 3.3 of Part 3(b) of Schedule 11 [*Change Procedures*];

"Other Amount"

means any amount payable by the Departments to the STEPS Contractor in the way of a payment for the Operations, but excluding claims under indemnities or by way of damages, which is made under this Agreement and which is not specifically referred to in either the Provisional Payment Invoice or the Balancing Payment Statement;

"Other Party"

has the meaning given in clause 28 [*Force Majeure and Relief Events*];

"Outline Proposal"

means an outline proposal in respect of a proposed Departments' Facilities Change setting out such information and detail as is appropriate in the circumstances (having regard to Good Industry Practice, the Departments' Objectives and the scope and complexity of the proposed Departments' Facilities Change) and including the particulars described in paragraph 4.2 of Part 5 of Schedule 11 [*Change Procedures*];

"Overarching Requirements"

means the standards, specifications, procedures and other requirements for the provision of the Sites, Facilities and Services set out in Part 1 of Schedule 9 [*Required Outputs*];

"Overhead Compensation"

means in respect of a Core Facility the sum of the Regional Overhead Compensation and the National Overhead Compensation;

"PACE"

means Property Advisers to the Civil Estate;

"Partial Termination Events"

means those events listed in clause 29.9 [*Termination by the Departments: Partial Termination*];

"Payment Certificate"

means the certificate described in clause 18.5 [*Payment: Balancing Payment procedure*];

"PCSPS"

the Principal Civil Service Pension Scheme;

"Performance Factor"

means the amount referred to in Schedule 13 [*Performance Measurement System*] as the

	<p>"Performance Factor" or "PF" determined in respect of each Facility and Service Only Occupancy in each Contract Month in accordance with Schedule 13 [<i>Performance Measurement System</i>];</p>
<p>"Performance Measurement System" or "PMS"</p>	<p>means the procedures for monitoring the performance of the Services by the STEPS Contractor set out in Schedule 13 [<i>Performance Measurement System</i>];</p>
<p>"Performance Reports"</p>	<p>means the Facility Report, Regional Report and National Report, and as defined in paragraph 1.1 of Part 1 of Schedule 13 [<i>Performance Measurement System</i>] or any one or more of them as the context requires;</p>
<p>"Planned Maintenance Works"</p>	<p>means all minor planned works for the maintenance of the Equipment, Plant, Sites and applicable Service Only Occupancies, including replacement of minor parts (such as belts, filters, bushes, seals, bearings, wearing components and the like) and minor repair of Sites, Equipment and Plant, including preventative maintenance and minor redecoration that are necessary for the STEPS Contractor to meet its obligations under this Agreement;</p>
<p>"Planning Authority"</p>	<p>means the local council or councils or such other body responsible for exercising the functions of a local planning authority for the purposes of the Town &amp; Country Planning Act 1996 (in Scotland the Town &amp; Country Planning (Scotland) Act 1997 and in Northern Ireland the Planning (Northern Ireland) Order 1991 in respect of the Departments' Increase in Space or Departments' Facilities Change in question and which expression shall where the context means that it would be appropriate (and which may include a situation where an application has been called in for determination) mean in England and Wales the Secretary of State for the Environment, Transport and the Regions, in Scotland the Minister for Environment Sport and Culture, and in Northern Ireland the Planning Appeals Commission, and any other person (from time to time) having the authority to consider and allow appeals in relation to planning matters;</p>
<p>"Planning Permission"</p>	<p>means any and all planning permissions which term shall include listed building consents and conservation area consents required for the</p>

	carrying out of a Departments' Facilities Change or a Departments' increase in space as applicable;
"Plant"	means machinery, apparatus, equipment and the like forming part of the Facilities, including without limitation all maintenance equipment;
"PMS"	refer to "Performance Measurement System";
"PMS Failure"	has the meaning given to it in paragraph 1 of Part 1 of Schedule 13 [ <i>Performance Measurement System</i> ];
"PMS Region"	<p>means any one of the following areas of the United Kingdom and the Facilities and Service Only Occupancies in each such region are those set out in Appendix 7 of Schedule 13 [<i>Performance Measurement System</i>] :</p> <ul style="list-style-type: none"><li>• Scotland and Northern Ireland;</li><li>• North West England;</li><li>• North East England;</li><li>• Eastern England;</li><li>• South East England;</li><li>• London;</li><li>• South West England;</li></ul>
"Powers"	means the Powers of Attorney set out in Part 8 of Schedule 5 [ <i>Land Matters</i> ] in relation to each of the Properties which are to be the subject of a Virtual Assignment or a Scottish Property Agreement and to be executed pursuant to sub-clause 7.2(f) [ <i>Transfer of the Properties</i> ];
"Practical Completion"	<p>means, in respect of any Facility Works, that point in time when:</p> <ol style="list-style-type: none"><li>(a) the Facility Works are complete in all respects other than minor defects which do not affect the Departments' ability to use the relevant space to conduct the Departments' Business without disruption or inconvenience;</li><li>(b) the Facility Works have passed any tests on completion and been satisfactorily commissioned (as appropriate); and</li><li>(c) the Departments have been recanted into the relevant space,</li></ol> <p>provided that the Departments may at their sole option waive any one or more of the above</p>

	requirements for Practical Completion in respect of any Facility Works in writing (without prejudice to its right to require full compliance on any other occasion);
"Pre-approved Service Providers"	means the Service Providers, suppliers and other sub-contractors from time to time listed in the most recent letter written by the Departments to the STEPS Contractor setting out the list of Pre-approved Service Providers in respect of the Revenue Compliance requirements;
"Prohibited Act"	has the meaning given in clause 27.4;
"Project Documents"	means this Agreement, any Service Contract, the Funding Agreements, the STEPS Leases, the Virtual Assignments, the Transfers, the Assignments, the First Charges and the Scottish Property Agreements;
"Property"	means, in relation to each property the postal address of which is set out in Schedule 6 [ <i>The Properties</i> ], the estate or interest therein as described in the Certificate of Title or the Leasehold Deeds and "Properties" shall be construed accordingly;
"Property Indemnity Amount"	is the amount determined in accordance with clause 32.17 [ <i>Expiry of the Project Agreement: Indemnity</i> ];
"Proposed Site"	means, in respect of any proposed Departments' Increase in Space, any land or buildings suitable to meet the Departments' requirements for a new Facility, or the manner in which an existing Site might be extended or reconfigured to accommodate the proposed Departments' Increase in Space in a manner which meets the Departments' requirements;
"Provisional Facility Payment"	means the payment calculated in accordance with paragraph 2 of Part 2 of Schedule 15 [ <i>Payment Provisions</i> ];
"Provisional Payment Invoice"	means the invoice described in clause 18.3 [ <i>Payment: Provisional Payment</i> ];
"Provisional Service Only Occupancy Payment"	means the payment calculated in accordance with paragraph 2 of Part 3 of Schedule 15 [ <i>Payment Provisions</i> ];

"Qualifying Change"

means any of the following Changes for which the Facility Price applicable to any Facility affected by the Change will be increased or decreased pursuant to Schedule 11 [*Change Procedures*] to take account of Changes in Costs experienced by the STEPS Contractor consequent upon such Change (subject to any provision of this Agreement with regard to the categories of Change in Costs which may or may not be so taken into account or which affect the basis on which any Change in Costs may be assessed):

- (a) a Departments' Increase in Space;
- (b) a Departments' Service Change;
- (c) a Third Party Service Change;
- (d) a Qualifying Reduction in Space;
- (e) subject to sub-clause 21.23(c), a Departments' Facilities Change;
- (f) a Contractor's Service Change which reduces the costs of delivery of the Operations pursuant to clause 21.19;
- (g) a deemed Qualifying Change pursuant to paragraph 3.2(b) of Schedule 24 [*Windfall Profits and Gains*];

"Qualifying Change in Law"

shall occur if the European Union, the Government of the United Kingdom (including any department, branch or agency of the Government), or the Secretary of State or, in relation to matters within its jurisdiction, any Parliament or other legislative body of any part of the United Kingdom takes action by the introduction, application or amendment of any law or fails to carry out its obligations as prescribed by Law, and such action or failure directly discriminates against the STEPS Contractor or the STEPS Contractor and any other persons providing infrastructure and services to the Government of the United Kingdom save that:

- (a) such action or failure shall not be a Qualifying Change in Law where it is in response to any act or omission on the part of the STEPS Contractor which is illegal (other than an act or omission rendered illegal by virtue of the Qualifying Change in Law itself);

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- (b) such action or failure shall not be deemed to be discriminatory solely on the basis that its effect on the STEPS Contractor is greater than its effect on other companies, and a change in taxes or the introduction of a tax affecting companies generally shall be deemed not to be discriminatory in any circumstances;

"Qualifying Change Model" or "QCM"

Means the spreadsheet computer model referred to in Part 1 of Schedule 11 [*Change Procedures*] 3 copies of which on CD ROM have each been dated and initialled by the Parties for the purposes of identification;

"Qualifying Reduction in Space"

means:

- (a) any Departments' vacation of a Flexible Facility pursuant to clause 21.3 where the number of Business Square Metres to be vacated exceeds the Aggregate Flexibility Allowance at the time of the proposed reduction in flexible space or causes it to be exceeded; and/or
- (b) any vacation of all or part of an Intermediate Facility prior to the Transition Date for that Facility pursuant to clause 21.7; and/or
- (c) a Departments' reduction in Core Space pursuant to sub-clause 21.10(d) where the number of Business Square Metres to be vacated exceeds the Aggregate Core Allowance and the Aggregate Further Allowance or causes it to be exceeded;

"Quality Manager"

means the quality manager to be appointed by the STEPS Contractor pursuant to clause 15.13 [*Quality Assurance and Efficiency*];

"Quality Plans"

means the quality plans referred to in clauses 15.1 and 15.2 [*Quality Assurance and Efficiency*] in the agreed terms;

"Rates"

means universal business rates or any subsequent replacement thereof;

"Red Book"

means the Appraisal and Valuation Manual issued by the Royal Institution of Chartered Surveyors as amended from time to time together with any Guidance Notes issued from time to time by that Institution, and, if there is no such manual current at any relevant time, on such basis as the

	Departments and the STEPS Contractor shall at that time agree or, in the case of dispute, as a STEPS Adjudicator appointed under the Dispute Resolution Procedures shall determine;
"Region"	means, unless otherwise specified by the Departments, one of the 12 regions identified pursuant to the white paper "Modernising Government" CM 4310;
"Regional Service Provider Replacement Notice Number"	a number equal to one twelfth of the Regional Warning Notice Number from time to time;
"Regional Overhead Compensation"	means in respect of a Core Facility the NPV calculated at a real discount rate of 8.01% <sup>2</sup> of the future stream of £2.41 million (which shall be an Indexed Amount) as subsequently modified by the operation of part 3a of Schedule 11 [ <i>Change Procedures</i> ] from the date of the implementation of a Departments' Reduction in Core Space until the end of the Operating Period divided by the total number of Business Square Metres at Core Facilities located in the relevant PMS Region at the date of the implementation of the Departments' Reduction in Core Space multiplied by the number of Business Square Metres to be vacated in excess of the Aggregate Core Allowance determined in the manner set out in clause 21.10;
"Regional Warning Notice Number"	means, in respect of a PMS Region, a number set on the first day of each Contract Year equal to 12 multiplied the aggregate of the number of Services to be provided to all of the Facilities and Service Only Occupancies in the PMS Region, as set out in the current version of Schedule 9 [ <i>Required Outputs</i> ];
"Relevant Authority"	means any entity that has a statutory right to enter a Site or whose authority is or may be required for the carrying out of all or part of the Operations;
"Relevant Cash Flow to Equity"	has the meaning given in Schedule 24 [ <i>Windfall Profits and Gains</i> ];
"Relevant Service Transfer"	means the transfer of the Services to either the Departments or any other person to whom the provision of the Service and/or Existing Service is transferred;

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<sup>2</sup> 8.01% was substituted for 8.06% pursuant to Schedule 7 of the Supplemental Agreement

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"Relief Event"	has the meaning given in clause 28.3 [ <i>Force Majeure and Relief Events</i> ];
"Remedial Period"	has the meaning given in clause 16.2 [ <i>Measuring of Performance: Corrective Action Notices</i> ];
"Renewal Amount"	has the meaning given in clause 33.3 [ <i>Expiry Requirements: Assessing Required Renewal Works</i> ];
"Renewal Programme"	has the meaning given in clause 33.3 [ <i>Expiry Requirements: Assessing Required Renewal Works</i> ];
"Renewal Works"	has the meaning given in clause 33.3 [ <i>Expiry Requirements: Assessing Required Renewal Works</i> ];
"Required Accommodation Standards"	means the standards, specifications, procedures and other requirements for the provision of the Facilities set out in Part 2 of Schedule 9 [ <i>Required Outputs</i> ];
"Required Location"	means the geographic area in which the Departments require Facilities as identified in the Facility Output Requirements;
"Required Outputs"	means the Departments' requirements (including standards, specifications and required outputs) in respect of the Facilities, Service Only Occupancies (including Somerset House) which are set out in the Overarching Requirements, Required Accommodation Standards, Service Requirements, Facility Output Requirements, Somerset House Building Maintenance Services and, where the context requires, includes a reference to any of those standards or specifications;
"Required Outputs Compliance Matrix"	means the Required Outputs Compliance Matrix set out in Appendix 12 of Schedule 13 [ <i>Performance Measurement System</i> ];
"Required Output Performance Levels"	means the required output performance levels for the Services measured under the PMS as set out in the Required Outputs Compliance Matrix, or any one or more of those required contract performance levels (as the contract may require);
"Residual Leasehold Property"	has the meaning given in clause 32.12 [ <i>Expiry of the Project Agreement: Indemnity</i> ];

"Restated Location"	means a current statement of the geographical area within which the Departments require a Facility to be provided as stated in an Estates Strategy which may be larger or smaller than the Required Location defined in the Facility Output Requirements provided that the Departments may not make any Restated Location which would have the effect that the Site then used to provide the Facility would not be within the Restated Location;
"Retail Prices Index" or "RPI"	<p>means the retail prices index, all items, published by the Office for National Statistics each month in the Monthly Digest of Statistics, Index CHAW, or in the event that:</p> <p>(a) the index shall not have been published during the period from and after one 31 March to the last Business Day prior to the next 31 March, such index for the month prior to such next Indexation Date as the Departments and the STEPS Contractor may determine to be appropriate in the circumstances or is determined to be appropriate in accordance with the Dispute Resolution Procedures; or</p> <p>(b) there is a material change in the basis of the index,</p> <p>such other index as the Departments and the STEPS Contractor may determine to be appropriate in the circumstances or is determined to be appropriate in accordance with the Dispute Resolution Procedures;</p>
"Retirement Benefit Scheme"	shall have the meaning it has under section 611 of the Income and Corporation Taxes Act 1988;
"Revenue Compliance"	means neither committing nor having committed a material breach of any Law relating to direct or indirect taxes or to the administration of those taxes or of customs and excise provided that for this purpose only the reference to "a valid legal authority" in the definition of "Law" shall be deemed to read "the United Kingdom";
"Review Procedure"	means the procedure set out in Schedule 12 [ <i>Review Procedure</i> ];
"Schedule of Dilapidations"	means the schedule referred to in clause 33.2 [ <i>Expiry Requirements: Assessing Required Renewal Works</i> ] as revised or updated from time

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	to time;
"Schedule of Rates"	means the schedule of rates and terms and conditions set out at Part 7 of Schedule 11 [ <i>Change Procedures</i> ] as re-tendered from time to time pursuant to Schedule 22 [ <i>Competitive Tendering Procedure</i> ];
"Scottish Properties"	means such of the Properties as are situated in Scotland;
"Scottish Property Agreement"	means an agreement in relation to Scotland (only) to be entered into among the SSE (or any relevant OGD), the Departments and the STEPS Contractor in the terms of Part 7, Section B of Schedule 5 [ <i>Land Matters</i> ];
"Security Documents"	has the meaning given to it in Schedule 16 [ <i>Direct Agreement</i> ];
"Security Interest"	means any security interest of any nature whatsoever, including any mortgage, charge, pledge, lien, or an assignment or other encumbrance by way of security;
"Service Change"	means any change in the quality of the Services specified in the Required Accommodation Standards and/or the Service Requirements (or method of delivery of the same) or the provision of more of a Service, or ceasing to provide a Service or reducing the amount of a Service provided, at a Facility or a Service Only Occupancy save that a change in quality which is necessary as a result of the obligation of the STEPS Contractor to comply with Good Industry Practice shall not be a Service Change and to avoid doubt, excludes, without limitation, the provision of more or additional Supplemental Services, manned security, Catering or Childcare;
"Service Commencement Date"	means the date on which the STEPS Contractor or a Service Provider commences the provision of the Services or the assumption of the Existing Services or any of them;
"Service Contracts"	means the contracts by which the STEPS Contractor will procure the performance of the Services but does not include any leases in respect of Leasehold Properties;
"Service Only Occupancy"	means the area of a building or land occupied by the Departments as a Service Only Occupier as

	set out in Part 2 of Schedule 6 [ <i>The Properties</i> ] as amended from time to time in accordance with clause 14 [ <i>Provision of Services to Service Only Occupancies</i> ];
"Service Only Occupancy Payment"	means in respect of a Contract Month the payment in respect of the provision of Services at a Service Only Occupancy which payment is calculated in accordance with the provisions of clause 18 [ <i>Payment</i> ] and paragraph 1 of Part 3 of Schedule 15 [ <i>Payment Provisions</i> ];
"Service Only Occupancy Price"	means in respect of each particular Service Only Occupancy the number set out under the column headed "Service Only Occupancy Price £/year" in the table included as Part 5 of Schedule 15 [ <i>Payment Provisions</i> ] as the same may be amended or replaced from time to time in accordance with this Agreement;
"Service Only Occupier"	means a department or agency of HM Government which is in occupation of a building or land where another department or agency of HM Government also occupies the building or the land and that other department or agency of HM Government is the Major Occupier;
"Service Provider"	means any person engaged by the STEPS Contractor under a Service Contract but does not include Third Party Landlords;
"Service Provider Replacement Notice"	has the meaning given in clause 16.6 [ <i>Measuring of Performance: Service Provider Replacement Notices</i> ];
"Service Provider Replacement Notice Number"	a number equal to one twelfth of the relevant Service Warning Notice Number from time to time;
"Services"	means those services described in Part 3 of Schedule 9 [ <i>Required Outputs</i> ] as subsequently amended or adjusted as a result of any Service Change;
"Service Regional Service Provider Replacement Notice Number"	a number equal to one twelfth of the relevant Service Regional Warning Notice Number from time to time;
"Service Regional Warning Notice Number"	means in respect of each Service a number set on the first day of each Contract Year equal to 12 multiplied by the sum of the number of Facilities and Service Only Occupancies in the PMS Region where the STEPS Contractor is required to provide

	the relevant Service as set out in Schedule 9 [ <i>Required Outputs</i> ];
"Service Requirements"	means the service requirements of the Departments set out or identified in Part 3 of Schedule 9 [ <i>Required Outputs</i> ];
"Service Warning Notice Number"	means in respect of each Service a number set on the first day of each Contract Year equal to 12 multiplied by the sum of the number of Facilities and Service Only Occupancies where the STEPS Contractor is required to provide the relevant Service as set out in Schedule 9 [ <i>Required Outputs</i> ];
"Set-off Amount"	means an amount which is agreed by the Parties or determined under the Dispute Resolution Procedures to be due and unpaid from the STEPS Contractor to the Departments under or pursuant to any term of any Project Document or for breach of any duty owed by the STEPS Contractor to the Departments;
"Site"	means a plot of land together with one or more buildings and other improvements (if any) erected thereon or a specified part of a building and other improvements (if any) in each case together with all rights appertaining to the land or buildings or improvements but subject to such rights of Third Party Landlords or any other person as may be imposed on the land or building or improvements under and in accordance with the Title Deeds, which is identified in the List of Sites (as amended as a result of any relevant Change) as the place within a Required Location at which a Facility will be provided to fulfill the Facility Output Requirements;
"Somerset House Amount"	means the amount payable in respect of building maintenance at Somerset House pursuant to Part 8 of Schedule 15 [ <i>Payment Provisions</i> ];
"Soros"	means Soros Real Estate Investors, C.V. of Strawinsky Laan, 1725 World Trade Center, Tower B, 17th Floor, 1077 XX, Amsterdam;
"Specialist Consultant(s)"	means any consultant having specialist expertise not ordinarily provided by a company or firm providing general Consultancy Services;
"Specialist Consultancy Services"	means services which can only be provided by a Specialist Consultant;

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"Sponsors"	means Fortress, Soros and Delancey Estates plc;
"Standard Implementation Terms"	means the standard implementation terms applicable to Departments' Facilities Changes as set out in paragraph 12 of Part 5 of Schedule 11 [ <i>Change Procedures</i> ];
"Statement Date"	has the meaning given in clause 18.4 [ <i>Payment: Balancing Payment procedure</i> ];
"Statutory Requirement"	means the requirement of any written Law applicable in any part of the United Kingdom or European Law or of any Law, requirement, authorisation, notice or demand of any Relevant Authority which has jurisdiction with regard to the Sites, Facilities or the Operations;
"STEPS Adjudicator"	means a STEPS Adjudicator appointed in accordance with the Dispute Resolution Procedures;
"STEPS Contractor's Management Team"	means the STEPS Contractor's team referred to in clause 4.10 [ <i>Representatives: Management</i> ];
"STEPS Contractor's Representative"	means Robin Priest or such replacement as may be appointed by the STEPS Contractor from time to time to represent the STEPS Contractor in accordance with clause 4.6 [ <i>Representatives: STEPS Contractor's Representative</i> ];
"STEPS Contractor's Service Change Proposal"	has the meaning given in sub-clause 21.18(a);
"STEPS Contractor Termination Events"	has the meaning given in clause 30.1 [ <i>Termination by the STEPS Contractor: STEPS Contractor Termination Events</i> ];
"STEPS Discount Rate"	means a real discount rate of 8.01% <sup>3</sup> per annum;
"STEPS Investment Co"	means Mapeley STEPS Limited a company incorporated in Bermuda with registration number EC29679;
"STEPS Leases"	means the leases in the form set out in Part 6 of Schedule 5 [ <i>Land Matters</i> ] of certain of the Freehold Properties and certain of the Leasehold Properties entered into or to be entered into between the STEPS Contractor as landlord and

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<sup>3</sup> 8.01% was substituted for 8.06% pursuant to Schedule 7 of the Supplemental Agreement

	the Departments as tenant;
"STEPS Surveys"	means the surveys of the Existing Sites completed by Insignia Richard Ellis Limited (formerly Richard Ellis St Quintin Limited), 4 copies of which (on CD ROM) have been dated and initialled by the Parties for the purposes of identification;
"Subsidiary"	has the meaning given in Part XXVI of the Companies Act 1985;
"Supplemental Services"	means the supplemental services set out in paragraph 3.3(b) of Part 3 of Schedule 9 [ <i>Required Outputs</i> ] namely conference and training administration, car pool management, and telecom management, all as more particularly described in the said paragraph 3.3(b);
"Surplus Area"	means the area of a Core Property, Intermediate Property or a Flexible Property which is capable of independent occupation (as that term is more fully explained in Part 2 of Schedule 23 [ <i>Guidance on vacation of Flexible Facilities</i> ]), being that part of a Core Property, Intermediate Property or a Flexible Property which is shown on the relevant plan forming part of Schedule 7 [ <i>Plans of Surplus Properties</i> ] or is the area subject to a Commercial Lease or a FRI Contractor Lease;
"Surplus Property"	means each of those Properties which is not a Core Property, Intermediate Property or a Flexible Property;
"Template Method Statement"	means the template set out in Part 2 of Schedule 10 [ <i>Sites and Template Method Statement</i> ];
"Tender Programme"	has the meaning given to it in Schedule 22 [ <i>Competitive Tender Procedure</i> ];
"Tender Proposal"	has the meaning given to it in Schedule 22 [ <i>Competitive Tender Procedure</i> ];
"Tender Requirements"	has the meaning given to it in Schedule 22 [ <i>Competitive Tender Procedure</i> ];
"Tendered Service"	has the meaning given to it in Schedule 22 [ <i>Competitive Tender Procedure</i> ];
"Third Party Landlord"	means any person apart from the STEPS Contractor, the STEPS Investment Co, any Holding company of the STEPS Contractor or of the STEPS Investment Co, or any subsidiary of

	any such Holding Company, holding (in respect of a Leasehold Property situated in England or Northern Ireland) any interest in reversion of a Leasehold Property or any Site or (in respect of any Leasehold Property situated in Scotland) holding the interest of the Landlord;
"Third Party Service Change"	has the meaning set out at paragraph 5.1 of Part 4 of Schedule 11 [ <i>Change Procedures</i> ];
"Third Party Service Change Confirmation"	means the document referred to as such in paragraph 5 of Part 4 of Schedule 11 [ <i>Change Procedures</i> ];
"Third Party Tenant"	means a tenant or licensee (other than any OGD, ISB, Departments' Contractor or OGD Contractor) of all or any part of a Property as identified in the column headed "Commercial subtenants" in Schedule 6 [ <i>The Properties</i> ] or in a Certificate of Title or Leasehold Enquiry or a tenant under any lease granted by the STEPS Contractor of all or part of a Site;
"Title Deeds"	means the title deeds for the Properties or any Site and includes all entries in any register for the Properties or Site at HM Land Registry in England and Wales or the Land Register of Scotland or the Land Registry for Northern Ireland;
"Title Information"	means the deeds and documents relating to the Properties, copies of which on CD ROM or on paper have been provided to the STEPS Contractor prior to the date of this Agreement. Copies of the CD ROM and a schedule of paper copies supplied have been dated and initialled by the Parties for the purposes of identification;
"Trader Provided Free Facilities"	means the Service Only Occupancies agreed from time to time by the Departments and the STEPS Contractor to be Trader Provided Free Facilities;
"Transfer"	means a Freehold Transfer or a Leasehold Transfer;
"Transfer Payment"	means the sum of £220 million to be paid by the STEPS Contractor to the Departments in accordance with clause 7.2 [ <i>Transfer of the Properties</i> ] which shall be:  (a) inclusive of any VAT properly chargeable thereon as a result of any election to waive the exemption from VAT under the

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	provisions of Schedule 11 to the Value Added Tax Act 1994; but
	(b) exclusive of any VAT properly chargeable thereon otherwise than as a result of such an election;
"Transfer Regulations"	means the Transfer of Undertakings (Protection of Employment) Regulations 1981;
"Transition Date"	means for each Intermediate Facility the earliest date upon which the Departments may vacate such Intermediate Facility without payment of compensation to the STEPS Contractor, determined by reference to the column headed "Transition Date" in Section A of Part 4 of Schedule 9 [ <i>Required Outputs</i> ];
"Treasury Green Book"	means 'Appraisal and Evaluation in Central Government (the Green Book)' ISBN 0-11-560034-5;
"TUPE Employees"	those mobile and non-mobile, industrial and non-industrial civil servants whose names are notified in writing by the Departments to the STEPS Contractor three months prior to any relevant Service Commencement Date and the term "TUPE Employee" shall be interpreted accordingly;
"Unavailable Business Square Metre"	with regard to a Facility, means a Business Square Metre which is to be treated as an Unavailable Business Square Metre in accordance with Part 6 of Schedule 15 [ <i>Payment Provisions</i> ];
"Unavailable Business Square Metre Days"	with regard to a Facility, means the sum of Unavailable Business Square Metres for all days of a Contract Month when the relevant Facility is required to be available in accordance with the Facility Output Requirements;
"Unavoidable Costs"	means:  (a) in respect of a Core Facility, the sum (if any) in respect of that Facility set out in Schedule 14 [ <i>Unavoidable Costs</i> ] for the Contract Year in which that Core Facility (or part of it) is vacated following a Departments' Reduction in Core Space; or  (b) in respect of an Intermediate Facility, the sum (if any) in respect of that Facility set out in Schedule 14 [ <i>Unavoidable Costs</i> ] for

the Contract Year in which that Intermediate Facility (or part of it) is vacated in its entirety in accordance with clause 21.7 [*Change: Vacation of Intermediate Facilities*];

"Unavoidable Costs Amount"	means the amount due in respect of Unavoidable Costs in accordance with Part 3a of Schedule 11 [ <i>Change Procedures</i> ];
"United Kingdom Law"	means any Law applicable to the United Kingdom or any part thereof or to the European Union;
"Unscheduled Maintenance Works"	means all works for the maintenance of the Sites and applicable Service Only Occupancies, including replacement of minor parts (such as belts, filters, bushes, seals, bearings, wearing components and the like) and the repair of the Sites and applicable Service Only Occupancies, Equipment and Plant which are not Planned Maintenance Works, which arises through emergency or otherwise, and which are necessary for the STEPS Contractor to meet its obligations under this Agreement (and to avoid doubt, includes all reactive maintenance);
"Utilities"	means electricity, gas, energy, solid fuels, fuel oils, water, sewage, and any other utility or any one or more of them;
"Utilities Adjustment Amount"	has the meaning given in paragraph 5 of Schedule 38 [ <i>Utilities</i> ];
"Utilities Invoice"	means the invoice described in paragraph 17 of Schedule 38 [ <i>Utilities</i> ];
"Utility Providers"	means suppliers of Utilities to the Facilities;
"Value Added Tax" and "VAT"	means the tax charged by the Value Added Tax Act 1994 and shall be taken to include any replacement therefor that is charged on sales, turnover or added value or any similar measure;
"Vending Agreement"	means any agreement, lease, licence or other arrangement between the Departments and third parties for the provision, maintenance, servicing, stocking and operation of vending machines for the supply of hot and/or cold drinks, confectionery, snacks and other food, toiletries, condoms, sanitary towels and other personal hygiene products and food customarily supplied through vending machines;

"Virtual Assignment"	means an agreement to be entered into between the SSE, the Departments and the STEPS Contractor or the Guarantor in the terms of Section A of Part 7 of Schedule 5 [ <i>Land Matters</i> ] in relation to English and Welsh Properties and in terms of Section C of Part 7 of Schedule 5 [ <i>Land Matters</i> ] in relation to Northern Irish Properties;
"Virtual Assignment VAT Amount"	means the aggregate amount of the Value Added Tax shown on VAT invoices addressed to the Departments or the SSE in respect of rent and service charges for Facilities which are subject to Virtual Assignments or Scottish Property Agreements received by the STEPS Contractor in a Contract Month and which the STEPS Contractor cannot recover;
"Warning Notice"	has the meaning given in clause 16.4 [ <i>Measuring of Performance: Warning Notices</i> ];
"Works Location"	means a Site in which the STEPS Contractor has any interest or title, in respect of which the Departments have engaged a third party contractor to implement a Departments' Facilities Change;
"Year One PMS Adjustment"	means the amount calculated in accordance with paragraph 3 of Part 2 and paragraph 3 of Part 3 of Schedule 15 [ <i>Payment Provisions</i> ] in respect of each Facility or Service Only Occupancy.

**Part B**

**Scottish Definitions and Interpretation**

By way of supplement to the definitions appearing in Part A of this Schedule, to the extent that the following terms are used in or incorporated by reference into the Agreement, and whether or not the first letter thereof shall be in upper case, they shall be construed in relation to such of the Properties as are situated in Scotland, (so as to give business efficacy to the terms of the Agreement as applied thereto and in the absence of express Scottish provisions relating to any given subject matter), as follows:

"assignment"	means, in the context of a lease, deed or document, assignation;
"assigns"	means, when used as a noun, assignees;
"assurance"	means an assignation, in the context of a lease, and a disposition, in the context of a freehold;
"completion"	means settlement of a transaction in relation to any one or more of the Properties and "completed" shall be construed accordingly;
"covenants"	means undertakings and/or obligations (as appropriate), when used as a noun, and "undertakes" and/or "obliges" itself, when used as a verb;
"declaration"	means declarator;
"deduced"	means evidenced by delivery or exhibition in the form of principal documentation or official extracts in relation to deeds within the prescriptive progress and otherwise in the form of office or certified copies;
"demise"	means, when used as a noun, the subjects of lease, and, when used as a verb, lease;
"easements and quasi easements"	each mean servitudes and/or wayleaves;
"execute"	means in relation to any document, that such document is subscribed so that it shall be presumed to have been subscribed by the grantor and/or other Parties thereto for the purposes of s 3 and/or 7 of, and/or Schedule 2 to, the Requirements of Writing (Scotland) Act 1995;
"forfeit"	means irritate and "forfeiture" shall mean irritancy;

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"freehold"	means feudal or other form of heritable title not being a lease;
"full title guarantee"	means absolute warrandice;
"issue any proceeding" or like phrase	means raise any action;
"leasehold"	means a property held under a lease or sub-lease;
"leasehold owner"	means the current tenant under the relevant lease;
"licence"	means licence or consent depending upon the context;
"local land charges"	means a charge acquired by a local authority or water authority that is binding upon successive owners of the land affected, a prohibition or use on the use of land either imposed by a local authority, including one embodied in a condition attached to a consent, approval or licence granted by a local authority or enforceable by a local authority under an undertaking which in either case is binding upon successive owners of the land affected; any prohibition or restriction on the use of land either imposed by a Minister of the Crown or Government Department including one embodied in a condition attached to a consent, approval or licence granted by such a Minister or Department under any undertaking or agreement given to or made with him or it, and which in either case is binding upon successive owners of the land affected, or any positive obligation affecting land enforceable by a Minister of the Crown, Government Department or local authority under any undertaking or agreement entered into, and which is binding upon successive owners of the land affected;
"the President of the Law Society"	means the President or Senior Office Holder for the time being of the Law Society of Scotland;
"the President of The Royal Institution of Chartered Surveyors"	means the Chairman or Senior Office Holder for the time being of the Scottish Branch of The Royal Institution of Chartered Surveyors;
"the Register of Title"	means the Title Sheet;

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"reversioner"	means any person from whom the party vested in the tenant's part of any lease derives its interest whether immediately or more remotely, and/or whose consent is required for an assignation or sub-letting thereof;
"tort"	means delict;
"underlease"	means sub-lease;
"underletting"	means sub-letting; and
"undertenant"	means sub-tenant.

By way of supplement to the interpretation provisions set out in clause 1 of this Agreement, a reference to any of the Properties shall, where applicable, be construed as a reference to the interest of the party in question under the relevant lease in the case of Leasehold Properties and the heritable interest of the party in question in the case of Freehold Properties.

**Part C**

**Northern Irish Definitions and Interpretation**

By way of supplement to the definitions appearing in Part A of this Schedule, to the extent that the following terms are used in or incorporated by reference into this Agreement they shall be construed in relation to such of the Properties as are situated in Northern Ireland (so as to give business efficacy to the terms of the Agreement as applied thereto and in the absence of express Northern Irish provisions relating to any given subject matter) as follows:

"CDM Regulations"	means the Construction (Design and Management) Northern Ireland) Regulations 1995;
"local land charges"	means charges registered in the Statutory Charges Register;
"Planning Authority"	means the Department of the Environment for Northern Ireland or such other body responsible for exercising the functions of the Department for Northern Ireland under the Planning (Northern Ireland) Order 1991 in respect of the Department's Increase in Space or Departments' Configuration Change in question and which expression shall where the context means that it would be appropriate mean the Planning Appeals Commission or such other body appointed by the Department of Environment for Northern Ireland to hear planning appeals;
"President of the Law Society"	means the President of The Law Society of Northern Ireland;
"President of the Royal Institution of Chartered Surveyors"	means the Chairman for the time being of the Northern Irish Branch of the Royal Institution of Chartered Surveyors; and
"Register of Title"	means the Land Registry Folio.

Customs & Excise Richard Allen	Environment, Transport & Regions John Gray Diana Barrett
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Inland Revenue Dave Martnett	STEPS Contractor Robin Priest
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Inland Revenue Tim Flesher	STEPS Contractor Miltos Kambourides
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