

SCHEDULE 3

This is Schedule 3 comprising the Bonds 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

Part 1

Form of Indemnity Bond

To: The Board of Inland Revenue and the Commissioners of Customs and Excise

From: [Bank/Bondsman]

Dear Sirs

STEPS Project

1. We are informed that [] (the "**STEPS Contractor**") has entered into an agreement (the "**Project Agreement**") with you and the Secretary of State for the Environment, Transport and the Regions ("**the SSE**") on [] for the provision of serviced accommodation as more fully set out in the Project Agreement. Expressions which are defined in the Project Agreement have the same meanings where used in this undertaking.
2. Subject to the provisions of this undertaking and in consideration of you accepting this undertaking in discharge of the STEPS Contractor's obligation under Clause 32.16 [*Indemnity*] of the Project Agreement to provide a bond, we hereby irrevocably and unconditionally agree to satisfy and discharge upon your first written demand the payment in full to you of all losses, costs, damages, liabilities, fines and expenses incurred by you or, the SEE and/or any relevant OGD or ISB in relation to any claims, demands or notices which any of you may suffer as a result of being the owner of record or former owner of record of a Residual Leasehold Property up to the Property Indemnity Amount for that Residual Leasehold Property. The Property Indemnity Amount for each Residual Leasehold Property is the amount set out opposite the Residual Leasehold Property in the Schedule to this Bond. For the avoidance of doubt, you must specify, in your written demand for payment, the Residual Leasehold Property in relation to which any claim, demand or notice has been received and our obligation to make any payment in respect of such is limited to the Property Indemnity Amount for that Residual Leasehold Property.
3. The STEPS Contractor and you may jointly notify us in writing that we are no longer to make payment in relation to any claim, demand or notice for a particular Residual Leasehold Property.
4. Our liability under this undertaking constitutes our direct, primary, irrevocable and unconditional obligation and shall not be affected by any act, omission, matter or thing (including, without limitation, the liquidation or dissolution of the STEPS Contractor) which but for this provision might operate to exonerate us either wholly or in part (whether or not such act, omission, matter or thing is known to us or you). For the avoidance of doubt, none of the following, individually or in combination, shall release, discharge or in any way reduce our liability under this undertaking:

STEPS – Strategic Transfer of the Estate to the Private Sector

- (a) any variation or amendment made in accordance with Clause 45 [*Entire Agreement and Variation of Terms*] of the Project Agreement or in the extent or nature of the obligations to be performed under the Project Agreement (so that references to the Project Agreement in this undertaking shall include each such variation or amendment);
 - (b) any additional time, waiver or indulgence granted to the STEPS Contractor or any other person in relation to such person's obligations under the Project Agreement;
 - (c) the taking, variation, compromise, renewal or release of or refusal or neglect to perfect or enforce any rights, remedies or securities against the STEPS Contractor or any other person;
 - (d) any legal limitation, disability or incapacity relating to the STEPS Contractor or any other person; or
 - (e) any unenforceability, invalidity or frustration of any obligations of the STEPS Contractor or other person under the Project Agreement or any other document or security.
5. This undertaking:
- (a) shall remain in force until the obligation of the STEPS Contractor to indemnify you under Clauses 32.12 to 32.17 [*Indemnity*] of the Project Agreement has:
 - (i) been discharged in full; or
 - (ii) the total Property Indemnity Amount has been paid by us for each remaining Residual Leasehold Property; or
 - (iii) 10 years,whichever is the earliest;
 - (b) may be enforced against us without first having recourse to any of your rights against the STEPS Contractor; and
 - (c) shall not require you to advise us of your dealings, arrangements or communications with the STEPS Contractor or of any default by the STEPS Contractor of which you may have knowledge.
6. Subject to paragraph 7 of this undertaking, you may make any number of demands under this undertaking.
7. Our liability under this undertaking in relation to a Residual Leasehold Property shall not exceed the lesser of:
- (a) the Property Indemnity Amount for that Residual Leasehold Property; and
 - (b) the full amount of all losses, costs, damages, liabilities, fines and expenses (including legal costs) which you, the SSE and/or any relevant OGD or ISB may incur through or arising from any claim, demand or

STEPS – Strategic Transfer of the Estate to the Private Sector

notice which you may suffer as a result of being the owner of record or former owner of record of the Residual Leasehold Property.

8. Unless you notify us otherwise, any payment we make pursuant to this undertaking will be in [UK sterling] and be made directly into the following account:

Account name: []

Account number: []

Bank name: []

Bank address: []

Bank sort number: []

9. All demands or other notices to us under or in relation to this undertaking shall be in writing and shall be served by sending the same by prepaid first class post, facsimile or leaving the same at:

[address]

[attention]

[fax number]

10. The benefit of this undertaking may be assigned by you.
11. This undertaking and all matters relating to it shall be governed by English law and we hereby irrevocably agree to submit to the jurisdiction of the English courts.

In witness whereof this document has been duly executed as a deed on the [] day of [].

Schedule

Residual Leasehold Properties and Property Indemnity Amount

| Residual Leasehold Property | Property Indemnity Amount |
|------------------------------------|----------------------------------|
| | |
| | |
| | |
| | |
| | |
| | |
| | |
| | |

Part 2

Form of Renewal Bond

To: Board of the Inland Revenue and the Commissioners of HM Customs & Excise

From: [Bank/Bondsman]

Dear Sirs

STEPS Project

1. We are informed that [] (the "**STEPS Contractor**") has entered into an agreement ("**the Project Agreement**") with you and the Secretary of State for the Environment, Transport and the Regions ("**the SSE**") on [] for the provision of serviced accommodation as more fully set out in the Project Agreement. Expressions which are defined in the Project Agreement have the same meanings where used in this undertaking.
2. Subject to the provisions of this undertaking and in consideration of you accepting this undertaking in discharge of the STEPS Contractor's obligation under Clause 33.9 [*Bonding or Retention*] of the Project Agreement to provide a bond, we hereby irrevocably and unconditionally agree to satisfy and discharge upon your first written demand the payment in full to you of all damages and losses suffered by you in respect of or arising out of any breach of the STEPS Contractor's obligation under Clause 33 [*Expiry Requirements*] of the Project Agreement and/or any failure to discharge such obligation as a consequence of any termination of the Project Agreement pursuant to Clause 29 [*Termination by the Departments*] of the Project Agreement.
3. Our liability under this undertaking constitutes our direct, primary, irrevocable and unconditional obligation and shall not be affected by any act, omission, matter or thing (including, without limitation, the liquidation or dissolution of the STEPS Contractor) which but for this provision might operate to exonerate us either wholly or in part (whether or not such act, omission, matter or thing is known to us or you). For the avoidance of doubt, none of the following, individually or in combination, shall release, discharge or in any way reduce our liability under this undertaking:
 - (a) any variation or amendment made in accordance with Clause 46 [*Entire Agreement and Variation of Terms*] of the Project Agreement or in the extent or nature of the obligations to be performed under the Project Agreement (so that references to the Project Agreement in this undertaking shall include each such variation or amendment);
 - (b) any additional time, waiver or indulgence granted to the STEPS Contractor or any other person in relation to such person's obligations under the Project Agreement;

STEPS – Strategic Transfer of the Estate to the Private Sector

- (c) the taking, variation, compromise, renewal or release of or refusal or neglect to perfect or enforce any rights, remedies or securities against the STEPS Contractor or any other person;
 - (d) any legal limitation, disability or incapacity relating to the STEPS Contractor or any other person; or
 - (e) any unenforceability, invalidity or frustration of any obligations of the STEPS Contractor or any other person under the Project Agreement or any other document or security.
4. This undertaking:
- (a) shall remain in force until [*2 years after the date of termination of the Project Agreement*];
 - (b) may be enforced against us without first having recourse to any of your rights against the STEPS Contractor; and
 - (c) shall not require you to advise us of your dealings, arrangements or communications with the STEPS Contractor or of any default by the STEPS Contractor of which you may have knowledge.
5. Subject to paragraph 6 of this undertaking, you may make any number of demands under this undertaking.
6. Our aggregate liability under this undertaking in relation to any demand shall not exceed the amount of £[], being the amount by which RA₈ exceeds 50% of FP₈ (as such terms are defined in the Project Agreement) less:
- (a) any reductions to the Renewal Amount made pursuant to Clause 33.7(b); and
 - (b) all amounts certified by the Departments, upon request, as having been properly paid to it in respect of the Renewal Works after the date of this bond.
7. Unless you notify us otherwise, any payment we make pursuant to this undertaking will be in [UK sterling] and be made directly into the following account:
- Account name: []
- Account number: []
- Bank name: []
- Bank address: []
- Bank sort number: []
8. All demands or other notices to us under or in relation to this undertaking shall be in writing and shall be served by sending the same by prepaid first class post, facsimile or leaving the same at:
- [address]

STEPS – Strategic Transfer of the Estate to the Private Sector

[attention]

[fax number]

9. Our liability under this undertaking shall expire upon the issue of a further bond pursuant to Clause 33 [*Expiry Requirements*] or the issue to the STEPS Contractor of the Expiry Certificate, whichever is the earlier.
10. The benefit of this undertaking may be assigned by you.
11. This undertaking and all matters relating to it shall be governed by English law and we hereby irrevocably agree to submit to the jurisdiction of the English courts.

IN WITNESS whereof this document has been duly executed as a deed on the [] day of [].