

SCHEDULE 39

This is Schedule 39 comprising the Historic Leases 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

The clause numbering of this draft lease shall be deemed to be amended so that the first clause is numbered "1" and the following clauses are renumbered accordingly.

Part 1

For use in England and Wales

THIS LEASE is made

2001

BETWEEN:

- (1) **THE SECRETARY OF STATE FOR THE ENVIRONMENT, TRANSPORT AND THE REGIONS** (the "**Landlord**"); and
- (2) **MAPELEY STEPS LIMITED** (Company Registration Number EC29679 whose registered office is C/-MQ Services Limited, Bermuda, Commercial Bank Building, 44 Church Street, Hamilton HM12, Bermuda (the "**Tenant**").

1 DEFINITIONS AND INTERPRETATION

- 1.1 In this Lease where the context so requires or admits the following expressions have the meanings set opposite them:

"**Act**" means every Act of Parliament (whether specifically named in this Lease or not) which is relevant to the Premises, its user or any persons or things on the Premises or the persons employed or having recourse to the Premises whether or not in force at the date of this Lease and any reference to an Act shall include any statutory re-enactment or modification of it and any order, regulation, directive, bye-law, rule, regulation, consent or licence granted or required under it or drawing validity from it or by any public or local authority or by any court of competent jurisdiction;

"**Building**" means the building comprised within the Premises and any other buildings or structures from time to time on the Premises;

"**Conduits**" means all pipes, wires, cables, sewers, drains, ducts, flues, gutters, gullies and other service media within or serving the Premises now or at any time during the Term;

"**Departments**" means The Board of Inland Revenue and The Commissioners for Customs and Excise;

"**Insured Risks**" means (so far as cover is ordinarily available) fire, lightning, aircraft (not being hostile aircraft) and things dropped from aircraft, explosion, riot, civil commotion, malicious damage, storm, tempest, flooding and lightning and such other risks as the Landlord (acting reasonably) deems necessary to insure against;

"**Landlord**" includes any other person for the time being entitled to the immediate reversion expectant on the determination of the Term;

"**Particulars**" means the Particulars page set out at the front of this Lease;

"Planning Acts" means the "consolidating Acts" as defined in the Planning (Consequential Provisions) Act 1990 and any other legislation relating to town and country planning in force from time to time;

"Premises" means the property referred to in Schedule 1 including:

- (a) the Building;
- (b) all fixtures and fittings in or forming part of the Premises and all additions to the Premises; and
- (c) all Conduits at any time in and exclusively serving the Premises;

"STEPS Contract" means an Agreement dated _____ 2001 made between The Board of Inland Revenue (1) The Commissioners of Customs and Excise (2) the Landlord (3) and the Tenant (4);

"Tenant" includes the successors in title of the Tenant to the term created by this Lease and the Tenant for the time being and from time to time under this Lease;

"Term" means the term of one hundred and seventy five years from 1 April 2001;

"Termination of the Term" means the determination of the Term whether by effluxion of time, re-entry, notice, surrender by operation of law or by any other means or cause;

"this Lease" means this Lease and includes any Schedule to it, any licence granted pursuant to this Lease and any deed of variation of the provisions of this Lease and any deed or instrument supplemental to this Lease;

"VAT" means Value Added Tax or any other tax of a like nature or levied in addition to or substitution for Value Added Tax.

- 1.2 The masculine includes the feminine and the singular the plural and vice versa.
- 1.3 Obligations undertaken by either the Landlord or the any Tenant where the relevant party comprises more than a single person are joint and several obligations.
- 1.4 Any covenant by the Landlord or the Tenant not to do an act or thing shall be construed as if it were also a covenant not to permit or suffer such act or thing.
- 1.5 Rights excepted reserved or granted to the Landlord shall be construed as excepted, reserved, or granted to the Landlord and all persons authorised by the Landlord.
- 1.6 Any consent or approval of the Landlord required pursuant to the terms of this Lease is valid only if given in writing.
- 1.7 The contents page, clause headings and schedule headings in this Lease are for reference only and shall not be deemed to form part of this Lease nor shall they affect the construction of this Lease.

2 **DEMISE AND RIGHTS**

In consideration of the rents reserved and the covenants on the part of the Tenant the Landlord demises the Premises to the Tenant EXCEPTING AND RESERVING the rights specified in Schedule 2 BUT SUBJECT to and where appropriate with the benefit of all matters contained or referred to in Schedule 3 in so far as the Landlord is able to grant

the same for the Term YIELDING AND PAYING the rent of a peppercorn (if demanded) to the Landlord to be paid on the first day of each year of the Term.

3 TENANT'S GENERAL COVENANTS

The Tenant COVENANTS with the Landlord as follows:

3.1 Pay rents

During the continuance of the Term to pay the rent hereby reserved as and when stipulated without any deduction or set-off (except lawfully made by statute).

3.2 Outgoings

To indemnify the Landlord against all existing and future rates, taxes, impositions, outgoings and assessments whatsoever which shall during the Term be assessed or imposed on or in respect of the Premises or imposed on the Tenant (except tax payable by the Landlord as a result of any dealing with any reversion immediately or mediately expectant on the Term).

3.3 Landlord's expenses

Within 21 days of demand to pay to the Landlord all proper costs, charges and expenses (including legal costs, bailiffs fees and fees payable to a surveyor or an architect):

- (a) resulting from any breach by the Tenant of any of its obligations under this Lease;
- (b) incidental to any contemplated or actual notice or proceedings preparatory to forfeiture of this Lease for breach of its terms notwithstanding forfeiture is avoided otherwise than by relief granted by the Court.

3.4 Landlord's entry and rights

The provisions of this clause 3.4 shall not apply while [HM Customs & Excise/the Valuation Office Agency] are in occupation of the Premises.

- (a) To permit the Landlord or its agents with or without workmen and others to enter into and remain on the Premises for the purpose of:
 - (i) viewing the Premises to ensure that nothing has been done that constitutes a breach of any of the covenants in this Lease;
 - (ii) viewing and examining the state and condition of the Premises and carrying out environmental surveys;
 - (iii) for any other purpose connected with the interest of the Landlord in the Premises including valuing or disposing of the Landlord's interest in them.
- (b) In exercising any of the rights mentioned in clause 3.4(a), the Landlord or the person exercising the right shall:
 - (i) give to the Tenant reasonable prior notice that the right is to be exercised and shall only exercise it at reasonable times (except in an emergency, when no notice need be given and when it can be exercised at any time);
 - (ii) cause as little inconvenience as practicable to the Tenant or any other permitted occupier of any part of the Premises; and

- (iii) make good, as soon as practicable and to the reasonable satisfaction of the Tenant, any damage caused to the Premises and property of the Tenant.

3.5 Yield up

At the Termination of the Term to yield up the Premises to the Landlord in such repair and condition as shall accord with the Tenant's covenants in this Lease.

3.6 Restrictions on use

Not to use the Premises for any political meeting; any noisy or offensive business, occupation or trade; or for any illegal or immoral purpose.

3.7 Registration

Within one month after the execution of any assignment, charge, transfer or underlease or upon any transmission by reason of a death or otherwise affecting the Premises or any part of them to produce to and leave with the solicitors for the time being of the Landlord a certified copy of the deed, instrument or other document evidencing or effecting such transmission and on each occasion to pay to such solicitors their proper registration fee.

3.8 Compliance with statutes, etc

- (a) To comply with all requirements of all Acts and do all things on or in respect of the Premises which are required by any Act and to keep indemnified the Landlord against all claims, demands, costs, expenses and liability in respect of them.
- (b) In relation to any work that the Tenant carries out to or upon the Premises to which the Construction (Design and Management) Regulations 1994 (the "**CDM Regulations**") apply the Tenant shall as soon as reasonably practicable and in any event before the commencement of such work make a declaration to the Health and Safety Executive in accordance with Regulation 4 of the CDM Regulations stating that it shall be the only client in relation to such works.

3.9 Landlord's title

By way of indemnity only to observe and perform the covenants and provisions on the part of or binding upon the Landlord in the documents (if any) specified or referred to in the Schedule 4 (so far as they relate to the Premises).

3.10 Indemnity

To indemnify the Landlord against all losses, damages, proceedings, actions, claims, demands, costs and expenses incurred or suffered by the Landlord whether before or after Termination of the Term as a result of any breach by the Tenant of any of the Tenant's obligations contained in this Lease Provided always that the indemnity against losses shall apply only in so far as the Landlord has used and continues to use all reasonable endeavours to mitigate all and any such losses.

3.11 Defective Premises

Immediately upon becoming aware of the same to give written notice to the Landlord of any defect in the Premises which might give rise to an obligation on the Landlord to do or refrain from doing any act or thing so as to comply with any duty of care imposed on the Landlord under the Defective Premises Act 1972 and the Tenant shall display and

maintain in the Premises all notices which the Landlord may from time to time reasonably require to be displayed in relation to any such matters.

3.12 Insurance

- (a) For such period as the STEPS Contract is in force to insure the Premises in accordance with the provisions of the STEPS Contract, and at all other times to insure in the joint names of the Landlord and the Tenant the Premises and all fixtures and fittings of an insurable nature in a sum equal to the full reinstatement value against the Insured Risks PROVIDED THAT
- (i) such insurance shall include:
 - (1) architects' surveyors' and other professional fees and expenses;
 - (2) engineering and electrical plant and machinery; and
 - (3) property owner's liability and such other similar insurance as the Landlord (acting reasonably) may from time to time deem necessary;
 - (ii) the Tenant may include the amount of VAT on any of the foregoing matters (including rents) in the amount of insurance cover;
 - (iii) the Tenant shall be deemed to have fulfilled its obligation to insure notwithstanding that the insurance for the time being in force is subject to exclusions, excesses, deductibles and conditions which are usually required by the insurers and which cannot be obtained on reasonable terms and (without prejudice to the generality of the foregoing) the Tenant shall not be obliged to effect insurance against a peril which is for the time being uninsurable or which can only be insured at a premium which in the reasonable view of the Tenant is excessive unless the Landlord shall first fully indemnify the Tenant in respect of the same (and references in this Lease to the Insured Risks shall exclude such perils and be subject to such exclusions and conditions).
- (b) In the event of destruction or damage to the Premises when lawful to do so to expend all monies received by virtue of any such insurance in or towards rebuilding or reinstating so far as practicable the Premises.

3.13 Alterations

For such period only as either or both of the Departments are in occupation of the Premises, not to carry out any alterations to the external appearance of the Premises without the consent of the Landlord.

4 LANDLORD'S COVENANTS

Quiet enjoyment

The Landlord COVENANTS with the Tenant that subject to the Tenant paying the rents reserved by and performing and observing the covenants and conditions on the part of the Tenant contained in this Lease the Tenant shall peaceably hold and enjoy the Premises during the Term without interruption from or by the Landlord or by any person lawfully claiming under or in trust for the Landlord.

5 GENERAL PROVISIONS

It is agreed and declared that:

5.1 No warranty

- (a) The Landlord gives no warranty express or implied relating to the Premises including their suitability for the Tenant's purposes or any other purpose and the Tenant shall on taking this Lease be deemed to have satisfied itself in every respect in that regard.
- (b) The Landlord shall not be liable for any loss, injury or damage to any person or property by the state or condition or user of the Premises whether arising by accident or by reason of any negligence or other acts of the Tenant or of any person or persons employed by it.

5.2 Exclusion of statutory compensation

Subject to the provisions of section 38(2) Landlord and Tenant Act 1954 neither the Tenant nor any person deriving title under the Tenant shall be entitled to any compensation under section 37 of that Act (or any corresponding provision in any Act amending or replacing it) upon quitting the Premises or any part of them.

5.3 Exclusion of liability

- (a) Nothing contained in this Lease shall render the Landlord or the Tenant liable in respect of any of the covenants, conditions and provisions of this Lease if and so far only as the performance or observance of any such covenants, conditions and provisions shall become a contravention of or otherwise impossible or illegal under or by virtue of the Planning Acts or any other Act.
- (b) The Term shall nevertheless not be determined by reason only of any changes, modifications or restrictions of user of the Premises or obligations or requirements made or imposed at any time under or by virtue of the Planning Acts or any other Act.

5.4 No further rights

The Landlord shall have power at all times without obtaining any consent from or making any compensation to the Tenant to deal with or carry out works on any part of any land or buildings adjoining, opposite or near the Premises as the Landlord may in any such case think fit and to erect or suffer to be erected on any part of any such adjoining, opposite or neighbouring land any buildings whatsoever, irrespective of any diminution or other adverse effect on the light or air which may now or at any time during the Term be enjoyed by the Tenant or the other tenants or occupiers of the Premises or any part of them.

5.5 Forfeiture

Without prejudice to any other provisions contained in this Lease if any of the covenants by the Tenant contained in this Lease shall not be performed and observed and in such case such failure is material and in the case of a breach which is capable of remedy the Tenant has failed to use all reasonable endeavours to remedy the breach (or the effect of the breach) within a reasonable period (being not less than 30 days) following notice from the Landlord to the Tenant and any person who holds security over this Lease of whom the Landlord has notice then the Landlord may at any time re-enter the Premises or any

part of the Premises in the name of the whole and immediately this Lease shall terminate absolutely but without prejudice to any rights of the Landlord in respect of any breach of any of the obligations on the Tenant's part in this Lease.

5.6 Choice of Law and Jurisdiction

This Lease shall be governed by and interpreted in accordance with English Law, and the parties hereto (and their successors) irrevocably submit to the non-exclusive jurisdiction of the English Courts.

5.7 Severability

If any provision of this Lease or its application to any person or circumstance is void or unenforceable then such provision or its application to such person or circumstance shall be severed from this Lease so that the validity of the remainder of this Lease and the application of such provision to other persons or circumstances shall not be affected by such severance.

5.8 Rights of Third Parties

No person other than a contracting party may enforce any provision of this Lease by virtue of the Contracts (Rights of Third Parties) Act 1999.

5.9 Notices

The provisions of section 196 Law of Property Act 1925 shall apply to any notice required or given under any clause or covenant or condition in this Lease. Service by electronic mail shall not be valid for the purposes of this Lease.

5.10 New Tenancy

This Lease is a new tenancy as defined in the Landlord and Tenant (Covenants) Act 1995.

5.11 Delivery

This document shall be treated as having been executed and delivered as a deed only upon being dated.

[Text redacted]

5.12 [Text redacted]

5.13 [Text redacted]

IN WITNESS of the above the parties to this Lease have caused this document to be executed as a deed

SCHEDULE 1

The Premises

The premises known as []

SCHEDULE 2

Rights reserved to the Landlord

The right to enter the Premises in accordance with the terms of this Lease in order to do anything which the Landlord is permitted to do under this Lease.

SCHEDULE 3

Matters which the Lease has the benefit of and is subject to

- 1 Subject to the Landlord having the power to grant the same, the Landlord hereby grants to the Tenant such rights as shall be reasonably necessary for the beneficial use and enjoyment of the Premises
- 2 Subject to the exceptions, reservations, covenants, stipulations and provisions (save for financial charges) is so far as they affect the Premises contained or referred to in the documents of title referred to in Schedule 4.

SCHEDULE 4

Landlord's Title

Part 2

For Use in Scotland

LEASE

between

THE SECRETARY OF STATE FOR THE ENVIRONMENT, TRANSPORT AND THE REGIONS (the "**Landlord**"); and

MAPELEY STEPS LIMITED (Company Registration Number EC29679) whose registered office is at C/o-MQ Services Limited, Bermuda, Commercial Bank Building, 44 Church Street, Hamilton HM12, Bermuda the "**Tenant**")

It is contracted and agreed between the Landlord and the Tenant as follows:

1. DEFINITIONS AND INTERPRETATION

1.1 In this Lease where the context so requires or admits the following expressions have the meanings set opposite them:

"Act" means every Act of Parliament including any Act of the Scottish Parliament (whether specifically named in this Lease or not) which is relevant to the Premises, its user or any persons or things on the Premises or the persons employed or having recourse to the Premises whether or not in force at the date of this Lease and any reference to an Act shall include any statutory re-enactment or modification of it and any order, regulation, directive, bye-law, rule, regulation, consent or licence granted or required under it or drawing validity from it or by any public or local authority or by any court of competent jurisdiction;

"Building" means the building comprised within the Premises and any other buildings or structures from time to time on the Premises;

"Conduits" means all pipes, wires, cables, sewers, drains, ducts, flues, gutters, gullies and other service media within or serving the Premises now or at any time during the Term;

"Departments" means The Board of Inland Revenue and The Commissioners for Customs and Excise;

"Insured Risks" means (so far as cover is ordinarily available) fire, lightning, aircraft (not being hostile aircraft) and things dropped from aircraft, explosion, riot, civil commotion, malicious damage, storm, tempest, flooding and lightning and such other risks as the Landlord (acting reasonably) deems necessary to insure against;

"Landlord" means the party hereinbefore named as "Landlord" and includes, in substitution therefor, its successors in title to the interest of landlord under this Lease;

"Planning Acts" means the Town and Country Planning (Scotland) Act 1997, the Planning (Listed Buildings and Conservation Areas) (Scotland) Act 1997, the Planning (Hazardous Substances) (Scotland) Act 1997 and the Planning (Consequential Provisions) (Scotland) Act 1997 and any other legislation relating to town and country planning in force from time to time;

"Premises" means the property referred to in Part 1 of the Schedule including:

- (a) the Building;
- (b) all fixtures and fittings in or forming part of the Premises and all additions to the Premises; and
- (c) all Conduits at any time in and exclusively serving the Premises;

"Schedule" means the Schedule annexed and executed as relative hereto;

"STEPS Contract" means an Agreement dated [] 2001 made between The Board of Inland Revenue (1) The Commissioners of Customs and Excise (2) the Landlord (3) and the Tenant (4);

"Tenant" means the party hereinbefore named as "Tenant" and includes, in substitution therefor, its permitted successors and assignees;

"Term" means the term of One hundred and seventy five (175) years from 1 April 2001;

"Termination of the Term" means the determination of the Term whether by effluxion of time, irritancy, notice, surrender by operation of law or by any other means or cause;

"this Lease" means this Lease and includes the Schedule, any licence or consent granted pursuant to this Lease and any deed of variation of the provisions of this Lease and any deed or instrument supplemental to this Lease;

"VAT" means Value Added Tax or any other tax of a like nature or levied in addition to or substitution for Value Added Tax.

- 1.2 The masculine includes the feminine and the singular includes the plural and in each case vice versa.
- 1.3 Obligations undertaken by either the Landlord or the Tenant where the relevant party for the time being comprises more than a single person are joint and several obligations.
- 1.4 Any undertaking by the Landlord or the Tenant not to do an act or thing shall be construed as if it were also undertaking not to permit or suffer such act or thing.

- 1.5 Rights excepted, reserved or granted to the Landlord shall be construed as excepted, reserved or granted to the Landlord and all persons authorised by the Landlord.
- 1.6 Any consent or approval of the Landlord required pursuant to the terms of this Lease is valid only if given in writing.
- 1.7 The contents page, clause headings and schedule headings in this Lease are for reference only and shall not be deemed to form part of this Lease nor shall they affect the construction of this Lease.

2. LEASE AND RIGHTS

Lease

In consideration of the rent and other prestations and of the whole conditions and others herein contained, the Landlord hereby lets the Premises to the Tenant for the Term EXCEPTING AND RESERVING the rights specified in Part 2 of the Schedule BUT SUBJECT to and where appropriate with the benefit of all matters contained or referred to in Part 3 of the Schedule in so far as the Landlord is able to grant the same. The Tenant shall pay to the Landlord rent in the amount of one peppercorn (if demanded) to be paid on the first day of each year of the Term.

3. TENANT'S GENERAL OBLIGATIONS

The Tenant UNDERTAKES to the Landlord as follows:

3.1 Pay rent

During the continuance of the Term to pay the rent hereby reserved as and when stipulated without any deduction or set-off (except lawfully made by statute).

3.2 Outgoings

To indemnify the Landlord against all existing and future rates, taxes, impositions, outgoings and assessments whatsoever which shall during the Term be assessed or imposed on or in respect of the Premises or imposed on the Tenant (except tax payable by the Landlord as a result of any dealing with the Landlord's interest).

3.3 Landlord's expenses

Within 21 days of demand to pay to the Landlord all proper costs, charges and expenses (including legal costs, sheriff officers' fees and fees payable to a surveyor or an architect):

- (a) resulting from any breach by the Tenant of any of its obligations under this Lease;
- (b) incidental to any contemplated or actual notice or proceedings preparatory to irritancy of this Lease for breach of its terms notwithstanding that irritancy is avoided.

3.4 Landlord's entry and rights

The provisions of this clause 3.4 shall not apply while HM Customs & Excise is in occupation of the Premises.

(a) To permit the Landlord or its agents with or without workmen and others to enter into and remain on the Premises for the purpose of:

(i) viewing the Premises to ensure that nothing has been done that constitutes a breach of any of the Tenant's obligations in this Lease;

(ii) viewing and examining the state and condition of the Premises and carrying out environmental surveys;

(iii) for any other purpose connected with the interest of the Landlord in the Premises including valuing or disposing of the Landlord's interest in them.

(b) In exercising any of the rights mentioned in clause 3.4(a) hereof, the Landlord or the person exercising the right shall:

(i) give to the Tenant reasonable prior notice that the right is to be exercised and shall only exercise it at reasonable times (except in an emergency, when no notice need be given and when it can be exercised at any time);

(ii) cause as little inconvenience as practicable to the Tenant or any other permitted occupier of any part of the Premises; and

(iii) make good, as soon as practicable and to the reasonable satisfaction of the Tenant, any damage caused to the Premises and property of the Tenant.

3.5 Yield up

At the Termination of the Term to yield up the Premises to the Landlord in such repair and condition as shall accord with the Tenant having complied fully with its obligations under this Lease.

3.6 Restrictions on use

Not to use the Premises for any political meeting; any noisy or offensive business, occupation or trade; or for any illegal or immoral purpose.

3.7 Registration

Within one month after the execution of any assignation, charge, or sub-lease or upon any transmission by reason of a death or otherwise affecting the Premises or any part of them to deliver to the solicitors for the time being of the Landlord an extract registered copy (or other official copy) of the deed, instrument or other document evidencing or effecting such transmission and on each occasion to pay to such solicitors their proper registration fee.

3.8 Compliance with statutes, etc

(a) To comply with all requirements of all Acts and do all things on or in respect of the Premises which are required by any Act and to indemnify and keep indemnified

the Landlord against all claims, demands, costs, expenses and liability in respect of them.

- (b) In relation to any work that the Tenant carries out to or upon the Premises to which the Construction (Design and Management) Regulations 1994 (the "**CDM Regulations**") apply the Tenant shall as soon as reasonably practicable and in any event before the commencement of such work make a declaration to the Health and Safety Executive in accordance with Regulation 4 of the CDM Regulations stating that it shall be the only client in relation to such works.

3.9 Landlord's title

To observe and perform the obligations, conditions, burdens and provisions on the part of or binding upon the Landlord in the documents (if any) specified or referred to in Part 4 of the Schedule (so far as they relate to the Premises).

3.10 Indemnity

To indemnify and keep indemnified the Landlord against all losses, damages, proceedings, actions, claims, demands, costs and expenses incurred or suffered by the Landlord whether before or after Termination of the Term as a result of any breach by the Tenant of any of the Tenant's obligations contained in this Lease Provided always that the indemnity against losses shall apply only in so far as the Landlord has used and continues to use all reasonable endeavours to mitigate all and any such losses.

3.11 Defective Premises

Immediately upon becoming aware of the same to give written notice to the Landlord of any defect in the Premises which might give rise to an obligation on the Landlord to do or refrain from doing any act or thing so as to comply with any duty of care imposed on the Landlord whether by statute or at common law or otherwise and to display and maintain in the Premises all notices which the Landlord may from time to time reasonably require to be displayed in relation to any such matters.

3.12 Insurance

- (a) For such period as the STEPS Contract is in force to insure the Premises in accordance with the provisions of the STEPS Contract, and at all other times to insure in the joint names of the Landlord and the Tenant the Premises and all fixtures and fittings of an insurable nature in a sum equal to the full reinstatement value against the Insured Risks PROVIDED THAT

- (i) such insurance shall include:

- (1) architects', surveyors' and other professional fees and expenses,
- (2) engineering and electrical plant and machinery; and

(3) property owner's liability and such other similar insurance as the Landlord (acting reasonably) may from time to time deem necessary;

(ii) the Tenant may include the amount of VAT on any of the foregoing matters (including rents) in the amount of insurance cover:

(iii) the Tenant shall be deemed to have fulfilled its obligation to insure notwithstanding that the insurance for the time being in force is subject to exclusions, excesses, deductibles and conditions which are usually required by the insurers and which cannot be omitted on reasonable terms and (without prejudice to the generality of the foregoing) the Tenant shall not be obliged to effect insurance against a peril which is for the time being uninsurable or which can only be insured at a premium which in the reasonable view of the Tenant is excessive unless the Landlord shall first undertake fully to indemnify the Tenant in respect of the same (and references in this Lease to the Insured Risks shall exclude such perils and be subject to such exclusions and conditions).

(b) In the event of destruction or damage to the Premises when lawful to do so to expend all monies received by virtue of any such insurance in or towards rebuilding or reinstating so far as practicable the Premises.

3.13 Alterations

For such period only as either or both of the Departments are in occupation of the Premises, not to carry out any alterations to the external appearance of the Premises without the consent of the Landlord.

4 LANDLORD'S OBLIGATIONS

Quiet enjoyment

The Landlord undertakes to the Tenant that subject to the Tenant paying the rent reserved by and performing and observing the obligations and conditions on the part of the Tenant contained in this Lease the Tenant shall peaceably hold and enjoy the Premises during the Term without interruption from or by the Landlord or by any person lawfully claiming under or in trust for the Landlord.

5. GENERAL PROVISIONS

It is agreed and declared that:

5.1 No warranty

(a) The Landlord gives no warranty express or implied relating to the Premises including their suitability for the Tenant's purposes or any other purpose and the Tenant shall on taking this Lease be deemed to have satisfied itself in every respect in that regard.

(b) The Landlord shall not be liable for any loss, injury or damage to any person or property by the state or condition or user of the Premises whether arising by accident or by reason of any negligence or other acts of the Tenant or of any person or persons employed by it.

5.2 Exclusion of compensation

Neither the Tenant nor any person deriving title under the Tenant shall be entitled to any compensation (statutory or otherwise) upon quitting the Premises or any part of them.

5.3 Exclusion of liability

(a) Nothing contained in this Lease shall render the Landlord or the Tenant liable in respect of any of the obligations, conditions and provisions of this Lease if and so far only as the performance or observance of any such obligations, conditions and provisions shall become a contravention of or otherwise impossible or illegal under or by virtue of the Planning Acts or any other Act.

(b) The Term shall nevertheless not be determined by reason only of any changes, modifications or restrictions of user of the Premises or obligations or requirements made or imposed at any time under or by virtue of the Planning Acts or any other Act.

5.4 Power to deal with adjoining property

The Landlord shall have power at all times without obtaining any consent from or making any compensation to the Tenant to deal with or carry out works on any part of any land or buildings adjoining, opposite or near the Premises as the Landlord may in any such case think fit and to erect or suffer to be erected on any part of any such adjoining, opposite or neighbouring land any buildings whatsoever, irrespective of any diminution or other adverse effect on the light or air which may now or at any time during the Term be enjoyed by the Tenant or the other tenants or occupiers of the Premises or any part of them.

5.5 Alienation

The Tenant shall not assign or grant a charge over its interest in any part (as distinct from the whole) of this Lease.

The Tenant shall be entitled, without requiring the consent of the Landlord, to assign or grant a charge over its interest in this Lease as a whole.

The Tenant shall be entitled, without requiring the consent of the Landlord, to sub-let the whole or any part or parts of the Premises.

The Tenant shall be entitled, without requiring the consent of the Landlord, to share or part with occupation or possession of the whole or any part or parts of the Premises.

5.6 Exclusion of Landlord's Common Law obligation

Notwithstanding any rule of common law to the contrary the Landlord shall have no obligation to carry out any repairs or other works to the Premises or the Building or any part or parts thereof.

5.7 Exclusion of rei interitus

Except as expressly otherwise provided for in this Lease, this Lease shall remain in full force and effect notwithstanding damage to or destruction of the Premises or any part or parts thereof or any other matter or occurrence rendering the Premises incapable of use and occupation.

5.8 Choice of Law and Jurisdiction

This Lease shall be governed by and interpreted in accordance with Scots law, and the parties hereto (and their successors) irrevocably submit to the non-exclusive jurisdiction of the Scottish Courts.

5.9 Severability

If any provision of this Lease or its application to any person or circumstance is void or unenforceable then such provision or its application to such person or circumstance shall be severed from this Lease so that the validity of the remainder of this Lease and the application of such provision to other persons or circumstances shall not be affected by such severance.

5.10 Notices

Any notice under this Lease shall be in writing. Any notice to the Tenant shall be sufficiently served (where the Tenant is an individual or a partnership) if left addressed or sent by recorded delivery post to the Tenant at the last known address of the Tenant in Great Britain or Northern Ireland or (where the Tenant is an incorporated body) if left addressed or sent by recorded delivery to its registered or head office in Great Britain or Northern Ireland. Any notice to the Landlord shall be sufficiently served if left addressed or sent by recorded delivery post to the Landlord at the Landlord's last known address in Great Britain or Northern Ireland or, in the case of the Landlord being an incorporated body, to its registered or head office in Great Britain or Northern Ireland. Any notice sent by recorded delivery post shall be deemed to have been duly served at the expiry of two days after the day of posting and in proving service it shall be sufficient to prove that the envelope containing the notice was duly addressed to the Tenant or the Landlord (as the case may be) in accordance with this clause and posted to the place to which it was so addressed.

5.11 Stamp Duty Certificate

There are no missives of let (constituting a lease) to which this Lease gives effect.

5.12 Registration

The parties consent to the registration of this Lease for preservation: IN WITNESS WHEREOF

This is the Schedule referred to in the foregoing Lease between The Secretary of State for the Environment, Transport and the Regions and Mapeley STEPS Limited

Part 1

The Premises

The premises known as [insert full conveyancing description]

Part 2

Rights reserved to the Landlord

The right to enter the Premises in order to do anything which the Landlord is permitted to do under the foregoing Lease.

Part 3

Matters which the foregoing Lease has the benefit of and is subject to

- 1 Subject to the Landlord having the power to grant the same, the Landlord hereby grants to the Tenant such rights as shall be reasonably necessary for the beneficial use and enjoyment of the Premises
- 2 Subject to the exceptions, reservations, obligations, stipulations and provisions contained or referred to in the documents of title referred to in Part 4 of the Schedule.

Part 4

Landlord's Title

[list relevant writs for burdens]

The clause numbering of this draft lease shall be deemed to be amended so that the first clause is numbered "1" and the following clauses are renumbered accordingly.

Part 3

For use in Northern Ireland

THIS LEASE is made

2001

BETWEEN:

- (1) **THE SECRETARY OF STATE FOR THE ENVIRONMENT, TRANSPORT AND THE REGIONS** (the "**Landlord**"); and
- (2) **MAPELEY STEPS LIMITED** (Company Registration Number EC29679 whose registered office is C/o-MQ Services Limited, Bermuda, Commercial Bank Building, 44 Church Street, Hamilton HM12, Bermuda (the "**Tenant**").

1 DEFINITIONS AND INTERPRETATION

- 1.1 In this Lease where the context so requires or admits the following expressions have the meanings set opposite them:

"Act" means any Northern Ireland legislation as defined by section 98 of the Northern Ireland Act 1998 (whether specifically named in this Lease or not) which is relevant to the Premises, its user or any persons or things on the Premises or the persons employed or having recourse to the Premises whether or not in force at the date of this Lease and any reference to an Act shall include any statutory re-enactment or modification of it and any order, regulation, directive, bye-law, rule, regulation, consent or licence granted or required under it or drawing validity from it or by any public or local authority or by any court of competent jurisdiction;

"Building" means the building comprised within the Premises and any other buildings or structures from time to time on the Premises;

"Conduits" means all pipes, wires, cables, sewers, drains, ducts, flues, gutters, gullies and other service media within or serving the Premises now or at any time during the Term;

"Departments" means The Board of Inland Revenue and The Commissioners for Customs and Excise;

"Insured Risks" means (so far as cover is ordinarily available) fire, lightning, aircraft (not being hostile aircraft) and things dropped from aircraft, explosion, riot, civil commotion, malicious damage, storm, tempest, flooding and lightning and such other risks as the Landlord (acting reasonably) deems necessary to insure against;

"Landlord" includes any other person for the time being entitled to the immediate reversion expectant on the determination of the Term;

"Particulars" means the Particulars page set out at the front of this Lease;

"Planning Acts" means the Planning (Northern Ireland) Order 1991 and any other legislation relating to town and country planning in force from time to time;

"Premises" means the property referred to in Schedule 1 including:

- (a) the Building;
- (b) all fixtures and fittings in or forming part of the Premises and all additions to the Premises; and
- (c) all Conduits at any time in and exclusively serving the Premises;

"STEPS Contract" means an Agreement dated _____ 2001 made between The Board of Inland Revenue (1) The Commissioners of Customs and Excise (2) the Landlord (3) and the Tenant (4);

"Tenant" includes the successors in title of the Tenant to the term created by this Lease and the Tenant for the time being and from time to time under this Lease;

"Term" means the term of one hundred and seventy five years from 1 April 2001;

"Termination of the Term" means the determination of the Term whether by effluxion of time, re-entry, notice, surrender by operation of law or by any other means or cause;

"this Lease" means this Lease and includes any Schedule to it, any licence granted pursuant to this Lease and any deed of variation of the provisions of this Lease and any deed or instrument supplemental to this Lease;

"VAT" means Value Added Tax or any other tax of a like nature or levied in addition to or substitution for Value Added Tax.

- 1.2 The masculine includes the feminine and the singular the plural and vice versa.
- 1.3 Obligations undertaken by either the Landlord or the any Tenant where the relevant party comprises more than a single person are joint and several obligations.
- 1.4 Any covenant by the Landlord or the Tenant not to do an act or thing shall be construed as if it were also a covenant not to permit or suffer such act or thing.
- 1.5 Rights excepted reserved or granted to the Landlord shall be construed as excepted, reserved, or granted to the Landlord and all persons authorised by the Landlord.
- 1.6 Any consent or approval of the Landlord required pursuant to the terms of this Lease is valid only if given in writing.
- 1.7 The contents page, clause headings and schedule headings in this Lease are for reference only and shall not be deemed to form part of this Lease nor shall they affect the construction of this Lease.

2 **DEMISE AND RIGHTS**

Demise

In consideration of the rents reserved and the covenants on the part of the Tenant the Landlord demises the Premises to the Tenant EXCEPTING AND RESERVING the rights specified in Schedule 2 BUT SUBJECT to and where appropriate with the benefit of all matters contained or referred to in Schedule 3 in so far as the Landlord is able to grant the same for the Term YIELDING AND PAYING the rent of a peppercorn (if demanded) to the Landlord to be paid on the first day of each year of the Term.

3 TENANT'S GENERAL COVENANTS

The Tenant COVENANTS with the Landlord as follows:

3.1 Pay rents

During the continuance of the Term to pay the rent hereby reserved as and when stipulated without any deduction or set-off (except lawfully made by statute).

3.2 Outgoings

To indemnify the Landlord against all existing and future rates, taxes, impositions, outgoings and assessments whatsoever which shall during the Term be assessed or imposed on or in respect of the Premises or imposed on the Tenant (except tax payable by the Landlord as a result of any dealing with any reversion immediately or immediately expectant on the Term).

3.3 Landlord's expenses

Within 21 days of demand to pay to the Landlord all proper costs, charges and expenses (including legal costs and fees payable to a surveyor or an architect):

- (a) resulting from any breach by the Tenant of any of its obligations under this Lease;
- (b) incidental to any contemplated or actual notice or proceedings preparatory to forfeiture of this Lease for breach of its terms notwithstanding forfeiture is avoided otherwise than by relief granted by the Court.

3.4 Landlord's entry and rights

The provisions of this clause 3.4 shall not apply while HM Customs & Excise is in occupation of the Premises.

- (a) To permit the Landlord or its agents with or without workmen and others to enter into and remain on the Premises for the purpose of:
 - (i) viewing the Premises to ensure that nothing has been done that constitutes a breach of any of the covenants in this Lease;
 - (ii) viewing and examining the state and condition of the Premises and carrying out environmental surveys;
 - (iii) for any other purpose connected with the interest of the Landlord in the Premises including valuing or disposing of the Landlord's interest in them.
- (b) In exercising any of the rights mentioned in clause 3.4(a), the Landlord or the person exercising the right shall:
 - (i) give to the Tenant reasonable prior notice that the right is to be exercised and shall only exercise it at reasonable times (except in an emergency, when no notice need be given and when it can be exercised at any time);
 - (ii) cause as little inconvenience as practicable to the Tenant or any other permitted occupier of any part of the Premises; and

- (iii) make good, as soon as practicable and to the reasonable satisfaction of the Tenant, any damage caused to the Premises and property of the Tenant.

3.5 Yield up

At the Termination of the Term to yield up the Premises to the Landlord in such repair and condition as shall accord with the Tenant's covenants in this Lease.

3.6 Restrictions on use

Not to use the Premises for any political meeting; any noisy or offensive business, occupation or trade; or for any illegal or immoral purpose.

3.7 Registration

Within one month after the execution of any assignment, charge, transfer or underlease or upon any transmission by reason of a death or otherwise affecting the Premises or any part of them to produce to and leave with the solicitors for the time being of the Landlord a certified copy of the deed, instrument or other document evidencing or effecting such transmission and on each occasion to pay to such solicitors their proper registration fee.

3.8 Compliance with statutes, etc

- (a) To comply with all requirements of all Acts and do all things on or in respect of the Premises which are required by any Act and to keep indemnified the Landlord against all claims, demands, costs, expenses and liability in respect of them.
- (b) In relation to any work that the Tenant carries out to or upon the Premises to which the Construction (Design and Management) Regulations (Northern Ireland) 1995 (the "**CDM Regulations**") apply the Tenant shall as soon as reasonably practicable and in any event before the commencement of such work make a declaration to the Health and Safety Executive in accordance with Regulation 4 of the CDM Regulations stating that it shall be the only client in relation to such works.

3.9 Landlord's title

By way of indemnity only to observe and perform the covenants and provisions on the part of or binding upon the Landlord in the documents (if any) specified or referred to in the Schedule 4 (so far as they relate to the Premises).

3.10 Indemnity

To indemnify the Landlord against all losses, damages, proceedings, actions, claims, demands, costs and expenses incurred or suffered by the Landlord whether before or after Termination of the Term as a result of any breach by the Tenant of any of the Tenant's obligations contained in this Lease Provided always that the indemnity against losses shall apply only in so far as the Landlord has used and continues to use all reasonable endeavours to mitigate all and any such losses.

3.11 Defective Premises

Immediately upon becoming aware of the same to give written notice to the Landlord of any defect in the Premises which might give rise to an obligation on the Landlord to do or refrain from doing any act or thing so as to comply with any duty of care imposed on the Landlord and the Tenant shall display and maintain in the Premises all notices which the Landlord may from time to time reasonably require to be displayed in relation to any such matters.

3.12 Insurance

(a) For such period as the STEPS Contract is in force to insure the Premises in accordance with the provisions of the STEPS Contract, and at all other times to insure in the joint names of the Landlord and the Tenant the Premises and all fixtures and fittings of an insurable nature in a sum equal to the full reinstatement value against the Insured Risks PROVIDED THAT

(i) such insurance shall include:

- (1) architects' surveyors' and other professional fees and expenses;
- (2) engineering and electrical plant and machinery; and
- (3) property owner's liability and such other similar insurance as the Landlord (acting reasonably) may from time to time deem necessary;

(ii) the Tenant may include the amount of VAT on any of the foregoing matters (including rents) in the amount of insurance cover;

(iii) the Tenant shall be deemed to have fulfilled its obligation to insure notwithstanding that the insurance for the time being in force is subject to exclusions, excesses, deductibles and conditions which are usually required by the insurers and which cannot be obtained on reasonable terms

and (without prejudice to the generality of the foregoing) the Tenant shall not be obliged to effect insurance against a peril which is for the time being uninsurable or which can only be insured at a premium which in the reasonable view of the Tenant is excessive unless the Landlord shall first fully indemnify the Tenant in respect of the same (and references in this Lease to the Insured Risks shall exclude such perils and be subject to such exclusions and conditions).

(b) In the event of destruction or damage to the Premises when lawful to do so to expend all monies received by virtue of any such insurance in or towards rebuilding or reinstating so far as practicable the Premises.

3.13 Alterations

For such period only as either or both of the Departments are in occupation of the Premises, not to carry out any alterations to the external appearance of the Premises without the consent of the Landlord.

4 LANDLORD'S COVENANTS

Quiet enjoyment

The Landlord COVENANTS with the Tenant that subject to the Tenant paying the rents reserved by and performing and observing the covenants and conditions on the part of the Tenant contained in this Lease the Tenant shall peaceably hold and enjoy the Premises during the Term without interruption from or by the Landlord or by any person lawfully claiming under or in trust for the Landlord.

5 GENERAL PROVISIONS

It is agreed and declared that:

5.1 No warranty

- (a) The Landlord gives no warranty express or implied relating to the Premises including their suitability for the Tenant's purposes or any other purpose and the Tenant shall on taking this Lease be deemed to have satisfied itself in every respect in that regard.
- (b) The Landlord shall not be liable for any loss, injury or damage to any person or property by the state or condition or user of the Premises whether arising by accident or by reason of any negligence or other acts of the Tenant or of any person or persons employed by it.

5.2 Exclusion of statutory compensation

Neither the Tenant nor any person deriving title under the Tenant shall be entitled to any compensation under any Act upon quitting the Premises or any part of them.

5.3 Exclusion of liability

- (a) Nothing contained in this Lease shall render the Landlord or the Tenant liable in respect of any of the covenants, conditions and provisions of this Lease if and so far only as the performance or observance of any such covenants, conditions and provisions shall become a contravention of or otherwise impossible or illegal under or by virtue of the Planning Acts or any other Act.
- (b) The Term shall nevertheless not be determined by reason only of any changes, modifications or restrictions of user of the Premises or obligations or requirements made or imposed at any time under or by virtue of the Planning Acts or any other Act.

5.4 No further rights

The Landlord shall have power at all times without obtaining any consent from or making any compensation to the Tenant to deal with or carry out works on any part of any land or buildings adjoining, opposite or near the Premises as the Landlord may in any such case think fit and to erect or suffer to be erected on any part of any such adjoining, opposite or neighbouring land any buildings whatsoever, irrespective of any diminution or other adverse effect on the light or air which may now or at any time during the Term be enjoyed by the Tenant or the other tenants or occupiers of the Premises or any part of them.

5.5 Forfeiture

Without prejudice to any other provisions contained in this Lease if any of the covenants by the Tenant contained in this Lease shall not be performed and observed and in such case such failure is material and in the case of a breach which is capable of remedy the

Tenant has failed to use all reasonable endeavours to remedy the breach (or the effect of the breach) within a reasonable period (being not less than 30 days) following notice from the Landlord to the Tenant and any person who holds security over this Lease of whom the Landlord has notice then the Landlord may at any time re-enter the Premises or any part of the Premises in the name of the whole and immediately this Lease shall terminate absolutely but without prejudice to any rights of the Landlord in respect of any breach of any of the obligations on the Tenant's part in this Lease.

5.6 Choice of Law and Jurisdiction

This Lease shall be governed by and interpreted in accordance with the Law of Northern Ireland, and the parties hereto (and their successors) irrevocably submit to the non-exclusive jurisdiction of the Courts of Northern Ireland.

5.7 Severability

If any provision of this Lease or its application to any person or circumstance is void or unenforceable then such provision or its application to such person or circumstance shall be severed from this Lease so that the validity of the remainder of this Lease and the application of such provision to other persons or circumstances shall not be affected by such severance.

5.8 Rights of Third Parties

No person other than a contracting party may enforce any provision of this Lease by virtue of the Contracts (Rights of Third Parties) Act 1999.

5.9 Notices

The provisions of section 67 of the Conveyancing and Law of Property Act 1881 as amended by the Recorded Delivery Service Act (N.I.) 1963 shall apply to any notice required or given under any clause or covenant or condition in this Lease. Service by electronic mail shall not be valid for the purposes of this Lease.

5.10 Delivery

This document shall be treated as having been executed and delivered as a deed only upon being dated.

IN WITNESS of the above the parties to this Lease have caused this document to be executed as a deed

SCHEDULE 1

The Premises

The premises known as Custom House, Queens Square, Belfast shown edged red on the attached plan.

SCHEDULE 2

Rights reserved to the Landlord

The right to enter the Premises in accordance with the terms of this Lease in order to do anything which the Landlord is permitted to do under this Lease.

SCHEDULE 3

Matters which the Lease has the benefit of or is subject to

- 1 Subject to the Landlord having the power to grant the same, the Landlord hereby grants to the Tenant such rights as shall be reasonably necessary for the beneficial use and enjoyment of the Premises
- 2 Subject to the exceptions, reservations, covenants, stipulations and provisions (save for financial charges) is so far as they affect the Premises contained or referred to in the documents of title referred to in Schedule 4.

SCHEDULE 4

Landlord's Title

(None)