

Dated

29th November

2019

LEASE

relating to land adjoining 1 Mercury Way, Skelmersdale, Lancashire (Gas Governor)

between

Lancashire County Council

and

E.S. Pipelines Limited

**LCC
DEED NUMBER**

5604

Legal & Democratic Services
Lancashire County Council
County Hall
Preston
PR1 8XJ
Reference: CAL/888-1017



PRESCRIBED CLAUSES

LR1	Date of lease		29 th November 2019
LR2	Title number(s)	LR2.1	Landlord's title number LA876215
		LR2.2	Other title numbers None
LR3	Parties to this lease		Landlord LANCASHIRE COUNTY COUNCIL of PO Box 78, County Hall, Preston, Lancashire PR1 8XJ Tenant E.S. PIPELINES LIMITED (Co Regn No 03822878) whose registered office is situate at 1st Floor Bluebird House, Mole Business Park, Leatherhead, Surrey KT22 7BA Other parties None
LR4	Property		In the case of a conflict between this clause and the remainder of this lease then, for the purposes of registration, this clause shall prevail Please see clause 1.1
LR5	Prescribed statements etc.		None
LR6	Term for which the Property is leased		The term as specified in this lease at clause 1.1
LR7	Premium		Three thousand pounds (£3,000) upon which no VAT is payable
LR8	Prohibitions or restrictions on disposing of this lease		This lease contains a provision that prohibits or restricts dispositions

LR9	Rights of acquisition etc	LR9.1	Tenant's contractual rights to renew this lease, to acquire the reversion or another lease of the Property, or to acquire an interest in other land None
		LR9.2	Tenant's covenant to (or offer to) surrender this lease None
		LR9.3	Landlord's contractual rights to acquire this lease None
LR10	Restrictive covenants given in this lease by the Landlord in respect of land other than the Property		Not without the prior written consent of the Tenant which shall not be unreasonably withheld or delayed to make or cause or permit to be made any material alteration to or any deposit of anything upon any part of the Easement Strip so as to lessen or in any way interfere with the support afforded to the gas main by the surrounding soil including minerals or so as to materially to reduce the depth of soil above the gas mains Provided that nothing in this paragraph shall prevent the Landlord from installing pipes, wires, drains or cables, or constructing roads, footpaths or car parks with the prior written consent (not to be unreasonably withheld or delayed) and under the supervision of the Tenant nor carrying out any normal act of estate management including fencing or hedging
LR11	Easements	LR11.1	Easements granted by this lease for the benefit of the Property. Please see clause 3
		LR11.2	Easements granted or reserved by this lease over the Property for the benefit of other property Please see clause 4

LR12	Estate rentcharge burdening the Property		None
LR13	Application for standard form of restriction		None
LR14	Declaration of trust where there is more than one person comprising the Tenant		None

29th November
This LEASE is dated

29th November 2019

Parties

- (1) Lancashire County Council of PO Box 78, County Hall, Preston, Lancashire PR1 8XJ (**Landlord**) and
- (2) E.S. Pipelines Limited incorporated and registered in England and Wales with company number 03822878 whose registered office is at 1st Floor Bluebird House, Mole Business Park, Leatherhead, Surrey KT22 7BA (**Tenant**).

Agreed terms

1. Interpretation

The following definitions and rules of interpretation apply in this lease.

1.1 Definitions:

Act of Insolvency:

- (a) the taking of any step in connection with any voluntary arrangement or any other compromise or arrangement for the benefit of any creditors of the Tenant or any guarantor;
- (b) the making of an application for an administration order or the making of an administration order in relation to the Tenant or any guarantor;
- (c) the giving of any notice of intention to appoint an administrator, or the filing at court of the prescribed documents in connection with the appointment of an administrator, or the appointment of an administrator, in any case in relation to the Tenant or any guarantor;
- (d) the appointment of a receiver or manager or an administrative receiver in relation to any property or income of the Tenant or any guarantor;
- (e) the commencement of a voluntary winding-up in respect of the Tenant or any guarantor, except a winding-up for the purpose of amalgamation or reconstruction of a solvent company in respect of which a statutory declaration of solvency has been filed with the Registrar of Companies;
- (f) the making of a petition for a winding-up order or a winding-up order in respect of the Tenant or any guarantor;

- (g) the striking-off of the Tenant or any guarantor from the Register of Companies or the making of an application for the Tenant or any guarantor to be struck-off;
- (h) the Tenant or any guarantor otherwise ceasing to exist (but excluding where the Tenant or any guarantor dies); or
- (i) the making of an application for a bankruptcy order, the presentation of a petition for a bankruptcy order or the making of a bankruptcy order against the Tenant or any guarantor.

The paragraphs above shall apply in relation to a partnership or limited partnership (as defined in the Partnership Act 1890 and the Limited Partnerships Act 1907 respectively) subject to the modifications referred to in the Insolvent Partnerships Order 1994 (SI 1994/2421) (as amended), and a limited liability partnership (as defined in the Limited Liability Partnerships Act 2000) subject to the modifications referred to in the Limited Liability Partnerships Regulations 2001 (SI 2001/1090) (as amended).

Act of Insolvency includes any analogous proceedings or events that may be taken pursuant to the legislation of another jurisdiction in relation to a tenant or guarantor incorporated or domiciled in such relevant jurisdiction.

CDM Regulations: the Construction (Design and Management) Regulations 2015 (SI 2015/51).

Claims: all liabilities, expenses, costs (including but not limited to any solicitors' or other professionals' costs and expenses), claims, damage and loss (including any diminution in the value of the Landlord's interest in the Property and loss of amenity of the Property).

Contractual Term: a term of ninety nine (99) years beginning on, and including, the date of this lease.

Default Interest Rate: 4% per annum above the Interest Rate.

Easement Strip: the strip of land being a width of three metres from the centreline of the gas mains cables and ducting and other apparatus under the land of the Landlord comprised in title number LA876215

Gas Governor Substation: a substation, Gas Main and apparatus ancillary thereto, used in connection with the gas industry pursuant to the provisions of the Gas Act 1986 (as amended by the Gas Act 1995 and the Utilities Act 2000).

Gas Main: a pipeline for the transmission, storage and distribution of gas, installed as part of the Gas Governor Substation.

Group Company: any company that is a member of the same group (within the meaning of section 42 of the LTA 1954) as the Tenant.

Insured Risks: fire, explosion, lightning, storm, flood, impact by vehicles, riot, burst water apparatus and such other risks as the Tenant reasonably deems

appropriate in the circumstances given the nature of the Permitted Use.
Insured Risk means any one of the Insured Risks.

Interest Rate: interest at the base rate from time to time of Barclays Bank plc or if that base rate stops being used or published then at a comparable commercial rate reasonably determined by the Landlord.

Landlord's Neighbouring Property: each and every part of the adjoining and neighbouring property shown edged and hatched green on the Plan, registered at HM Land Registry as part of title number LA876215 in which the Landlord has an interest.

LTA 1954: Landlord and Tenant Act 1954.

Permitted Use: the use and operation of a Gas Governor Substation.

Plan: the plan attached to this lease.

President: the president for the time being of the RICS or a person acting on his behalf.

Property: approximately 15 square metres of land adjoining 1 Mercury Way, Skelmersdale, Lancashire WN8 6BE shown edged red on the Plan.

Rent: a peppercorn per annum (if demanded).

Rent Commencement Date: the date of this lease.

Requisite Consents: building regulation approvals, by-law approvals, and any other consents, licences and authorisations required from any competent authority, statutory undertaker or person for the construction of the Gas Governor Substation.

Reservations: all of the rights excepted, reserved and granted to the Landlord by this lease.

RICS: Royal Institution of Chartered Surveyors.

Rights: the rights granted to the Tenant by clause 3.

Service Media: all media for the supply or removal of electricity, energy, telecommunications, data, water, sewage and all other services and utilities and all structures, machinery and equipment ancillary to those media but excluding the Gas Governor Substation and the media installed by the Tenant in connection therewith.

Third Party Rights: all rights, covenants and restrictions affecting the Property and the Landlord's Neighbouring Property including the matters referred to in the property register and entries of the charges register of title number LA876215 as at the date of this lease.

VAT: value added tax chargeable under the Value Added Tax Act 1994 or any similar replacement tax and any additional tax.

- 1.2 A reference to this **lease**, except a reference to the date of this lease or to the grant of this lease, is a reference to this deed and any deed, licence, consent, approval or other instrument supplemental to it.
- 1.3 A reference to the **Landlord** includes a reference to the person entitled to the immediate reversion to this lease. A reference to the **Tenant** includes a reference to its successors in title and assigns. A reference to a **guarantor** includes a reference to the Guarantor and to any other guarantor of the tenant covenants of this lease including a guarantor who has entered into an authorised guarantee agreement.
- 1.4 In relation to any payment, a reference to a **fair proportion** is to a fair proportion of the total amount payable, determined conclusively (except as to questions of law) by the Landlord acting reasonably and responsibly.
- 1.5 The expressions **landlord covenant** and **tenant covenant** each has the meaning given to it by the Landlord and Tenant (Covenants) Act 1995.
- 1.6 Unless the context otherwise requires, a reference to the **Property** is to the whole and any part of it.
- 1.7 A reference to the **term** is to the Contractual Term and statutory continuation of this lease.
- 1.8 A reference to the **end of the term** is to the end of the term however it ends.
- 1.9 A **working day** is any day which is not a Saturday, a Sunday, a bank holiday or a public holiday in England and Wales.
- 1.10 Unless otherwise specified, a reference to a statute or statutory provision or to any directive or legislative instrument of the European Union is a reference to it as amended, extended or re-enacted from time to time and shall include all subordinate legislation made from time to time under them and all orders, notices, codes of practice and guidance made under them.
- 1.11 A reference to laws in general is a reference to all local, national and directly applicable supra-national laws as amended, extended or re-enacted from time to time and shall include subordinate laws made from time to time under them and all orders, notices, codes of practice and guidance made under them.

- 1.12 Any obligation on the Tenant not to do something includes an obligation not to allow that thing to be done and an obligation to use best endeavours to prevent that thing being done by another person.
- 1.13 Unless the context otherwise requires, any words following the terms **including, include, in particular, for example**, or any similar expression shall be construed as illustrative and shall not limit the sense of the words, description, definition, phrase or terms preceding those terms.
- 1.14 A **person** includes a natural person, corporate or unincorporated body (whether or not having separate legal personality).
- 1.15 A reference to **writing** and **written** excludes fax and email.
- 1.16 Unless the context otherwise requires, references to clauses and Schedules are to the clauses and Schedules of this lease and references to paragraphs are to paragraphs of the relevant Schedule.
- 1.17 Clause, Schedule and paragraph headings shall not affect the interpretation of this lease.
- 1.18 Unless the context otherwise requires, a reference to one gender shall include a reference to the other genders.
- 1.19 Unless the context otherwise requires, words in the singular shall include the plural and in the plural shall include the singular.
2. **Grant**
- 2.1 The Landlord with limited title guarantee lets the Property to the Tenant for the Contractual Term.
- 2.2 The grant is made together with the ancillary rights set out in clause 3, excepting and reserving to the Landlord the rights set out in clause 4, and subject to the Third Party Rights.
- 2.3 The grant is made with the Tenant paying the Premium on the date of this lease and the following as rent to the Landlord:
- (a) the Rent;
 - (b) a contribution of 50% of the cost of maintaining the Landlord's Neighbouring Property;
 - (c) any VAT in respect of sums payable under this lease; and

- (d) all other sums due under this lease.

3. **Ancillary rights**

- 3.1 Except as mentioned in clause 3.2, neither the grant of this lease nor anything in it confers any right over the Landlord's Neighbouring Property or any other neighbouring property, and section 62 of the Law of Property Act 1925 does not apply to this lease.

- 3.2 The Landlord grants the Tenant the following rights:

- (a) the right to use the Landlord's Neighbouring Property for the purposes of parking service vehicles, plant and machinery (each vehicle or item of plant/machinery not to be larger than a light goods vehicle nor having a gross vehicle weight of more than 3.5 tonnes);
- (b) the right to use the Landlord's Neighbouring Property for the purposes of pedestrian access to and from the Property;
- (c) the right to enter from time to time such parts of the Landlord's Neighbouring Property as are reasonably necessary and unbuilt on with or without vehicles, plant and equipment (in a proper and workmanlike manner and in accordance with the terms of this lease) to retain, inspect, maintain, repair, alter, renew, replace and remove the Gas Governor Substation;
- (d) the right of support from those parts of the Landlord's Neighbouring Property that afford support for the Property; and
- (e) the right to use and to connect into Service Media at the Property which are in existence at the date of this lease;
- (f) the right to connect and thereafter use inspect maintain repair relay replace re-size remove or render unusable the gas mains cables and ducting and other apparatus within the Easement Strip and for any purpose aforesaid to enter onto and remain upon such land or any part thereof as occasion demands and to break up and excavate so much thereof as may from time to time be necessary making good any damage caused and to remove and dispose of any surplus earth but subject in all respects to the terms and conditions of this lease.

- 3.3 The Rights granted by clause 3.2 inclusive are subject to the following conditions:

- (a) the Tenant indemnifying the Landlord and any lessees of the Landlord's Neighbouring Property against any damage caused as a result of the Rights granted; and

- (b) the Tenant shall pay on demand a contribution of 50% of the Landlord's or Landlord's lessee's reasonable costs of maintaining the Landlord's Neighbouring Property.

3.4 The Rights are granted in common with the Landlord and any other person authorised by the Landlord.

3.5 The Rights are granted subject to the Third Party Rights insofar as the Third Party Rights affect the Landlord's Neighbouring Property and the Tenant shall not do anything that may interfere with any Third Party Right so far as is reasonably practicable.

3.6 The Tenant shall exercise the Rights only in connection with its use of the Property for the Permitted Use.

3.7 The Tenant shall comply with all laws relating to its use of the Landlord's Neighbouring Property pursuant to the Rights.

4. **Rights excepted and reserved**

4.1 The following rights are excepted and reserved from this lease to the Landlord for the benefit of the Landlord's Neighbouring Property and to the extent possible for the benefit of any neighbouring or adjoining property in which the Landlord acquires an interest during the term:

- (a) the right of support to the extent the right is capable of being enjoyed at any time during the term;
- (b) the right to use and to connect into Service Media at the Property which are in existence at the date of this lease;
- (c) at any time during the term, the full and free right to develop any neighbouring or adjoining property in which the Landlord acquires an interest during the term as the Landlord may think fit

notwithstanding that the exercise of any of the Reservations 4.1(a)-(c) inclusive or the works carried out pursuant to them result in a reduction in the flow of light or air to the Property or loss of amenity for the Property (provided that they do not materially affect the use and enjoyment of the Property for the Permitted Use);

- (d) the right to develop the Landlord's Neighbouring Property and the Property and to relocate, at the Tenant's expense, the Gas Governor Substation to an alternative site as agreed with the Tenant subject always to the provisions of clauses 24.4 and 33.1.

4.2 Subject to clause 4.4, the Landlord reserves the right to enter the Property:

- (a) to repair, maintain or replace any Service Media or structure relating to any of the Reservations; and
- (b) for any other purpose mentioned in or connected with:
 - (i) this lease;
 - (ii) the Reservations; and
 - (iii) the Landlord's interest in the Property.

4.3 The Reservations may be exercised by the Landlord and by anyone else who is or becomes entitled to exercise them, and by anyone authorised by the Landlord.

4.4 The Landlord may not exercise the rights reserved by clause 4.2 unless the Landlord is accompanied at all times during such entry by the Tenant or a duly authorised representative of the Tenant.

4.5 The Tenant shall allow all those entitled to exercise any right to enter the Property to do so with their workers, contractors, agents and professional advisers, and to enter the Property at any reasonable time and, except in the case of an emergency (on which occasion the Landlord shall immediately inform the Tenant), after having given reasonable notice (which need not be in writing) to the Tenant.

4.6 Any party exercising any of the Reservations shall use all reasonable endeavours to minimise any consequent disruption or interruption to the continued operation of the Gas Governor Substation for the Permitted Use.

4.7 No party exercising any of the Reservations, nor its workers, contractors, agents and professional advisers, shall be liable to the Tenant or to any undertenant or other occupier of or person at the Property for any loss, damage, injury, nuisance or inconvenience arising by reason of its exercising any of those Reservations except for:

- (a) physical damage to the Property; or
- (b) any loss, damage, injury, nuisance or inconvenience in relation to which the law prevents the Landlord from excluding liability.

5. Third Party Rights

5.1 The Tenant shall comply with all obligations on the Landlord relating to the Third Party Rights (insofar as those obligations relate to the Property and the parts of the Landlord's Neighbouring Property which the Tenant uses under the terms of this lease) and shall not do anything (even if otherwise permitted by this lease) that may interfere with any Third Party Right.

- 5.2 The Tenant shall allow the Landlord and any other person authorised by the terms of the Third Party Rights to enter the Property in accordance with its terms in accordance with the terms of clauses 4.3 to 4.7 inclusive above.

6. Rent

- 6.1 The Tenant shall pay as rent from and including the Rent Commencement Date:

- (a) the Rent;
- (b) a contribution of 50% of the cost of maintaining the Landlord's Neighbouring Property;
- (c) any VAT in respect of sums payable under this lease; and
- (d) all other sums due under this lease.

- 6.2 The payments shall be made by any method that the Landlord requires at any time by giving reasonable notice to the Tenant.

7. Rates and taxes

- 7.1 The Tenant shall pay all present and future rates, taxes and other impositions payable in respect of the Property and the Gas Governor Substation, their use and any works carried out on the Property or the Landlord's Neighbouring Property by the Tenant, except:

- (a) any taxes payable by the Landlord in connection with any dealing with or disposition of the reversion to this lease; or
- (b) any taxes (other than VAT and insurance premium tax) payable by the Landlord by reason of the receipt of any of the rents due under this lease.

- 7.2 If any rates, taxes or other impositions are payable in respect of the Property together with other property, the Tenant shall pay a fair proportion of the amount payable.

- 7.3 The Tenant shall not make any proposal to alter the rateable value of the Property or that value as it appears on any draft rating list, without the approval of the Landlord.

- 7.4 If, after the end of the term, the Landlord loses rating relief (or any similar relief or exemption) because it has been allowed to the Tenant, then the Tenant shall pay the Landlord an amount equal to the relief or exemption that the Landlord has lost.

8. Landlord's Neighbouring Property and other common items

The Tenant shall pay the Landlord on demand a fair proportion of all costs payable for the maintenance repair lighting cleaning and renewal of all structures and other items used or capable of being used by the Property in common with other property except that this clause shall not apply in relation to the Landlord's Neighbouring Property which shall be maintained by the Landlord and for which the Tenant shall pay to the Landlord on demand fifty per cent (50%) of the cost incurred in maintaining the same.

9. Utilities

9.1 The Tenant shall pay all costs in connection with the supply of electricity, telecommunications, data and other services and utilities to or from the Property.

9.2 If any of those costs are payable in relation to the Property together with other property, the Tenant shall pay a fair proportion of all those costs.

9.3 The Tenant shall comply with all laws and with any recommendations of the relevant suppliers relating to the use of those services and utilities.

10. VAT

10.1 All sums payable by the Tenant are exclusive of any VAT that may be chargeable. The Tenant shall pay VAT in respect of all taxable supplies made to it in connection with this lease on the due date for making any payment or, if earlier, the date on which that supply is made for VAT purposes.

10.2 Every obligation on the Tenant, under or in connection with this lease, to pay the Landlord or any other person any sum by way of a refund or indemnity, shall include an obligation to pay an amount equal to any VAT incurred on that sum by the Landlord or other person, except to the extent that the Landlord or other person obtains credit for such VAT under the Value Added Tax Act 1994.

11. Default interest and interest

11.1 If any Rent or any other money payable under this lease has not been paid by the date it is due, whether it has been formally demanded or not, the Tenant shall pay the Landlord interest on that amount at the Default Interest Rate (both before and after any judgment) and such interest shall accrue on a daily basis for the period from the due date to and including the date of payment.

- 11.2 If the Landlord does not demand or accept any Rent or other money due or tendered under this lease because the Landlord reasonably believes that the Tenant is in breach of any of the tenant covenants of this lease, then the Tenant shall, when that amount is accepted by the Landlord, also pay interest at the Interest Rate on that amount for the period from the date the amount (or each part of it) became due until the date it is accepted by the Landlord.

12. **Costs**

- 12.1 The Tenant shall pay the costs and expenses of the Landlord including any solicitors' or other professionals' costs and expenses (incurred both during and after the end of the term) in connection with or in contemplation of any of the following:

- (a) the negotiation, drafting and completion of this lease;
- (b) enforcement of the tenant covenants of this lease;
- (c) serving any notice in connection with this lease under section 146 or 147 of the Law of Property Act 1925 or taking any proceedings under either of those sections, notwithstanding that forfeiture is avoided otherwise than by relief granted by the court;
- (d) serving any notice in connection with this lease under section 17 of the Landlord and Tenant (Covenants) Act 1995; or
- (e) any consent or approval applied for under this lease, whether or not it is granted.

- 12.2 Where the Tenant is obliged to pay or indemnify the Landlord against any solicitors' or other professionals' costs and expenses (whether under this or any other clause of this lease) that obligation extends to those costs and expenses assessed on a full indemnity basis.

13. **No deduction, counterclaim or set-off**

The Rent and all other money due under this lease are to be paid by the Tenant without deduction, counterclaim or set-off.

14. Compensation on vacating

Any right of the Tenant or anyone deriving title under the Tenant to claim compensation from the Landlord on leaving the Property under the LTA 1954 is excluded to the extent that the legislation prevents that right being excluded.

15. Registration of this lease

Promptly following the grant of this lease, the Tenant shall apply to register this lease at HM Land Registry. The Tenant shall ensure that any requisitions raised by HM Land Registry in connection with that application are dealt with promptly and properly. Within one month after completion of the registration, the Tenant shall send the Landlord official copies of its title.

16. Assignments

16.1 The Tenant shall not assign the whole of this lease without the prior written consent of the Landlord (such consent not to be unreasonably withheld).

16.2 The Tenant shall not assign part only of this lease.

16.3 The Landlord and the Tenant agree that for the purposes of section 19(1A) of the Landlord and Tenant Act 1927 the Landlord may refuse its consent to an assignment if any of the following circumstances exist at the date of the Tenant's application for consent to assign the lease:

- (a) the Rent or any other money due under this lease is outstanding or there is a material breach of covenant by the Tenant that has not been remedied;
- (b) in the Landlord's reasonable opinion the assignee is not of sufficient financial standing to enable it to comply with the Tenant's covenants and conditions contained in this lease.

16.4 Nothing in this clause shall prevent the Landlord from giving consent subject to any other reasonable condition, nor from refusing consent to an assignment in any other circumstance where it is reasonable to do so **SAVE THAT** no such consent is required on the occasion the Tenant wishes to assign the whole of this lease to a person or body carrying on the business of the Tenant as a statutory undertaking or is a licensed gas transporter pursuant to the provisions of section 7 the Gas Act 1986 (as amended by the Gas Act 1995 and the Utilities Act 2000).

17. Underlettings

- 17.1 The Tenant shall not underlet the whole of the Property without the prior written consent of the Landlord (such consent not to be unreasonably withheld).
- 17.2 The Tenant shall not underlet part only of the Property.
- 17.3 Any underletting of the Property pursuant to clause 17.1 by the Tenant shall be by deed and shall include:
- (a) an agreement between the Tenant and the undertenant that the provisions of sections 24 to 28 of the LTA 1954 are excluded from applying to the tenancy created by the underlease;
 - (b) a break clause to enable clause 24.4 of this lease to take effect.
- 17.4 In relation to any underlease granted by the Tenant pursuant to clause 17.1, the Tenant shall:
- (a) not vary the terms of the underlease nor accept a surrender of the underlease without the consent of the Landlord, such consent not to be unreasonably withheld; and
 - (b) enforce the tenant covenants in the underlease and not waive any of them.

18. Sharing occupation

The Tenant may share occupation of the Property with any Group Company for as long as that company remains within that group provided that no relationship of landlord and tenant is established by such arrangement.

19. Charging

- 19.1 The Tenant shall not charge the whole of this lease without the prior written consent of the Landlord, such consent not to be unreasonably withheld.
- 19.2 The Tenant shall not charge part only of this lease.

20. Prohibition of other dealings

Except as expressly permitted by this lease, the Tenant shall not assign, underlet, charge, part with or share possession or share occupation of this lease or the Property or hold the lease on trust for any person (except pending registration of a dealing permitted by this lease at HM Land Registry or by reason only of joint legal ownership).

21. **Registration and notification of dealings and occupation**

21.1 In this clause a **Transaction** is:

- (a) any dealing with this lease or the devolution or transmission of, or parting with possession of any interest in it;
- (b) the creation of any underlease or other interest out of this lease, or out of any interest, underlease derived from it, and any dealing, devolution or transmission of, or parting with possession of any such interest or underlease;
- (c) the creation of any mortgage, charge or floating charge over this lease; or
- (d) the making of any other arrangement for the occupation of the Property.

21.2 In respect of every Transaction that is registrable at HM Land Registry, the Tenant shall promptly following completion of the Transaction apply to register it (or procure that the relevant person so applies). The Tenant shall (or shall procure that) any requisitions raised by HM Land Registry in connection with an application to register a Transaction are dealt with promptly and properly. Within one month of completion of the registration, the Tenant shall send the Landlord (where the Landlord is Lancashire County Council, marked **for the attention of the Head of Legal Services**) official copies of its title (and where applicable of the undertenant's title).

21.3 No later than one month after a Transaction the Tenant shall:

- (a) give the Landlord (where the Landlord is Lancashire County Council, marked **for the attention of the Head of Legal Services**) notice of the Transaction;
- (b) deliver a certified copy of any document effecting the Transaction to the Landlord (where the Landlord is Lancashire County Council, marked **for the attention of the Head of Legal Services**); and
- (c) pay the Landlord a registration fee of £25 per Transaction.

22. **Closure of the registered title of this lease**

Within one month after the end of the term, however the term has ended (and notwithstanding that the term has ended), the Tenant shall make an application to close the registered title of this lease and shall ensure that any requisitions raised by HM Land Registry in connection with that application are dealt with promptly and properly; the Tenant shall keep the Landlord informed of the progress and completion of its application.

23. **Repairs**

23.1 The Tenant shall take the Property in its existing condition and shall, at its own expense:

- (a) put and keep the Property in a clean and tidy condition; and
- (b) put and keep the Gas Governor Substation in good repair and condition, properly maintained, safe and in good working order for the Permitted Use.

24. **Installation, ownership, signage and relocation of the Gas Governor Substation**

24.1 The Landlord and the Tenant agree that:

- (a) the Gas Governor Substation is the property of the Tenant; and
- (b) is not intended to be a permanent addition or improvement to the Property.

24.2 The Tenant shall not make nor permit to be made any external alteration or addition to the Property without the prior written consent of the Landlord (such consent not to be unreasonably withheld).

24.3 The Tenant shall not display any sign, fascia, placard, board, poster or advertisement on the Property other than a name plate of the Tenant of a size appropriate for the Gas Governor Substation and reasonable safety notices.

24.4 If notice is served by the Landlord on the Tenant pursuant to clause 33.1 of this lease, the Tenant shall at its own expense relocate the Gas Governor Substation to an alternative site agreed between the Landlord and the Tenant and shall occupy the new site on a lease granted for the residue of the Contractual Term or thirty (30) years (whichever is the greater) on substantially the same terms and this lease. For the avoidance of doubt, no further/additional premium shall be payable by the Tenant to the Landlord upon the grant of the new 'relocation' lease.

25. **Insurance**

25.1 Subject to clause 25.2, the Tenant shall (at its own expense):

- (a) keep the Property and the Gas Governor Substation insured with a reputable insurer for its full reinstatement cost against the Insured Risks;
- (b) insure against 12 months' business interruption from the arising from damage or destruction by any of the Insured Risks; and

- (c) insure against public liability (to a minimum cover of £3,000,000) arising from the use and operation of the Property, the Gas Governor Substation or the Rights for the Permitted Use.

The Tenant shall maintain such insurance policies with a reputable insurer and, if requested by the Landlord (not more frequently than annually) shall produce to the Landlord evidence of the insurance and of payment of the current premium.

25.2 The Tenant's obligation to insure is subject to:

- (a) any exclusions, limitations, excesses and conditions that may be imposed by the insurers; and
- (b) insurance being available in the London insurance market on reasonable terms.

25.3 The Tenant shall, subject to obtaining all necessary planning and other consents (which the Tenant agrees to use its reasonable endeavours to obtain), use all insurance money received in connection with any damage to the Gas Governor Substation (other than for loss of rent) to repair the damage for which the money has been received or (as the case may be) in rebuilding the Gas Governor Substation and making it operational. The Tenant shall not be obliged to:

- (a) provide a Gas Governor Substation identical in layout or design so long as the new Gas Governor Substation is reasonably equivalent in energy generation and income producing capability and capacity to that of the Gas Governor Substation immediately before the date on which the damage occurred.
- (b) repair or rebuild the Gas Governor Substation after a notice has been served pursuant to clause 25.4 and clause 25.5.

25.4 If, following damage to or destruction of the Gas Governor Substation, the Landlord considers that it is impossible or impractical to reinstate the Gas Governor Substation, the Landlord may terminate this lease by giving notice to the Tenant. On giving notice this lease shall determine but this shall be without prejudice to any right or remedy of the Landlord in respect of any breach of the tenant covenants of this lease. Any proceeds of the insurance shall belong to the Tenant.

25.5 Provided that the Tenant has complied with its obligations in this clause, the Tenant may terminate this lease by giving notice to the Landlord if, following damage or destruction by an Insured Risk, the Gas Governor Substation has not been reinstated so as to be fit for use within three (3) years after the date of damage or destruction. On giving this notice this lease shall determine but this shall be without prejudice to any right or remedy of the Landlord in

respect of any breach of the tenant covenants of this lease. Any proceeds of the insurance shall belong to the Tenant.

25.6 The Landlord and the Tenant mutually agree not knowingly to do or permit anything to be done that may render any insurance policy void or voidable.

25.7 Any dispute arising regarding this clause 25 shall be finally determined by arbitration in accordance with the provisions of the Arbitration Act 1996. The tribunal shall consist of one arbitrator appointed by the President.

26. **Returning the Property to the Landlord**

26.1 At the end of the term the Tenant shall return to the Landlord the Property and those parts of the Landlord's Neighbouring Property used by the Tenant in connection with the Permitted Use in the repair and condition required by this lease.

26.2 If the Tenant does not comply with its obligations in this clause, then, without prejudice to any other right or remedy of the Landlord, the Tenant shall pay the Landlord the costs incurred to put the Property and the Landlord's Neighbouring Property into the condition they would have been in had the Tenant performed its obligations under this clause. The amount shall be a debt due on demand from the Tenant to the Landlord.

27. **Use**

27.1 The Tenant shall not use the Property for any purpose other than the Permitted Use.

27.2 The Tenant shall use all reasonable precautions to prevent unauthorised access to the Gas Governor Substation.

27.3 The Tenant shall not use the Property for any illegal or immoral purpose nor for any purpose or in a manner that would cause nuisance to the Landlord, its other lessees or any other owner or occupier of neighbouring property. For the avoidance of doubt, the Landlord accepts the Permitted Use does not constitute such nuisance.

27.4 The Tenant shall not overload the Gas Governor Substation at the Property or at the Landlord's Neighbouring Property.

28. **Compliance with laws and notices**

- 28.1 The Tenant shall comply with all laws relating to:
- (a) the use of the Property, the Gas Governor Substation and any part of the Landlord's Neighbouring Property used by the Tenant;
 - (b) any works carried out at the Property or the Landlord's Neighbouring Property by the Tenant; and
 - (c) all materials kept at or disposed of from the Property or the Landlord's Neighbouring Property by the Tenant.
- 28.2 The Tenant shall comply with all Ofgem guidance relevant to its use of the Property.
- 28.3 Without prejudice to any obligation on the Tenant to obtain any consent or approval under this lease, the Tenant shall carry out all works that are required under any law to be carried out at the Property (whether by the owner or the occupier), the Gas Governor Substation or any part of the Landlord's Neighbouring Property used by the Tenant in connection with the Tenant's occupation and/or use of the Property for the Permitted Use and/or the Rights.
- 28.4 Within ten (10) working days after receipt of any notice or other communication affecting the Property or any part of the Landlord's Neighbouring Property used by the Tenant (and whether or not served pursuant to any law) the Tenant shall:
- (a) send a copy of the relevant document to the Landlord and (where the Landlord is Lancashire County Council, **marked for the attention of the Head of Estates/Asset Management**); and
 - (b) take all steps necessary to comply with the notice or other communication and take any other action in connection with it as the Landlord may require.
- 28.5 The Tenant shall not apply for any planning permission for the Property or any part of the Landlord's Neighbouring Property used by the Tenant without the prior written consent of the Landlord, which consent may be withheld in its absolute discretion.
- 28.6 In relation to any works carried out at the Property or to the Gas Governor Substation, the Tenant shall:
- (a) comply with its obligations under the CDM Regulations, including all requirements in relation to the provision and maintenance of a health and safety file; and

- (b) supply all information to the Landlord that the Landlord reasonably requires from time to time to comply with the Landlord's obligations under the CDM Regulations.

29. Encroachments, obstructions and acquisition of rights

- 29.1 Except as permitted by clause 17 or clause 18, the Tenant shall not grant any right or licence over the Property to a third party.
- 29.2 If a third party makes or attempts to make any encroachment over the Property or takes any action by which a right may be acquired over the Property, the Tenant shall:
 - (a) immediately inform the Landlord and shall give the Landlord notice of that encroachment or action; and
 - (b) take all steps (including any proceedings) the Landlord reasonably requires to prevent or license the continuation of that encroachment or action.
- 29.3 The Tenant shall not obstruct the flow of light or air to the Property or the Landlord's Neighbouring Property nor obstruct any means of access to the Property or the Landlord's Neighbouring Property.
- 29.4 The Tenant shall not make any acknowledgement that the flow of light or air to the Property or the Landlord's Neighbouring Property or that the means of access to the Property or the Landlord's Neighbouring Property is enjoyed with the consent of any third party.
- 29.5 If any person takes or threatens to take any action to obstruct the flow of light or air to the Property or obstruct the means of access to the Property, the Tenant shall:
 - (a) immediately inform the Landlord and shall give the Landlord notice of that action; and
 - (b) take all steps (including proceedings) the Landlord reasonably requires to prevent or secure the removal of the obstruction.

30. Breach of repair and maintenance obligations

- 30.1 Subject to clause 4.4, the Landlord may enter the Property to inspect the condition and state of repair of the Property or the Gas Governor Substation and may give the Tenant a notice of any breach of any of the tenant covenants in this lease relating to the condition or repair of the Property or the Gas Governor Substation.

- 30.2 If the Tenant has not begun any works needed to remedy that breach within two months following that notice (or if works are required as a matter of emergency, then immediately) or if the Tenant is not carrying out the works with all due speed, then the Landlord may enter the Property and carry out the works needed.
- 30.3 The costs incurred by the Landlord in carrying out any works pursuant to this clause (and any professional fees and any VAT in respect of those costs) shall be a debt due from the Tenant to the Landlord and payable on demand.
- 30.4 Any action taken by the Landlord pursuant to this clause shall be without prejudice to the Landlord's other rights, including those under clause 34.

31. Indemnity

- 31.1 The Tenant shall keep the Landlord indemnified against all Claims suffered or incurred by the Landlord arising out of or in connection with:
- (a) the construction, installation, repair, alteration or removal of the Gas Governor Substation;
 - (b) the operation of the Gas Governor Substation;
 - (c) the use and/or occupation of the Property or any parts of the Landlord's Neighbouring Property used in connection with the Permitted Use;
 - (d) the exercise of any of the Tenant's Rights;
 - (e) any breach of any tenant covenants in this lease; or
 - (f) any act or omission of the Tenant, any undertenant or their respective workers, contractors or agents or any other person on the Property or the Landlord's Neighbouring Property with the actual or implied authority of any of them.
- 31.2 The Tenant's liability under clause 31.1 is subject to the following:
- (a) the Tenant shall have no liability for Claims attributable solely to the act or default of the Landlord, its workers, contractors or agents or any other person on the Property with the actual or implied authority of the Landlord; and
 - (b) the Landlord provides details of any Claim to the Tenant as soon as practicable and shall not compromise any such Claim without the prior written consent of the Tenant.

32. Landlord's covenant for quiet enjoyment and other covenants

32.1 The Landlord covenants with the Tenant, that, so long as the Tenant pays the rents reserved by and complies with its obligations in this lease, the Tenant shall have quiet enjoyment of the Property without any interruption by the Landlord or any person claiming under the Landlord except as otherwise permitted by this lease.

32.2 The Landlord further covenants with the Tenant:

- (a) not to cause or permit to be done on the Property and/or the Landlord's Neighbouring Property and the Easement Strip anything which causes or is likely to cause damage or injury to the Gas Governor Substation and will take reasonable precautions to prevent such damage or injury;
- (b) not to plant any tree or large shrub on the Landlord's Neighbouring Property and the Easement Strip; and
- (c) not to permanently or temporarily obstruct the Landlord's Neighbouring Property and the Easement Strip.

32.3 Not without the prior written consent of the Tenant which shall not be unreasonably withheld or delayed to make or cause or permit to be made any material alteration to or any deposit of anything upon any part of the Easement Strip so as to lessen or in any way interfere with the support afforded to the gas main by the surrounding soil including minerals or so as to materially to reduce the depth of the soil above the gas mains

Provided that nothing in this paragraph shall prevent the Landlord from installing pipes, wires, drains or cables, or constructing roads, or footpaths or car parks with the prior written consent (not to be unreasonably withheld or delayed) and under the supervision of the Tenant not carrying out any normal act of estate management including fencing or hedging

32.4 Not to erect or install or cause or permit to be erected or installed any building or structure in through upon or over the Easement Strip nor cause or allow to occur on the Easement Strip or the Landlord's Neighbouring Property anything which adversely affects its value or facility to the Tenant

33. Termination

33.1 If the Landlord obtains planning permission for the development of the Landlord's Neighbouring Property and the Property, the Landlord may serve notice in writing on the Tenant to terminate this lease on the date specified in the notice, which date shall not be less than twelve months after the date of service of the notice. On expiry of the notice, this lease shall terminate, provided that the Landlord has provided an alternative site for the Gas Governor Substation, such alternative site to be agreed between the Landlord and the Tenant acting reasonably and in default of agreement the parties

shall refer the matter to arbitration in accordance with the provisions of clause 41 prior to expiry of the above notice. The relocation terms are broadly set out in clause 24.4 of this lease.

- 33.2 Termination of the lease in any of the circumstances referred to in clause 33 shall be without prejudice to any right or remedy of the either party in respect of any antecedent breach of the covenants or conditions in this lease.

34. Re-entry and forfeiture

- 34.1 The Landlord may re-enter the Property (or any part of the Property in the name of the whole) at any time after any of the following occurs:

- (a) any rent is unpaid 21 days after becoming payable whether it has been formally demanded or not;
- (b) any breach of any condition of, or tenant covenant, in this lease;
- (c) an Act of Insolvency.

- 34.2 If the Landlord re-enters the Property (or any part of the Property in the name of the whole) pursuant to this clause, this lease shall immediately end, but without prejudice to any right or remedy of the Landlord in respect of any breach of covenant by the Tenant.

35. Liability

- 35.1 At any time when the Landlord or the Tenant is more than one person, then in each case those persons shall be jointly and severally liable for their respective obligations arising by virtue of this lease. The Landlord may release or compromise the liability of any one of those persons or grant any time or concession to any one of them without affecting the liability of any other of them.
- 35.2 The obligations of the Tenant and any guarantor arising by virtue of this lease are owed to the Landlord and the obligations of the Landlord are owed to the Tenant.
- 35.3 The Landlord shall not be liable to the Tenant for any failure of the Landlord to perform any landlord covenant in this lease, unless the Landlord knows it has failed to perform the covenant, or reasonably should know this, and has not remedied that failure within a reasonable time.

36. **Entire agreement and exclusion of representations**

- 36.1 This lease constitutes the whole agreement between the parties and supersedes all previous discussions, correspondence, negotiations, arrangements, understandings and agreements between them relating to its subject matter.
- 36.2 Each party acknowledges that in entering into this lease it does not rely on, and shall have no remedies in respect of, any representation or warranty (whether made innocently or negligently) before the date of this lease.
- 36.3 Nothing in this lease constitutes or shall constitute a representation or warranty that the Property may lawfully be used for any purpose allowed by this lease.
- 36.4 Nothing in this clause shall limit or exclude any liability for fraud.

37. **Notices, consents and approvals**

- 37.1 Except where this lease specifically states that a notice need not be in writing, any notice given under or in connection with this lease shall be:
- (a) in writing and for the purposes of this clause an email is not in writing; and
 - (b) given by hand or by pre-paid first-class post or other next working day delivery service at the party's registered office address (if the party is a company) or (in any other case) at the party's principal place of business and (in the case of the Landlord being Lancashire County Council) marked **for the attention of the Head of Estates/Asset Management**.
- 37.2 If a notice complies with the criteria in clause 37.1, whether or not this lease requires that notice to be in writing, it shall be deemed to have been received:
- (a) if delivered by hand, at the time the notice is left at the proper address;
 - (b) if sent by pre-paid first-class post or other next working day delivery service, on the second working day after posting.
- 37.3 This clause does not apply to the service of any proceedings or other documents in any legal action or, where applicable, any arbitration or other method of dispute resolution.
- 37.4 Section 196 of the Law of Property Act 1925 shall otherwise apply to notices given under this lease.

37.5 Where the consent of the Landlord is required under this lease, a consent shall only be valid if it is given by deed, unless:

- (a) it is given in writing and signed by the Landlord or a person duly authorised on its behalf; and
- (b) it expressly states that the Landlord waives the requirement for a deed in that particular case.

If a waiver is given, it shall not affect the requirement for a deed for any other consent.

37.6 Where the approval of the Landlord is required under this lease, an approval shall only be valid if it is in writing and signed by or on behalf of the Landlord, unless:

- (a) the approval is being given in a case of emergency; or
- (b) this lease expressly states that the approval need not be in writing.

37.7 If the Landlord gives a consent or approval under this lease, the giving of that consent or approval shall not imply that any consent or approval required from a third party has been obtained, nor shall it obviate the need to obtain any consent or approval from a third party.

38. **Governing law**

This lease and any dispute or claim arising out of or in connection with it or its subject matter or formation (including non-contractual disputes or claims) shall be governed by and construed in accordance with the law of England and Wales.

39. **Jurisdiction**

Each party irrevocably agrees that the courts of England and Wales shall have exclusive jurisdiction to settle any dispute or claim arising out of or in connection with this lease or its subject matter or formation (including non-contractual disputes or claims).

40. **Contracts (Rights of Third Parties) Act 1999**

A person who is not a party to this lease shall not have any rights under the Contracts (Rights of Third Parties) Act 1999 to enforce any term of this lease. This does not affect any right or remedy of a third party which exists, or is available, apart from that Act.

41. To the extent the law allows, any dispute under clause 33.1 as to the location of the alternative site is to be determined in default of agreement by an arbitrator (if he has power under this deed to do so) in accordance with the Arbitration Act 1996 who is

agreed upon by the parties or in default of agreement appointed upon application by either party (after notice in writing to the other party) by the President of the Royal Institution of Chartered Surveyors or his deputy PROVIDED THAT the arbitrator shall have no power to order:

1. a party to do or refrain from doing anything
2. specific performance of a contract (including anything contained in this deed)

AND FURTHER PROVIDED THAT if the Tenant shall so require the arbitrator shall act as an expert

This document has been executed as a deed and is delivered and takes effect on the date stated at the beginning of it.

MERCURY WAY

Handwritten signature



The Common Seal of **Lancashire
County Council** was affixed to this
deed in the presence of:

Seal

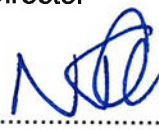
Authorised Signatory

Executed as a deed by
E.S. Pipeline Limited acting by

a director and

a second director/secretary


..... Peter Williams
Director


..... NICHOLAS CLARK
Director/Secretary