



DATED _____ **201**●

HER MAJESTY THE QUEEN (1)
and
THE CROWN ESTATE COMMISSIONERS (2)
and
● (3)
and
● [(4)]

LEASE

relating to the right to store gas under the
bed of the sea

Estates Ref: ●
Legal Ref: ●

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BETWEEN:

- (1) **HER MAJESTY THE QUEEN;**
- (2) **THE CROWN ESTATE COMMISSIONERS** on behalf of Her Majesty acting in exercise of the powers of the Crown Estate Act 1961 (the “**Commissioners**”); and
- (3) ● (Company No ●) having its registered office at ● (the “**Tenant**”); and
- (4) ● (Company No. ●) having its registered office at ● (the “**Guarantor**”)¹

WHEREAS

[Specific wording to describe project]

1. The land comprising the seabed of the Territorial Seas and consequently the right to store and recover natural gas injected for storage purposes into the seabed within the Territorial Seas, forms part of The Crown Estate.
2. By virtue of section 1 of the Energy Act the right to store and recover natural gas injected for storage purposes into the seabed within offshore areas outside of the Territorial Seas of the United Kingdom is vested in Her Majesty.
3. By virtue of section 2 of the Energy Act, no person may carry out any of the activities set out in section 2(3) of the Energy Act within a controlled place (as defined in the Energy Act) without first obtaining a Storage Licence.
4. By virtue of section 4 of the Energy Act, the controlled place to which such Storage Licence relates, may be determined by reference to a Crown lease.
5. The Tenant wishes to undertake gas storage activities in a controlled place and therefore the Parties have agreed to enter into this Lease.
6. This Lease is a Crown lease, as defined in section 4(3) of the Energy Act.

NOW IT IS HEREBY AGREED as follows:

1. INTERPRETATION

1.1 In this Lease unless the context otherwise requires:

¹ In relation to wholly owned tenant companies a guarantee will be required from a parent company that holds, and will maintain, a credit rating equivalent to at least BBB+, and in relation to joint venture companies (whether incorporated or unincorporated) joint and several parent company guarantees will be required from each party to the joint venture, with at least one guarantor holding, and maintaining, a credit rating of at least BBB+.

- 1.1.1 words importing one gender include other genders;
 - 1.1.2 words importing the singular include the plural and vice versa;
 - 1.1.3 references to persons include bodies corporate and vice versa;
 - 1.1.4 references to clauses, schedules and annexures are references to the relevant clauses in or schedules or annexures to this Lease;
 - 1.1.5 the clause headings do not affect the construction of this Lease;
 - 1.1.6 reference to any statute, directive or regulation or other item of legislation includes any amendment, modification, extension, consolidation or re-enactment of it and includes any statutory instrument, regulation or order made under it for the time being in force;
 - 1.1.7 any obligation on the Tenant not to do or omit to do something shall be construed as including an obligation not to permit or knowingly to suffer it to be done by any other person;
 - 1.1.8 references to the Commissioners where the context admits includes their successors or assigns;
 - 1.1.9 a consent or approval to be given by the Commissioners is not effective for the purposes of this Lease unless it is in writing and signed by or on behalf of the Commissioners;
 - 1.1.10 references to any document or agreement include any amendment, modification, extension, reinstatement or replacement of it, from time to time; and
 - 1.1.11 references to the word “include” or “including” shall be construed without limitation.
- 1.2 Any covenant by (or implied to be made by) Her Majesty pursuant to the terms of this Lease is made (or implied to be made) by the Commissioners acting in exercise of the powers conferred by the Crown Estate Act 1961. No covenants, agreements or obligations are given by Her Majesty or anyone who reigns after Her. No liability is imposed on Her Majesty or anyone who reigns after Her nor on the Commissioners in any personal or private capacity.
 - 1.3 In this Lease unless the context otherwise requires the following expressions shall have the following meanings:

"Acceptable Credit Rating" means, in respect of an entity, a credit rating of at least BBB- with Standard & Poor's Rating Group (a division of the McGraw-Hill Group of Companies, Inc.) or Baa3 with Moody's Investor Services Inc;

"Adjacent" a location shall be Adjacent to the Lease Area if it is located within 150m, measured horizontally, of an area demarcated by the footprint of the Facility on the seabed, as shown in the Specification or is within 150m, measured horizontally, of any of the Tenant's infrastructure within the Lease

Area as shown on in the Specification or is within 150m, measured in any direction, of the Facility;

“**Agreement for Lease**” means the agreement for lease made between the Tenant and the Commissioners and dated [●];

“**Alternative Guarantor**” has the meaning set out in clause 7.3;

“**Annual Review Date**” means each anniversary of the Commencement Date;

“**Authority**” means an authority whether statutory, public, local, European, government department, agency or otherwise;

“**Business Day**” means any day other than a Saturday or a Sunday when the banks are open for general business in the City of London;

“**Capacity**” means a bundled unit of firm rights comprising injection and withdrawal rights and gas in storage rights in respect of the Facility;

“**CDM Regulations**” means the Construction (Design and Management) Regulations 2007;

“**Cessation of Commercial Operations**” has the meaning given to it in paragraph 2.1 of Schedule 6;

“**Codes**” has the meaning given to it in Clause 9.2.5(b)

“**Commencement Date**” means the date upon which this Lease is completed and becomes valid and binding upon the Parties pursuant to the provisions of Clause 9 of the Agreement for Lease;

“**Commencement of Commercial Operations**” means the earliest to occur of:

- (a) [date]; or
- (b) the date on which the Tenant first makes Capacity in the Facility exercisable by any Gas Shipper;

“**Commissioner’s Confidential Information**” means all information disclosed by the Commissioners relating to this Lease and to the affairs and business of the Commissioners and anyone deriving rights or title through or under them;

“**Commissioning**” means the substantial completion of all Relevant Works such that the Facility is capable of commencing Relevant Operations and cognate terms shall be construed accordingly;

“**Decommissioning Plan**” means an abandonment programme in respect of the Lease Area and Facility agreed by the Tenant and the Minister from time to time under the provisions of Part IV of the Petroleum Act 1998;

“**Development**” means the [*name of project*] comprising the Facility, the Exploration Works, the Relevant Works, all Wells, platforms and associated infrastructure and the required Pipelines;

“**EIRs**” has the meaning given to it in Clause 9.2.5(b);

“**EML Consultant**” means a firm of insurance advisers of international repute with experience of the offshore energy industry appointed by the Tenant in accordance with Schedule 5;

“**EML Study**” means the initial EML Study to be prepared by the Tenant pursuant to Schedule 5 and thereafter any study performed by the EML Consultant pursuant to the terms of Schedule 5;

“**Energy Act**” means the Energy Act 2008 (c.32);

“**Estimated Maximum Loss**” means the estimated maximum loss arising from the worst case credible scenario that could be expected to affect the Development as determined in accordance with Schedule 5;

“**Exploration Works**” means those tests, investigations and works, including any Wells and other intrusive works, completed under the Work Programme and such other works performed in accordance with the Storage Licence;

“**Facility**” means the [[•] gas field, contained within Petroleum Licence [•] underlying the Lease Area]² which is to be converted for the purpose of storing gas and in respect of which the Licensed Activities are to take place in accordance with the terms of this Lease and the Storage Licence, as more particularly described in Schedule 2;

“**Facility Blow Down**” means the process of extracting Injected Cushion Gas, commencing on Cessation of Commercial Operations and being completed on the date in which the total quantity (in kWh) of Working Gas and Injected Cushion Gas injected during the Pre-Operational Phase, the Operational Phase and the Post Operational Phase equals the total quantity (in kWh) of Working Gas and Injected Cushion Gas withdrawn during the Pre-Operational Phase, the Operational Phase and the Post Operational Phase.

“**FOIA**” has the meaning given to it in Clause 9.2.5(b);

“**Funders**” has the meaning given to it in Clause 13.1;

“**Gas**” has the meaning given to it in the Storage Licence;

“**Gas Shipper**” means a person that holds a shipper’s licence granted pursuant to the Gas Act 1986 (as amended);

“**Gas Storage Development Plan**” means any plan, to which consent has been given from time to time by the Minister under the Storage Licence, and relating to Relevant Works or Relevant Operations;

² Applicable only to acreage subject to an existing petroleum licence.

“Gas Storage Rights” means, in respect of those parts of the Lease Area located outside of the Territorial Seas, those rights vested in Her Majesty pursuant to section 1 of the Energy Act, and in respect of those parts of the Lease Area located within the Territorial Seas, the Commissioners’ rights in respect of the storage and recovery of gas injected for storage purposes;

“good storage practice” has the meaning given to it in the Storage Licence;

“Guarantee” means a guarantee substantially in the form attached as Schedule 9;

“Health and Safety Regulations” has the meaning given to it in Clause 3.4.10;

“Injected Cushion Gas” means Gas injected into and retained within the Facility for the purpose of maintaining sufficient pressure within the Facility to enable injection and withdrawal of Working Gas into and from the Facility during the Operational Phase;

“Insolvent” means that a Party:

- (a) is dissolved (other than pursuant to a consolidation, amalgamation or merger);
- (b) becomes insolvent or is unable to pay its debts or admits in writing its inability generally to pay its debts as they become due;
- (c) makes a general assignment, arrangement or composition with or for the benefit of its creditors;
- (d) either:
 - (i) institutes or has instituted against it, by a regulator, supervisor or any similar official with primary insolvency, rehabilitative or regulatory jurisdiction over it in the jurisdiction of its incorporation or organisation or the jurisdiction of its head office or home office, a proceeding seeking a judgment of insolvency or bankruptcy or any other relief under any bankruptcy or insolvency law or other similar law affecting creditors’ rights, or a petition is presented for its winding-up or liquidation by it or such regulator, supervisor or similar official; or
 - (ii) has instituted against it a proceeding seeking a judgment of insolvency or bankruptcy or any other relief under any bankruptcy or insolvency law or other similar law affecting creditors’ rights, or a petition is presented for its winding-up or liquidation, and such proceeding or petition is instituted or presented by a person or entity not described in paragraph (i) above, and either:
 - (A) results in a judgment of insolvency or bankruptcy or the entry of an order for relief or the making of an order for its winding-up or liquidation; or

- (B) is not dismissed, discharged, stayed or restrained in each case within 15 days of the institution or presentation thereof;
- (e) has a resolution passed for its winding-up, official management or liquidation (other than pursuant to a consolidation, amalgamation or merger);
 - (f) seeks or becomes subject to the appointment of an administrator, provisional liquidator, conservator, receiver, trustee, custodian or other similar official for it or for all or substantially all its assets;
 - (g) has a secured person take possession of all or substantially all its assets or has a distress, execution, attachment, sequestration or other legal process levied, enforced or sued on or against all or substantially all its assets and such secured person maintains possession, or any such process is not dismissed, discharged, stayed or restrained, in each case within 30 days thereafter;
 - (h) causes, or is subject to, any event with respect to it which, under the applicable laws of any jurisdiction, has an analogous effect to any of the events specified in paragraphs (a) to (g) (inclusive); or
 - (i) takes any action in furtherance of, or indicating its consent to, approval of, or acquiescence in, any of the foregoing acts,

provided that, for the avoidance of doubt, an event of Insolvency shall not occur in relation to a Party as a result of any proceeding, petition, process or other administrative action taken which is vexatious, frivolous or an abuse of the process of the relevant court, and “**Insolvency**” shall be construed accordingly;

“**Intellectual Property Rights**” means any patents, registered and unregistered designs, copyright, all knowhow and all other intellectual property protection wherever in the world enforceable;

“**Lease**” means this Lease, as the same may be amended from time to time, and all schedules and annexures hereto;

“**Lease Area**” means the area within which the Tenant may exercise the Rights, as more particularly described and set out in Schedule 2;

“**Lease Option Area**” has the meaning given to it in the Agreement for Lease;

“**Licence Period**” has the meaning given to it in the Storage Licence;

“**Licensed Activities**” means those activities listed in clause 2(2) of the Storage Licence;

“**Long Stop Date**” means the date which is [●] years from the Commencement Date;

“**Minister**” means the Secretary of State for the Department of Energy and Climate Change or the appropriate office at such other Authority which, from time to time, has the statutory responsibility for the administration of the rights being considered in the context of which the term is used in this Lease;

“**Necessary Consents**” means all consents, licences, permissions, orders exemptions and approvals (including, inter alia, the Storage Licence, the Pipeline Lease, any Pipeline Works Authorisation and any Petroleum Licence and any consent or permission required under any of them) required from any Authority in relation to the Development and Relevant Operations and shall include, for the avoidance of doubt, all assessments that may be required to be undertaken before the issue of any of the foregoing.

“**Notice of Commencement of the Post-Operational Phase**” means a notice served by the Commissioners pursuant to Clause 5.1;

“**Operational Phase**” means the period commencing on the Commencement of Commercial Operations and ending on the date immediately preceding the date of Cessation of Commercial Operations;

“**Operator**” means that person that is either the sole licensee under the Storage Licence, or, where the licensee is two or more persons, the person which carries out any function of organising or supervising any Licensed Activity with the written approval of the Minister, pursuant to Clause 13 of the Storage Licence;

“**Party**” means any one of the Commissioners the Tenant and the Guarantor and “**Parties**” shall mean each Party collectively;

“**Permitted Mineral Extraction**” means the processes undertaken by the Tenant of extracting of minerals and mineral substances from the Lease Area as is reasonably necessary and permitted by any required Necessary Consents for the operation, maintenance, repair, testing, decommissioning, renewal, reinstatement and use of the Development permitted under this Lease and will include any activities undertaken by the Tenant in accordance with any applicable Petroleum Licence;

“**Petroleum Licence**” means a licence issued by the Minister or any of his predecessors relating to the exploitation of a defined area of the seabed (including the Lease Area or part thereof) and the subsoil granted or given effect under the Petroleum Act 1998;

“**Petroleum**” has the meaning given in the Petroleum Act 1998;

“**Pipeline**” means all pipelines and ancillary electricity and telecommunications cables and all necessary wrappings, sleeves, slabs and other protective materials required as part of the Development, as more particularly described in the Specification;

“**Pipeline Lease**” means any lease granted by the Commissioners to the Tenant in respect of that part of any Pipeline which lies within the Territorial Sea and foreshore, including, for the purposes of this Agreement, any option to enter into such a lease;

“Pipeline Works Authorisation” means an authorisation granted by the Minister in respect of that part of a Pipeline which lies outside of the Territorial Seas and in “controlled waters” (as defined in the Petroleum Act 1998);

“Pollution” means pollution due to a release or presence after the date of this Lease or occupation by the Tenant (whichever is the earliest) into the environment of a substance which is capable of causing harm to the health of man or other living organisms supported by the environment or other interference with the ecological systems of which they form part where that release or presence was made from or in the Lease Area or from elsewhere but so that it affects the Lease Area but shall not include pollution occurring after the expiry of this Lease (or occupation by the Tenant if that is later) unless such pollution is due to or caused by the Tenant’s occupation or use of the Lease Area;

“Post Operational Long Stop Date” has the meaning given to it in paragraph 2.2.2 of Schedule 6;

“Post Operational Phase” has the meaning given to it in paragraph 2.2 of Schedule 6;

“Pre-Operational Phase” means the period from the Commencement Date until the date immediately preceding the Commencement of Commercial Operations;

“Projected End Date of the Operational Phase” has the meaning given to it in paragraph 1 of Schedule 6;

“Reasonable and Prudent Operator” means an operator seeking in good faith to perform its contractual obligations and in so doing, and in the general conduct of its undertaking, exercising good storage practice;

“Relevant Operations” has the meaning given to it in the Storage Licence;

“Relevant Works” has the meaning given to it in the Storage Licence;

“Rent” means the rent ascertained and payable as provided in Schedule 1;

“Rights” means the right to enter into the Lease Area with all necessary materials, equipment and personnel necessary to exercise Gas Storage Rights within the Lease Area; and the right to erect, operate, maintain, repair, renew, remove and decommission all infrastructure and Pipelines necessary to exercise Gas Storage Rights within the Lease Area;

“Specification” means the specification initially in the form set out at Schedule 3 and as may be amended or supplemented from time to time in accordance with the terms of this Lease and the Storage Licence;

“Storage Licence” means the licence to inject, store and extract Gas into, in and from the Facility, to be granted by the Minister in favour of the Tenant pursuant to the Energy Act and includes any document varying, supplementing or otherwise affecting the Storage Licence and any reference to a definition in or a clause of the Storage Licence shall be a reference to such definitions and clauses

of the Schedule to the Offshore Gas Storage and Unloading (Licensing) Regulations 2009;

“**Tenant’s Commercial Information**” means all information disclosed by the Tenant relating to this Lease, the Development (whether technical or commercial) and to the affairs and business of the Tenant and its affiliates, and anyone deriving rights or title through or under it;

“**Term**” means the period commencing on the Commencement Date and expiring on the earlier of:

- (a) the fiftieth anniversary of the Commencement Date; and
- (b) the Post Operational Long Stop Date;

“**Territorial Seas**” means the internationally established area extending twelve (12) nautical miles from the baseline or low water mark of the United Kingdom;

“**The Crown Estate**” means all property, rights and interests under the management of the Commissioners pursuant to the Crown Estate Act 1961;

“**Value Added Tax**” or “**VAT**” means value added tax charged under the Value Added Tax Act 1994 or any other similar tax of a similar nature whether charged in the United Kingdom or elsewhere;

“**Well**” has the meaning given to it in the Storage Licence; and

“**Work Programme**” means the Work Programme, if any, attached to the Storage Licence.

“**Working Gas**” means Gas that is injected into the Facility with the intention that it will be withdrawn from the Facility from time to time during the Operational Period.

2. DEMISE

2.1 The Commissioners grant the Rights to the Tenant on an exclusive basis for the sole purposes set out in the terms and conditions of this Lease:

2.1.1 with no title guarantee,

2.1.2 subject to:

- (a) all public rights of navigation and fishing;
- (b) the rights of third states or their nationals under rules of international law;
- (c) all other rights enforceable or exercisable over the Lease Area including, inter alia, those set out in Schedule 4, and

- (d) any other rights which are exercisable in respect of the Lease Area, the grant of which is outside of the Commissioners' control,

2.1.3 except as reserving the matters set out in this Lease; and

2.1.4 for the duration of the Term unless this Lease is determined earlier in accordance with the terms and conditions herein.

3. TENANT'S OBLIGATIONS

3.1 If there are any inconsistencies between the Tenant's obligations as set out in this Lease and the Tenant's obligations as licensee or the terms and conditions under the Storage Licence, the Parties agree that the Storage Licence shall prevail.

3.2 The Tenant covenants with the Commissioners to observe and perform the obligations set out in this Clause 3.

3.3 Rent and other payments:

3.3.1 To pay the Rent during the Term in accordance with the terms of Schedule 1, without deduction or set off, whether legal or equitable, to the Commissioners at their office.

3.3.2 If any Rent or other sum becoming payable under this Lease by the Tenant to the Commissioners (including any Rent or other sum which the Commissioners have declined to accept whether after service of a notice under Section 146 of the Law of Property Act 1925 or otherwise) remains unpaid for more than twenty one (21) days after becoming due (whether formally demanded or not) then the Tenant shall (if required but without prejudice to the Commissioners' right of determination or any other right or remedy of the Commissioners) as from the date on which it becomes due until the date of actual payment pay interest on it (after as well as before and after any judgment) at the rate of 3% per annum above the base lending rate from time to time of Barclays Bank plc (or such other bank as the Commissioners nominate from time to time) provided that if the bank lending rate falls below 2% then the base lending rate used to calculate interest in accordance with this clause 3.2.3 shall be 2% or if such base rates cease to be published at any time such other comparable rate of interest as the Commissioners designate and the interest shall be deemed to be part of the Rent and recoverable in like manner as rent in arrear but shall not itself bear interest.

3.3.3 To pay and indemnify the Commissioners against all existing and future rates, taxes, assessments, impositions, duties, charges and outgoings whatsoever payable (whether by the owner or occupier) in respect of the Lease Area and the operation of the Development, except for taxes (other than VAT) payable by the Commissioners on the receipt of the Rent, or on any dealing by the Commissioners in its interest in this Lease, the Lease Area, the Facility or the Rights in accordance with the terms of this Lease.

3.3.4 To pay and indemnify the Commissioners against any liability for:

- (a) all and any VAT which is chargeable on the Rent or any other sum payable by the Tenant to the Commissioners under this Lease upon receipt of a valid VAT invoice addressed to the Tenant; and
- (b) all VAT incurred in relation to any costs or expenses which the Tenant is obliged to pay or in respect of which it is required to indemnify the Commissioners under the terms of this Lease save where such VAT is recoverable or available for set off by the Commissioners as input tax. For the avoidance of doubt all or any sums referred to or specified in this Lease are referred to or specified exclusive of VAT which is payable in addition thereto where applicable unless otherwise expressly stated.

3.4 Relevant Works:

- 3.4.1 The Tenant shall apply for all Necessary Consents required to undertake the Development in a timely manner and shall comply with all requirements of the Authority or other person to which each application is made to enable it to determine that application.
- 3.4.2 In respect of any application for a Necessary Consent (or variations or modifications thereto) that includes plans showing the layout and route of the Exploration Works, the Relevant Works or any other works comprised within the Development, the plans annexed to such Necessary Consent shall first be approved in writing by the Commissioners (such approval not to be unreasonably withheld or delayed before such plans are submitted with any relevant application for a Necessary Consent).
- 3.4.3 The Tenant shall provide such information as the Commissioners shall reasonably require from time to time in respect of the progress of any applications for Necessary Consents and shall forward a copy of any decision notice to the Commissioners within fifteen (15) Business Days of receipt by the Tenant.
- 3.4.4 The Tenant shall use all reasonable endeavours to procure that each Necessary Consent which does not automatically enure for the benefit of the land to which it relates is granted on terms which permit that Necessary Consent (or the rights granted under it) to be transferred, insofar as it is transferable, without the consent of any Authority to any person to whom an agreement for lease or a lease is granted by the Commissioners in respect of the specific area to which such Necessary Consent relates.
- 3.4.5 Subject to Clause 3.4.2, the Tenant shall not wilfully do or omit to do anything which may cause any Necessary Consent to be varied or modified to any material degree or revoked without the consent of the Commissioners (such consent not to be unreasonably withheld or delayed).

3.4.6 The Relevant Works shall be conducted in accordance with:

- (a) the Gas Storage Development Plan;
- (b) all Necessary Consents relating to the same; and
- (c) all applicable laws.

3.4.7 The Tenant shall:

- (a) undertake and Commission the Relevant Works in a good and workmanlike manner, at all times acting in accordance with good storage practice;
- (b) keep the Relevant Works in good and safe repair and condition and maintain the Lease Area in good and safe repair and condition free of any wrecks, debris and Pollution; and
- (c) keep the Relevant Works properly maintained and in good working order, save that any part of the Relevant Works which has ceased permanently to be used for Relevant Operations shall be properly maintained in a safe and proper manner until decommissioned in accordance with the relevant Necessary Consents and any applicable Decommissioning Plan.

3.4.8 The Tenant may amend the Specification on notice to the Commissioners from time to time, provided that:

- (a) where the amendment is required pursuant to a Necessary Consent, notification shall be made prior to the amendment being made, unless such amendment relates to a change in location of any infrastructure within the Lease Area or a change in the boundaries of the Facility, in which case, Clause 3.4.8(b) shall apply; and
- (b) where the amendment arises other than pursuant to a Necessary Consent, or in the circumstances described in Clause 3.4.8(a), the Tenant shall obtain the Commissioners' prior written consent to the amendment (such consent not to be unreasonably withheld or delayed).

3.4.9 To the extent that the CDM Regulations are applicable to the Relevant Works:

- (a) the Tenant warrants that it has the competence to perform the duties imposed on a client by the CDM Regulations and that it will comply with the provisions of the CDM Regulations in respect of the Relevant Works, including without limitation all requirements relating to the provision and maintenance of a health and safety file and to provide on request to the Commissioners a copy of the health and safety file and any documents within it;

- (b) the Tenant covenants to supply all information to the Commissioners that the Commissioners reasonably require to comply with the Commissioners' obligations (if any) under the CDM Regulations;
- (c) prior to commencing any Relevant Works, the Tenant will make a written election that it is to be treated as the only client for the purposes of the CDM Regulations in respect of the Relevant Works and to provide a copy of the Commissioners of the election (and the Commissioners agree to the election to the extent that the Tenant actually is a client in respect of the Relevant Works).

3.4.10 To the extent that the Health and Safety at Work, etc, Act 1974 (and all subordinate legislation) and the Offshore (Safety Case) Regulations 2005 (the "**Health and Safety Regulations**") are applicable to the Relevant Works:

- (a) the Tenant warrants that it has the competence and arrangements of control and management to ensure, so far as is reasonably practicable, the safe completion of all Relevant Work activities; and
- (b) the Tenant will ensure that all contractors and sub-contractors have all necessary competencies to delivery their tasks in a safe manner, and have suitable and sufficient controls to ensure the safety of their employees and those who may be affected by their acts or omissions.

and to the extent that the Health and Safety Regulations are not applicable to the Relevant Works, the Tenant shall comply with the Health and Safety Regulations and the provisions of this Clause 3.4.10 as if the Health and Safety Regulations were applicable to the Relevant Works.

3.4.11 The Tenant will keep the Commissioners informed in writing at regular intervals of not more than one (1) year as to progress of the construction and commissioning of the works set out in the Gas Storage Development Plan.

3.5 Alterations to the Development

3.5.1 Not to make any alteration or addition to the Development which materially affects the terms of this Lease, adversely affects the Commissioners rights or alters the Specification unless:

- (a) the Tenant has submitted to the Commissioners detailed plans and specifications showing the proposed alteration or addition, including a revised Specification;
- (b) the Tenant has obtained the Commissioner's consent to the proposed alteration or addition and revised Specification (such consent not to be unreasonably withheld or delayed); and

- (c) the Tenant has obtained:
 - (i) the consent of each relevant Authority to carry out the alteration or addition; and
 - (ii) all Necessary Consents or variations to Necessary Consents as are required in relation to the proposed alteration or addition.

For the avoidance of doubt an alteration to the maximum working volume of the Facility will amount to a material variation pursuant to this Clause 3.5.1

3.5.2 On notice from the Commissioners, the Tenant will remove, as soon as reasonably practicable, any alteration or addition to the Development made in contravention of the provisions of Clause 3.5.1, 3.9.1, 3.9.2 and will restore the seabed to a safe and proper condition in accordance with the requirements of the Necessary Consents.

3.5.3 To the extent that the CDM Regulations are applicable to any alteration or addition to the Development:

- (a) the Tenant warrants that it has the competence to perform the duties imposed on a client by the CDM Regulations and that it will comply with the provisions of the CDM Regulations in respect of any alterations or additions to the Lease Area or the Development undertaken pursuant to Clause 3.5.1, including without limitation all requirements relating to the provision and maintenance of a health and safety file and to provide on request to the Commissioners a copy of the health and safety file and any documents within it.
- (b) to supply all information to the Commissioners that the Commissioners reasonably require to comply with the Commissioners' obligations (if any) under the CDM Regulations.
- (c) prior to commencing any alterations to the Lease Area or the Development, the Tenant will make a written election that it is to be treated as the only client for the purposes of the CDM Regulations in respect of such alterations or additions to the Lease Area or the Development and to provide a copy to the Commissioners of the election (and the Commissioners agree to the election to the extent that the Tenant actually is a client in respect of such alterations to the Lease Area or the Development).

and to the extent that the CDM Regulations are not applicable to any alteration or addition to the Development, the Tenant shall comply with the CDM Regulations and the provisions of this Clause 3.5.3 as if the CDM Regulations were applicable to any alteration or addition to the Development.

3.6 Relevant Operations

3.6.1 In carrying out Relevant Operations, the Tenant will not:

- (a) dig, extract or remove any minerals or mineral substances from the Lease Area other than in the process of Permitted Mineral Extraction; or
- (b) cause waste, spoil or destruction of any minerals or mineral substances in or on the Lease Area other than in the process of Permitted Mineral Extraction and in accordance with the Necessary Consents and applicable law.

Notwithstanding the foregoing the Tenant shall not have any right to use or have beneficial title to any minerals or mineral substances dug, extracted or removed from the seabed in the course of Permitted Mineral Extraction, other than Petroleum extracted pursuant to any applicable Petroleum Licence.

3.6.2 As soon as reasonably practicable following any disturbance of the seabed within the Lease Area pursuant to the carrying out of Relevant Operations, the Tenant will restore the same to a safe and (allowing for the presence of the Relevant Works) proper condition and in accordance with all Necessary Consents and other applicable laws.

3.6.3 The Tenant will not perform any act, omit to do any act, allow any substance or article to remain on, in, under or over the Lease Area or exercise any right under this Lease in a manner which:

- (a) may be, becomes or may cause a nuisance, damage or injury to the Commissioners or any other person or premises; or
- (b) may cause Pollution or harm to the environment or human health.

3.6.4 In the event that a nuisance occurs the Tenant shall, as soon as reasonably practicable, take all necessary steps to abate such nuisance and remedy any damage caused.

3.6.5 In the event that Pollution occurs as a result of the Tenant's occupation of the Lease Area or the carrying out of Relevant Operations, the Tenant shall, as soon as reasonably practicable, carry out all works or operations (on the Lease Area or elsewhere) needed as a result of the Pollution, that the Commissioners or the Tenant are required by any relevant Authority or court of competent jurisdiction to undertake or pay for.

3.7 Indemnity

3.7.1 To indemnify and keep the Commissioners indemnified against all actions, proceedings, claims and demands brought or made and all proper costs and expenses and all losses, damages and liabilities incurred suffered or arising directly or indirectly in respect of or otherwise in connection with:

- (a) the occupation and use of the Lease Area in accordance with this Lease;
- (b) the exercise or purported exercise of Rights arising under this Lease;
- (c) the construction, operation or existence of the Relevant Works (including any impact or effect on the environment);
- (d) the Relevant Operations, any alterations or additions to the Relevant Works or the Lease Area, or the existence of the Development (including any impact or effect on the environment);
- (e) Permitted Mineral Extraction;
- (f) any act, neglect or default of the Tenant or anyone deriving title or rights through or under the Tenant or anyone present in the Lease Area with the express or implied authority of either of the Tenant or anyone deriving title or rights through or under the Tenant;
- (g) any Pollution occurring as a result of the Tenant's occupation of the Lease Area or the carrying out of Relevant Operations;
- (h) any breach of any covenant or other provision of this Lease to be observed and performed by the Tenant; or
- (i) any Relevant Works or Exploration Works remaining on, in, over or under the Lease Area after the expiry of the term of this Lease or the earlier determination in accordance with the terms and conditions of this Lease (in contravention of the terms of the Decommissioning Plan) including, without limitation, any removal or disposal of those Relevant Works or Exploration Works.

3.7.2 Clause 3.7.1 shall not apply to the extent that any such actions, proceedings, claims and demands are brought or made or any losses, damages, costs, expenses and liabilities are incurred or suffered as a consequence of the breach by the Commissioners of their obligations under this Lease;

3.7.3 The Commissioners shall not make any admission of liability nor compromise or settle any actions, proceedings, claims and demands in respect of which they claim an indemnity under Clause 3.7.1 without first notifying the Tenant and having due regard to the Tenant's timely representations; and

3.7.4 This Clause 3.7 shall remain in full force and effect notwithstanding the expiry of the term of this Lease or the earlier determination in accordance with the terms and conditions of this Lease.

3.7.5 The Commissioners acknowledge that the exercise of the Rights under this Lease carries an inherent risk that the Facility may be damaged in such a manner to wholly or partially prevent further use of the Facility as a gas storage reservoir or any other use. The Commissioners therefore release the Tenant (and anyone deriving title or rights through or under the Tenant) from any and all claims the Commissioners may have against the Tenant under this Lease, in tort or otherwise at law in respect of loss or damage to the Facility and any use or uses that could be made of such Facility provided that nothing in this clause shall operate to prevent the Commissioners from claiming against the Tenant for an amount equal to the Rent that would have been payable from the date of such loss or damage until the end of the Term where the Facility has become damaged in such a manner as to wholly or partially prevent further use of the Facility as a gas storage reservoir due to the Tenant's failure to act as a Reasonable and Prudent Operator.

3.8 Alienation

3.8.1 Not to assign, mortgage, charge, novate or otherwise transfer the Lease Area or the rights or obligations arising under this Lease, except as provided in Clause 3.8.2.

3.8.2 The Tenant may assign the whole benefit of this Lease provided that it has obtained the Commissioners' prior written consent, such consent not to be unreasonably withheld or delayed, and provided that:

- (a) the Commissioners shall not be regarded as unreasonably withholding their consent if they withhold it on the ground of any of the circumstances (which are specified for the purposes of section 19(1A) of the Landlord & Tenant Act 1927) set out in Clause 3.8.3;
- (b) the Commissioners shall not be regarded as giving their consent subject to unreasonable conditions if they give their consent subject to any of the conditions (which are specified for the purposes of Section 19(1A) of the Landlord & Tenant Act 1927) set out in Clause 3.8.4;
- (c) the provisos in Clauses 3.8.2(a) and 3.8.2(b) shall operate without prejudice to the entitlement of the Commissioners to withhold their consent on any other grounds where such withholding of consent would not be unreasonable or to impose any further or subsequent conditions upon the grant of consent where the imposition of such condition or conditions would not be unreasonable.

3.8.3 The circumstances referred to in Clause 3.8.2(a) are:

- (a) where in the reasonable opinion of the Commissioners the proposed assignee is not of sufficient financial standing to enable it to comply with the Tenant's obligations under this Lease; or

- (b) the proposed assignee is not resident in the United Kingdom or in a jurisdiction where reciprocal enforcement of judgments exists.

3.8.4 The conditions referred to in Clause 3.8.2(b) are:

- (a) prior to the assignment the Tenant pays all arrears of sums due and payable under this Lease;
- (b) the proposed assignee executes and delivers a covenant by deed with the Commissioners in such form as the Commissioners may reasonably require to observe and perform the obligations of the Tenant under this Lease until released by operation of law;
- (c) where the proposed assignee is not incorporated in England or Wales the proposed assignee procures a legal opinion letter from a firm of solicitors in the relevant jurisdiction addressed to and approved by the Commissioners (acting reasonably) and provides to the Commissioners an irrevocable address for service in England or Wales for notices under this Lease and proceedings with solicitors or other agents approved by the Commissioners (acting reasonably);
- (d) that any Necessary Consents which have been granted are transferred, replaced or granted to the proposed assignee on or before completion of the proposed assignment;
- (e) prior to the assignment the Tenant and the proposed assignee take such steps (including, without limitation, all steps necessary to ensure that the security of tenure provisions of the Landlord and Tenant Act 1954 are excluded) and agree to make such variations to the Lease as, in the reasonable opinion of the Commissioners, are necessary to ensure that the Lease will be valid and binding notwithstanding the assignment; and
- (f) that following the assignment the proposed assignee is the Operator.

3.8.5 Not to underlet, part with, share the possession of or grant any licence of the whole or part of the Lease Area or any rights or obligations in this Lease on trust for any other person without the consent of the Commissioners.

3.8.6 Within one month from their respective dates to lodge in the Commissioners' office for registration all orders of court and assignments of the Lease Area and other instruments affecting devolution of this Lease or the Term and all mortgages and charges of them and on demand to pay the Commissioners' reasonable registration fee.

3.8.7 Without prejudice to this Clause 3.8 the Tenant shall inform the Commissioners of the identity of those persons holding an interest in the Storage Licence and shall notify the Commissioners whenever there is a

change in the identity of those persons holding an interest in the Storage Licence, such notification to be provided in writing to the Commissioners within ten (10) Business Days of such change.

3.9 Necessary Consents

- 3.9.1 Not to exercise the Rights (including without limitation commencing or carrying out the Relevant Operations) without first obtaining such Necessary Consents as are required in respect of such exercise, and thereafter to maintain all Necessary Consents as are required from time to time and to comply with all requirements of each applicable Authority or other person in relation to each Necessary Consent.
- 3.9.2 At all times, to comply with the terms of the Necessary Consents, all applicable law and good storage practice as the same may be amended or be applicable from time to time.
- 3.9.3 To keep detailed and accurate records in accordance with the terms of Necessary Consents and maintain copies of all such records at a permanent residence in the United Kingdom. The Tenant shall permit any person or persons authorised by the Commissioners at all reasonable times access to such records for the purpose of examining, taking notes from and copying them.
- 3.9.4 To provide to the Commissioners:
 - (a) copies of each Necessary Consent relating to the location of any infrastructure within the Lease Area, and any material amendment thereto, and copies of any amendments to the Gas Storage Development Plan within fifteen (15) Business Days of the grant of such Necessary Consent or amendment; and
 - (b) at the request of the Commissioners copies of any other Necessary Consents, within twenty (20) Business Days of such request;

Such copies may be sent by email to an address nominated from time to time by the Commissioners. At the request of the Commissioners the Tenant will provide all information relating to the Necessary Consents as the Commissioners may reasonably request within twenty (20) Business Days of such request.

3.10 Decommissioning

- 3.10.1 To comply at all times and at its own expense with the provisions of Part IV of the Petroleum Act 1998, in so far as such provisions apply to the Tenant.
- 3.10.2 As soon as reasonably practicable after receipt thereof, to provide to the Commissioners a copy of all material notices served on the Tenant by the Minister and all notices, Decommissioning Plans and other documents

served on or sent to the Minister by the Tenant pursuant to Part IV of the Petroleum Act 1988.

3.10.3 Subject to the provisions of Schedule 6, the Tenant shall, in the event that this Lease is determined, as soon as reasonably practicable restore the seabed to a safe and proper condition in accordance with the requirements of the Decommissioning Plan and any Necessary Consents.

3.11 Use and Occupation

3.11.1 The Tenant shall use the Lease Area solely for the purpose of exercising the Rights (including without limitation undertaking the Relevant Works and the Relevant Operations or carrying out its obligations under Clause 3.10 in accordance with the terms of the Necessary Consents).

3.11.2 The Tenant shall be responsible for all acts, omissions, defaults or neglect by any agents, sub-contractors or other third parties engaged in the Relevant Operations and hereby guarantees the performance of such parties in accordance with the terms and conditions of this Lease.

3.11.3 To the extent that they are located in an area which is on the seaward side of the mean low water mark of the United Kingdom, the Tenant shall permit any person or persons authorised by the Commissioners at all reasonable times to enter into and upon any of the Tenant's installations or equipment used or to be used in connection with the Development to examine the Lease Area and the Relevant Works and the Tenant will provide conveyance to and from any installation or equipment for such purpose, subject to such persons complying with any reasonable health and safety requirements.

3.11.4 The Tenant warrants that it is, and will remain throughout the term, the Operator.

3.12 Insurance

3.12.1 The Tenant shall maintain the insurances set out in Schedule 5³ as amended from time to time in accordance with Clause 3.12.5 with a limit of indemnity of not less than the corresponding sums set against each required policy. The Tenant shall also ensure that any agent or sub-contractor occupying the Lease Area in accordance with Clause 3.11.2 shall maintain all appropriate insurances as would be expected in accordance with good storage practice in relation to the activities being undertaken by such agent or sub-contractor within the Lease Area.

3.12.2 At least annually, and within ten (10) Business Days of any renewal or replacement, the Tenant shall produce to the Commissioners a copy of each insurance policy listed in Schedule 5 or documentary evidence that

³ To be completed.

the insurances set out in Schedule 5 have been obtained and are being properly maintained and the Commissioners shall be named as co-insured parties where stipulated in Schedule 5.

- 3.12.3 The Tenant shall observe and perform the terms of any insurance policy effected pursuant to this Clause 3.12 and all requirements from time to time of the insurers and not to do or fail to do anything which shall or may cause any such policy to be void or voidable or any monies payable under it to be irrecoverable.
- 3.12.4 If the Tenant at any time fails to keep the Lease Area insured in accordance with its obligations under this Lease the Commissioners may effect and maintain the insurance and any money the Commissioners expend for that purpose must be repaid by the Tenant on demand and may be recovered by action.
- 3.12.5 The Commissioners will review the insurances listed in Schedule 5 and required to be held by the Tenant pursuant to this Clause 3.12 every three (3) years following the Commencement Date and will consult with the Tenant before notifying the Tenant of the Commissioners' revised requirements in relation to the holding of the insurances, and consequently any amendments that are required to Schedule 5.
- 3.12.6 On each anniversary of the Commencement Date the Tenant shall provide a written report to the Commissioners, detailing every claim made against the insurance policies required under this Clause 13 during the year immediately prior to such anniversary. Such report shall include, as a minimum, the following details:
- (a) the name of the claimant;
 - (b) the date on which the claim was notified to the Commissioners;
 - (c) the alleged value or potential alleged value of the claim;
 - (d) the nature of the claim (if known); and
 - (e) whether or not the claim was settled.

3.13 Costs

- 3.13.1 To pay and indemnify the Commissioners against all proper (and in the case of Clause 3.13.1, reasonable) fees charges disbursements costs and expenses connected with, incidental to, consequent upon and (where appropriate) in proper contemplation of:
- (a) a notice pursuant to a provision of this Lease or under Section 146 or Section 147 of the Law of Property Act 1925 and proceedings under those sections even if forfeiture is avoided otherwise than by relief granted by the Court;
 - (b) the recovery of arrears of Rent or other sums payable under this Lease; or

- (c) the enforcement of any covenant or obligation of the Tenant under this Lease.

3.14 Gas Deeming

3.14.1 All Gas injected into or withdrawn from the Facility during the Pre-Operational Phase, the Operational Phase and the Post Operational Phase shall be deemed to be Working Gas or Injected Cushion Gas, as applicable.

3.14.2 At the date that this Lease terminates or expires, all Gas remaining in the Facility shall be deemed to be native Gas.

3.15 Compliance with Schedules

The Tenant will comply with its obligations under each of the Schedules to this Lease including, without limitation, the provisions of Schedule 6 in relation to the Post Operational Phase.

4. DEALINGS AFFECTING LEASE AREA

4.1 The Commissioners are entitled, acting in their absolute discretion, to grant leases, licences or other consents for works and activities to be conducted in areas within or Adjacent to the Lease Area provided that, subject to Clause 4.3, the written consent of the Tenant is obtained (such consent not to be unreasonably withheld or delayed).

4.2 Details of all leases, licences and other consents for works on, in, over or under the Lease Area granted by the Commissioners as at the Commencement Date are set out in Schedule 4. No representation or warranty is made or given by the Commissioners as to the accuracy of any information as to the laid position of works referred to in Schedule 4 or as to whether there are any leases, licences or other consents granted which are not contained in Schedule 4.

4.3 The Tenant's consent under Clause 4.1 shall not be required for the grant of rights for the laying, inspecting, maintaining, repairing, renewing or relaying of cables or pipelines which cross the Lease Area by any lease granted after the date of this Lease but pursuant to the agreements listed in Schedule 4.

5. DETERMINATION

5.1 The Commissioners may serve Notice of Commencement of the Post-Operational Phase with immediate effect by written notice to the Tenant if:

5.1.1 the Tenant has failed to pay any instalment of the Rent within ten (10) Business Days following service by the Commissioners on the Tenant of a written notice specifying that the Tenant has failed to pay Rent in accordance with the provisions of this Lease;

5.1.2 the Tenant materially fails to perform or observe any of its obligations in this Lease and such failure or event is:

- (a) incapable of remedy; or

- (b) capable of remedy and the Commissioners have served on the Tenant written notice specifying the failure or event, requiring it to be remedied within a reasonable time (to be specified in the notice and taking into account the nature of the obligation in question) and the Tenant has failed to so remedy the failure or event accordingly;

5.1.3 the Gas Storage Licence terminates for any reason; or

5.1.4 the Tenant becomes Insolvent.

Upon receipt of Notice of Commencement of the Post-Operational Phase, the Tenant shall immediately cease injection of Gas into the Facility, and the Post-Operational Phase will commence. The Tenant will comply with its obligations set out in Schedule 6 throughout the Post-Operational Phase.

5.2 The Tenant shall indemnify and keep the Commissioners indemnified against all actions, proceedings, claims and demands brought or made and all proper costs and expenses and all losses, damages and liabilities incurred suffered or arising directly or indirectly in connection with any event set out in Clause 5.1, except to the extent that any such actions, proceedings, claims and demands are brought or made or losses, damages, costs, expenses and liabilities are incurred or suffered as a result of the default of the Commissioners in respect of their obligations under this Lease.

5.3 The Tenant may determine this Lease at any time prior to the Commencement of Commercial Operations on not less than thirty (30) days' written notice to the Commissioners, provided that at the time of serving the notice the Tenant has fully discharged its obligations under this Lease and all Necessary Consents. Following Commencement of Commercial Operations the Tenant may trigger Cessation of Commercial Operations in accordance with the provisions of Schedule 6.

5.4 If this Lease is determined or expires in accordance with the terms set out herein:

5.4.1 subject to Clauses 5.4.2 to 5.4.3 and 5.5, this Lease shall cease to have effect;

5.4.2 such determination or expiry will not affect the rights or liabilities of any Party that have accrued in respect of this Lease prior to such determination; and

5.4.3 if so required by the Commissioners at any time, the Tenant shall use its best endeavours to procure that any Necessary Consent for the Development and its operation and use (which does not automatically enure for the benefit of the land) is transferred (in so far as it is transferable) to or reissued or amended so as to be in favour of any person to whom a lease or agreement for lease is granted or intended to be granted by the Commissioners in respect of any part of the Lease Area.

- 5.5 The rights and obligations contained in Clauses 3.7, 3.9.3, 3.10.3, 3.14.2 this Clause 5, 6.4, 9, 10, 11 and 12 shall survive any determination or expiry this Lease.
- 5.6 In the event that this Lease is determined the Commissioners will have no obligation to repay any Rent which has already been paid.
- 5.7 This Lease will determine automatically in the event that the net quantity (in kWh) of Gas withdrawn from the Facility by the Tenant exceeds the net quantity in kWh of Gas injected into the Facility. Such automatic termination shall be without prejudice to the right of the Commissioners to claim Rent due in respect of any unexpired period of notice pursuant to Clause 5.3.

6. TITLE

- 6.1 The Parties acknowledge that The Crown Estate has Gas Storage Rights in the Lease Area and such rights form part of The Crown Estate.
- 6.2 No title to the rights set out in Clause 6.1 is or will be shown to the Tenant.
- 6.3 The Tenant accepts, without requisition or enquiry, The Crown Estate's title to the Lease Area and no title guarantee is given.
- 6.4 The Commissioners shall not assert any rights of title, lien, encumbrance, possession or other remedy against any Gas existing in the Facility at any time, whether injected or native. During the Post Operational Phase the Commissioners shall do all things necessary to permit and allow the Tenant (and any person deriving rights through or under the Tenant, including without limitation, any administrator or receiver) to properly, efficiently and in accordance with good storage practice extract all Gas in the Facility as is economic to do so in accordance with Schedule 6.

7. GUARANTEE

- 7.1 On or around the Commencement Date the Tenant shall procure that the Guarantor provide an executed Guarantee to the Commissioners.
- 7.2 The Tenant shall procure that the Guarantor or any Alternative Guarantor shall at all times hold an Acceptable Credit Rating. The Tenant shall provide written evidence, acceptable to the Commissioners acting reasonably, of the credit rating of the Guarantor or any Alternative Guarantor within twenty (20) Business Days of the issue of the Tenant's annual audited accounts. Where, at any time, there has been a deterioration of the credit rating of the Guarantor or any Alternative Guarantor such that the Guarantor or Alternative Guarantor no longer holds an Acceptable Credit Rating, the Tenant shall notify the Commissioners of such occurrence immediately upon becoming aware of the same. Upon such deterioration the Commissioners shall be entitled to exercise their rights under clause 7.3.
- 7.3 Within twenty (20) days of the earlier to occur of the Commissioners notifying the Tenant that an Alternative Guarantor is required, or the Tenant notifying the

Commissioners that the Guarantor no longer holds an Acceptable Credit Rating, the Tenant shall procure either:

- 7.3.1 a Guarantee from an alternative entity which holds an Acceptable Credit Rating (the "**Alternative Guarantor**"); or
 - 7.3.2 such replacement financial security from an alternative source as the Commissioners may in their absolute discretion deem acceptable.
- 7.4 If the Tenant fails to procure such a guarantee within twenty (20) Business Days, the Commissioners may give the Tenant twenty (20) Business Days written notice on or after the expiry of which, if the Tenant has failed to procure a Guarantee from an Alternative Guarantor the Commissioners may terminate this Lease forthwith.
- 7.5 If the Tenant fails to comply with any of its material obligations under this clause 7, the Commissioners may give the Tenant twenty (20) Business Days written notice of the same, on or after the expiry of which, if the Tenant remains in default of its obligations under this clause 7, the Commissioners may terminate this Lease forthwith.

8. EXCLUSION OF SECURITY OF TENURE⁴

- 8.1 The Commissioners and the Tenant confirm that:
- 8.1.1 [not less than 14 days] before the Tenant entered into this Lease the Commissioners served on the Tenant a notice dated [●] substantially in the form set out in Schedule 1 to the Regulatory Reform (Business Tenancies) (England and Wales) Order 2003 and which relates to the tenancy to be created by the Lease (a copy of which is annexed in Schedule 7); and
 - 8.1.2 before the Tenant entered into this Lease the Tenant or someone acting on its behalf made a [statutory] declaration dated [●] substantially in the form set out in Schedule 2 to the Regulatory Reform (Business Tenancies) (England and Wales) Order 2003 (a copy of which is annexed in Schedule 7).
- 8.2 The Tenant confirms that the declaration referred to in Clause 8.1.2 was made by a person duly authorised to make the declaration on the Tenant's behalf.

9. CONFIDENTIALITY

- 9.1 Tenant's duty of confidentiality
- 9.1.1 Subject to this Clause 9.1 the Tenant shall keep the Commissioners' Confidential Information strictly confidential, not disclose it to any third

⁴ Note that this provision is to be reviewed for projects wholly or partially in Scottish Territorial Waters.

party (except to the extent necessary to permit it to satisfy its obligations and execute its rights hereunder) and use it only for purposes of this Lease.

9.1.2 The Commissioners' Confidential Information will not include information which is:

- (a) generally known to the public or is otherwise in the public domain through no default of the Tenant;
- (b) obtained from a third person who, insofar as known to the Tenant is not prohibited from transmitting the information by a contractual, legal or fiduciary obligation to the Commissioners;
- (c) already in the possession of the Tenant prior to receipt of such information from the Commissioners; or
- (d) is required by any applicable law or regulation to be disclosed.

9.1.3 The Tenant may communicate Commissioners' Confidential Information to any regulatory or self-regulatory body having jurisdiction over the Tenant to the extent required by such body, or to any government, agencies or other bodies of any government and their respective employees.

9.1.4 The Tenant may communicate any Commissioners' Confidential Information to its officers, directors, employees, financiers, lawyers and other advisors or consultants or any intended assignee of an interest in the Development or the Tenant, provided that such person or entity is informed of the confidential nature of such information and agrees to be bound by the restrictions contained in this Clause 9.

9.1.5 Where the Tenant discloses, or has disclosed, Commissioners' Confidential Information as permitted under Clauses 9.1.3 to 9.1.4 (inclusive), the Tenant shall notify the person to whom the information is disclosed of the confidentiality of the information and shall take reasonable steps to ensure that such person observes the restrictions on disclosure in this Clause 9.1.

9.2 Commissioner's duty of confidentiality

9.2.1 Subject to this Clause 9.2 the Commissioners shall keep the Tenant's Confidential Information strictly confidential, not disclose it to any third party (except to the extent necessary to permit it to satisfy its obligations and execute its rights hereunder) and use it only for purposes of this Lease.

9.2.2 The Tenant's Confidential Information will not include information which is:

- (a) generally known to the public or is otherwise in the public domain through no default of the Commissioners;

- (b) obtained from a third person who, insofar as known to the Commissioners is not prohibited from transmitting the information by a contractual, legal or fiduciary obligation to the Tenant;
- (c) already in the possession of the Commissioners prior to receipt of such information from the Tenant;
- (d) pertaining to the location and nature of any infrastructure installed by the Tenant in the Lease Area; or
- (e) is required by any applicable law or regulation, or parliamentary questions in any competent parliament to be disclosed.

9.2.3 The Commissioners may communicate the Tenant's Confidential Information to any regulatory or self-regulatory body having jurisdiction over either Party to the extent required by such body, or to any government, agencies or other bodies of any government and their respective employees.

9.2.4 The Commissioners may communicate the Tenant's Confidential Information to its officers, directors, employees, financiers, lawyers and other advisors or consultants or any intended assignee of the Commissioners' interest in this Lease, provided that such person or entity is informed of the confidential nature of such information and agrees to be bound by the restrictions contained in this Clause 9.2.

9.2.5 The Commissioners may communicate the Tenant's Confidential information:

- (a) to national repositories for data, provided that any such repository does not publish or distribute the disclosed part of the Tenant's Confidential Information in its entirety or only uses the Tenant's Confidential Information in aggregation with other data for the production of charts and other materials, or for the purposes of research, and keeps the source of the Tenant's Confidential Information confidential; and
- (b) where, in the absolute discretion of the Landlord, disclosure is required under the Freedom of Information Act 2000 ("**FOIA**"), or the Environmental Information Regulations 2004 ("**EIRs**") and the Tenant acknowledges and agrees that the Commissioners may, acting in accordance with the codes of practice issued and revised from time to time under s45 of the FOIA and regulation 16 of the EIRs, (the "**Codes**") disclose the Tenant's Confidential Information either in circumstances described in the Codes without consulting the Tenant, or following consultation with the Tenant and taking its views into account in accordance with the Codes.

9.2.6 Where the Commissioners disclose, or have disclosed, Tenant's Confidential Information as permitted under Clauses 9.2.2 to 9.2.5

(inclusive), the Commissioners shall notify the person to whom the information is disclosed of the confidentiality of the information and shall take reasonable steps to ensure that such person observes the restrictions on disclosure in this Clause 9.2.

9.3 All rights, title and interest in any Intellectual Property Rights, together with any changes, revisions, improvements or modifications to such Intellectual Property Rights, used in connection with this Agreement is, and shall remain, the exclusive property of the Party which holds such rights, title and interest and shall be held in confidence by a recipient Party to the extent that such Intellectual Property Rights are disclosed to and used by the recipient Party.

10. NOTICES

10.1 Any notice, approval, instruction or other written communication required or permitted under this Lease shall be sufficient if made or given to the other Party or Parties by personal delivery, by facsimile communication to the facsimile number set forth below or by sending the same by e-mail (receipt confirmed) or by first class mail, postage prepaid, to the mailing address set forth below:

10.1.1 if to a the Commissioners, at:

Address: []

Attention: []

Telephone No: []

Fax No: []

10.1.2 if to the Tenant, at:

Address: []

Attention: []

Telephone No: []

Fax No: []

10.1.3 [if to the Guarantor, at:

Address: []

Attention: []

Telephone No: []

Fax No: []

or to such other addresses or facsimile numbers provided to the other Party or Parties in accordance with the terms of this Clause 10.

10.2 Notices or written communications made or given by personal delivery, e-mail or by facsimile shall be deemed to have been sufficiently made or given when sent (receipt acknowledged), or if mailed, five (5) Business Days after being deposited in the mail, postage prepaid, or upon receipt, whichever is sooner.

11. MISCELLANEOUS

11.1 The Commissioners do not warrant that the Lease Area may lawfully be used or is otherwise suitable for any purpose authorised under this Lease, and the Tenant acknowledges that (subject to clause 3.7.5) it accepts all geological risk associated with the Development and has carried out, or will carry out all investigations, surveys and exploratory work necessary to satisfy itself as to the suitability of the Lease Area for the purpose of conducting Licensed Activities.

11.2 The operation of Section 62 of the Law of Property Act 1925 is excluded from this Lease and the only rights granted are those expressly granted in this Lease.

11.3 Section 196 of the Law of Property Act 1925 as amended by the Recorded Delivery Service Act 1982 applies to notices required or authorised to be given under this Lease provided that any notice to be given to the Commissioners shall be addressed so as to be delivered to the Commissioners at their office for the time being.

11.4 Except where and to the extent that any statutory provision prohibits the Tenant's right to compensation being reduced or excluded by agreement, the Tenant shall not be entitled on quitting the Lease Area to claim from the Commissioners any compensation under the Landlord and Tenant Act 1927 or the Landlord and Tenant Act 1954.

11.5 This Lease incorporates the entire contract between the Parties and the Tenant acknowledges that it has not entered into this Lease in reliance upon any statement or representations made to the Tenant by or on behalf of the Commissioners.

11.6 Except as otherwise provided herein, this Lease may not be amended except by a written agreement executed by each Party.

11.7 Any provision of, or the application of any provision of, this Lease which is void, illegal or unenforceable shall not affect the validity, legality or enforceability of the remaining provisions of this Lease and if such a provision is found to be void, illegal or unenforceable, it may be severed without affecting the enforceability of the other provisions of this Lease.

11.8 It is not intended that any third party shall be entitled to enforce any term of this Lease pursuant to the Contracts (Rights of Third Parties) Act 1999.

11.9 In the event that this Lease becomes registrable at HM Land Registry the Tenant will co-operate fully with the Commissioners in order to perfect any necessary registration.

11.10 Schedule 8 shall apply to all amounts of money stated as being payable under this Lease, unless otherwise specifically stated.

12. GOVERNING LAW AND JURISDICTION

- 12.1 This Lease shall be governed by and construed in accordance with the laws of [England and Wales] and the Lease Area is, for the purpose of all [English] laws applicable to this Lease, to be regarded as if it was incorporated in the body of a county of [England and Wales].
- 12.2 The Tenant irrevocably agrees, for the exclusive benefit of the Commissioners, that the courts of [England and Wales] shall have jurisdiction over any claim or matter arising under or in connection with this Lease and that, accordingly, any proceedings in respect of any such claim or matter may be brought in such courts. Nothing in this Clause 12.2 shall limit the right of the Commissioners to take proceedings against the Tenant in any other court of competent jurisdiction, nor shall the taking of proceedings in any one or more jurisdictions preclude the taking of proceedings in any other jurisdiction or jurisdictions, whether concurrently or not, to the extent permitted by the law of such other jurisdiction or jurisdictions.
- 12.3 [The Tenant irrevocably appoints [●] of [●], fax number [●], as its agent (the “**Agent**”) to receive on its behalf in England and Wales service of any notice or proceedings arising out of or in connection with this Lease. Such service shall be deemed completed on delivery to the Agent (whether or not it is forwarded to and received by the Tenant). If for any reason the Agent ceases to be able to act as Agent or no longer has an address within [England and Wales], the Tenant shall forthwith appoint a substitute acceptable to the Commissioners and deliver to the Commissioners the new agent’s name, address and fax number and evidence of its acceptance of such appointment in terms acceptable to the Commissioners.
- 12.4 The Tenant irrevocably consents to any process in any notice or legal action or proceedings arising out of or in connection with this Lease being served on the Agent (or any other agent appointed under Clause 12.3 above) in accordance with the provisions of this Lease relating to service of notices. Nothing contained in this Lease shall affect the right to serve process in any other manner permitted by the laws of the country in which service is to be effected.]⁵
- 12.5 Any dispute under this Agreement may, at the option of either party, be referred to the respective Heads of Department within the Commissioners and the Tenant managing the Project to seek to agree any such matter and if such Heads of Department fail to reach agreement within one month then either party may at any time thereafter require the respective Chief Executives of the parties to seek to agree any matter requiring agreement. If within one month after referral, the respective Chief Executives have not reached agreement then the matter will be determined at any time thereafter by an independent consultant appointed on the application of either party by the Chartered Institute of Arbitrators within three months of the date of appointment. The costs of such independent consultant to

⁵ Only required if Tenant is not domiciled in the relevant jurisdiction.

be borne as determined by such independent consultant or otherwise shared equally between the parties.

13. DIRECT AGREEMENT

13.1 The Commissioners acknowledge that the Tenant may require funding from a bank or other financial institutions (“**Funders**”) to implement or re-finance the Development and in arranging such finance the Funders may require as a condition of the availability of that finance to enter into a direct agreement with the Commissioners to cover (without limitation) the following principal matters:

13.1.1 an acknowledgement by the Commissioners of any security taken by the Funders over the Tenant and its assets (including over this Lease);

13.1.2 an obligation on the Commissioners not to take any action to wind up, appoint an administrator or sanction a voluntary arrangement (or similar) in relation to the Tenant without first giving a prescribed period of notice to the Funders;

13.1.3 a step in right (without giving rise to any express or implied assignment) to allow the Funders to ensure that the obligations of the Tenant are complied with so as to prevent any circumstances arising under which the Commissioners could seek to determine this Lease; and

13.1.4 provisions regulating the application of insurance proceeds in the event that all or a part of the Development is destroyed or damaged which provisions will permit the Funders to recalculate the financial ratios and conduct other economic tests approved by the Commissioners (such approval not to be unreasonably withheld) relating to the fundamental financial viability of the Development and fundamental ability of the Development to meet debt service after the occurrence of a major insurable event and will further provide that if the specified economic tests are not satisfied, then any insurance proceeds received in respect of such insurable event shall be applied in repayment of amounts owing under the funding agreements rather than reinstatement of the relevant part or parts of the Development.

13.2 The Commissioners further acknowledge that they will act in good faith (at the cost and expense of the Tenant) to negotiate such a direct agreement where reasonably requested by the Tenant.

This Lease is executed and delivered as a deed on the date first above written.

**THE OFFICIAL SEAL of THE CROWN
ESTATE COMMISSIONERS** hereunto
affixed was authenticated by:

[Tenant's signature blocks to be added]

SCHEDULE 1

SCHEDULE 2

LEASE AREA AND FACILITY

Lease

The Lease Area is:

- (i) The Facility: the [structure described by reference to absolute depth or geological formation] located within the license area bounded by the following co-ordinates (specified using European Datum 1950):

[]”.

and

- (ii) the area of seabed, water column and sub-seabed (to the depth reasonably required to construct, operate and maintain the Development) bounded by the following co-ordinates (specified using European Datum 1950)

[].

SCHEDULE 3
SPECIFICATION

The Specification will be specific to each project and will be developed during the term of the AFL and attached to the Option Notice. It will be a subset of the GSDP and will contain descriptions and proposed locations/routes of pipelines, platforms, sub-sea manifolds, Wells, intra-field pipelines, control lines etc, location (lateral boundaries, depth) and illustrative geologic cross section drawings of the Facility.

SCHEDULE 4
EXISTING RIGHTS

[Within the Lease Area]

SCHEDULE 5

INSURANCES

PART 1

INSURANCES TO BE MAINTAINED BY TENANT

- 1 Pursuant to Clause 3.12 the Tenant shall effect and maintain the following insurances: [●]

PART 2

REVIEW OF ESTIMATED MAXIMUM LOSS⁶

2. Initial Estimated Maximum Loss

- 2.1 Within six (6) months of the Commencement Date the Tenant shall appoint an EML Consultant to perform an EML Study in order to derive the Estimated Maximum Loss and deliver to each of the Landlord and the Tenant such EML Study. The EML Study shall be delivered to the Landlord no later than the first anniversary of the Commencement Date.
- 2.2 The appointment of an EML Consultant and the EML study delivered by the EML Consultant will not discharge the Tenant's obligation under paragraph 1.1 (or paragraph 3.2) unless:
 - 2.2.1 the EML Consultant and his terms of appointment by the Tenant have been approved by the Landlord (such approval not to be unreasonably withheld); and
 - 2.2.2 the EML Consultant has given a written confirmation, in such terms as the Landlord may reasonably require, that the Landlord is entitled to rely on the contents of the EML study as if it had been prepared directly for the Landlord instead of the Tenant.
- 2.3 In performing the EML Study and deriving the Estimated Maximum Loss, the EML Consultant shall:
 - 2.3.1 act impartially;
 - 2.3.2 have due regard to the Works and the location of the Works;
 - 2.3.3 use the "as low as reasonably practicable principle";

⁶ Tenant may elect either full reinstatement value or EML prior to entering into the Lease.

2.3.4 have due regard to “Sue and Labour”, “Removal of Wreck” and “Vessel Costs”; and

2.3.5 include all ancillary costs, professional fees and V AT.

2.4 The Estimated Maximum Loss as derived from the EML Study shall be final and binding on the Landlord and Tenant, save in the case of manifest error or fraud.

2.5 The cost of appointing the EML Consultant in accordance with this paragraph 2 shall be borne solely by the Tenant.

3. Reviewing the Estimated Maximum Loss

3.1 On one occasion during each five (5) year period during the Term, either the Landlord or the Tenant may by notice in writing to the other propose that an EML Consultant is appointed to perform an EML Study to assess the Estimated Maximum Loss at that time.

3.2 Within thirty (30) days of such a request, the Tenant shall appoint an EML Consultant to perform the further EML Study and the provisions of paragraph 2.2, 2.3 and 2.4 of this Schedule 5 shall apply equally to such further EML Study.

3.3 The cost of appointing the EML Consultant shall be borne solely by the Party which requested that the EML Study be performed.

3.4 Following a determination under this paragraph 3, the Estimated Maximum Loss for the purposes of paragraph 1(a) of Part 2 of this Schedule 5 shall be adjusted to the amount so determined by the EML Consultant.

4. EML Review

4.1 On each occasion that a party exercises its rights under paragraph 3 of this Part 2 of Schedule 5 to conduct an EML Study, the Tenant shall appoint an EML Consultant to perform an EML Study in order to derive the Estimated Maximum Loss and deliver to each of the Landlord and the Tenant such EML Study.

4.2 The appointment of an EML Consultant under paragraph 3 of this Part 2 of Schedule 5 shall be subject to the following conditions:

4.2.1 the EML Consultant and his terms of appointment by the Tenant shall be approved by the Landlord (such approval not to be unreasonably withheld); and

4.2.2 the EML Consultant has given a written confirmation, in such terms as the Landlord may reasonably require, that the Landlord is entitled to rely on the contents of the EML study as if it had been prepared directly for Landlord instead of the Tenant.

4.3 In performing the EML Study and deriving the Estimated Maximum Loss, the EML Consultant shall:

4.3.1 act impartially;

- 4.3.2 have due regard to the Development and the location of the Development;
 - 4.3.3 use the “as low as reasonably practicable principle”;
 - 4.3.4 have due regard to “Sue and Labour”, “Removal of Wreck” and “Vessel Costs”; and
 - 4.3.5 include all ancillary costs, professional fees and V AT.
- 4.4 The Estimated Maximum Loss as derived from the EML Study shall be final and binding on the Landlord and Tenant, save in the case of manifest error or fraud.

SCHEDULE 6

POST OPERATIONAL PHASE

1. TENANT'S NOTICE OF COMMENCEMENT OF POST-OPERATIONAL PHASE

During the Operational Phase, the Tenant shall serve written notice on the Commissioners setting out a projected date falling no earlier than twenty four (24) months from the date of such notice on which commercial operation of the Facility will cease (the "**Projected End Date of the Operational Phase**").

2. POST-OPERATIONAL PHASE

2.1 No later than three (3) months from the Projected End Date of the Operational Phase the Tenant will issue a notice to the Commissioners stating that commercial operations on the Facility have ceased (such date to be referred to as the "**Cessation of Commercial Operations**") and setting out:

2.1.1 the Tenant's best estimate of when it expects the Facility Blow Down will be completed; and

2.1.2 confirmation from the Minister that a Gas Storage Development Plan for the Post-Operational Phase is either not required or, if required, has been approved in principle.

2.2 The Post Operational Phase shall commence on the earlier of the Cessation of Commercial Operations and service of Notice of Commencement of the Post-Operational Phase by the Commissioners pursuant to Clause 5 and shall continue until the earlier of:

2.2.1 Facility Blow Down has been completed;

2.2.2 the [●] anniversary of the Cessation of Commercial Operations (the "**Post Operational Long Stop Date**"); or

2.2.3 where applicable, the expiry of the Term. (the "**Post Operational Phase**").

2.3 No later than twelve (12) months prior to the expected date of the end of the Post-Operational Phase the Tenant shall send the Commissioners written notice stating that, either:

2.3.1 at the end of the Post Operational Phase the Tenant intends to use all or part of the infrastructure sited within the Lease Area to produce Petroleum pursuant to a Petroleum Licence, and said infrastructure will remain in situ; or

- 2.3.2 at the end of the Post Operational Phase the Tenant intends to decommission the infrastructure sited within the Lease Area, in accordance with its obligations under Part IV of the Petroleum Act 1988.

In the event that, following completion of Decommissioning of the entire Development, any infrastructure or part thereof remains within the Lease Area, (whether or not the Tenant has complied with its obligations under Clause 3.10), the Commissioners may (save where prohibited by any relevant legislation or consent) in their absolute discretion retain, remove or dispose of such infrastructure or part thereof as they see fit, without any liability whatsoever to the Tenant and without prejudice to the Landlord's rights and remedies in respect of any breach by the Tenant of Clause 3.10 and the continuing operation of clause 3.7.

2.4 During the Post-Operational Phase the Tenant:

- 2.4.1 shall no longer inject Gas into the Facility except for operational or technical reasons necessary or incidental to the recovery of Injected Cushion Gas from the Facility;
- 2.4.2 shall provide bi-annual reports to the Commissioners setting out the progress being made in extracting Injected Cushion Gas from the Facility; and
- 2.4.3 shall use all reasonable endeavours to recover all of the Injected Cushion Gas from the Facility in a timely manner and in any event prior to the Post Operational Long Stop Date.

SCHEDULE 7

NOTICES REFERRED TO IN CLAUSE 8

SCHEDULE 8

INDEXATION

1 Subject to [list any specific indexation provisions] where in this Lease any Party is liable to pay any amount to any other Party (other than Rent) and such amount is stated in this Lease, such amount shall be adjusted annually (the “**Annual Review Date**”) by application of the following formula:

1.1
$$A_n = A_o \times \frac{RPIX_n}{RPIX_o}$$

Where

A_n = the adjusted amount payable;

A_o = the amount as stated in this Lease;

$RPIX_n$ = the monthly value of the index “Retail Prices Index - all items excluding Mortgage Interest Payments (RPIX)”, as published by the Office for National Statistics and any successor to the index as agreed or determined pursuant to paragraph 1 (“**RPIX**”) for the month occurring three (3) months prior to month in which the Annual Review Date occurs;

$RPIX_o$ = the monthly value of RPIX for the month occurring three (3) months immediately prior to the Commencement Date.

1.2 All intermediate calculations to determine adjusted amounts pursuant to this paragraph 1 shall be made to eight decimal places without rounding, and the final product shall be rounded to the fourth (4th) decimal place. A figure of five or more in the fifth decimal shall cause a rounding up of the fourth decimal place.

2 If, on an Annual Review Date a value for RPIX is either:

2.1 temporarily unavailable, but is likely to be available at a later date; or

2.2 has, in the opinion of the Tenant and the Commissioners been computed or published in erroneous form

the Tenant and Commissioners will jointly endeavour, in good faith, to agree upon a corrected value.

2.3 If the Tenant and the Commissioners have been able to agree upon, or as the case may be, correct such value, it shall be used in the said calculation, and the adjusted amount determined from the said calculation shall not subsequently be amended.

2.4 If in either of the circumstances set out in paragraph 2.1 and 2.2 of this Schedule 8, the Tenant and the Commissioners have been unable to obtain or agree upon

any value then the last available value not needing correction, or such other value as the Tenant and the Commissioners are jointly able to agree, shall be used in the said calculation to obtain a provisional adjusted amount. In such event, when the correct value is available from the specified publication or source, the adjusted amount shall be recalculated using the correct value and the amount of any resulting adjusting payment due from either Party or Parties shall be paid by the Party owing such sum to the other Party within twenty (20) Business Days of the issue of an invoice by the other Party.

3 If either the Tenant or the Commissioners reasonably holds the opinion that:

3.1 the required values for RPIX are not available and are unlikely to become available in the foreseeable future; or

3.2 any required value or values for RPIX have been computed or published in an erroneous form; or

3.3 the Index is abolished or superseded or permanently discontinued,

then, the Tenant or the Commissioners shall notify the other in writing of such circumstances, and the Tenant or the Commissioners will forthwith meet together in an endeavour to agree upon an appropriate amendment to or replacement of RPIX. If, within one (1) Month from the date of the said notice, no agreement has been reached, then at the request of any Party, the matter shall forthwith be referred to an expert for determination. The costs of such expert will be borne equally by the Parties unless such expert determines that no amendment to or replacement of the Index is necessary, in which case such costs shall be borne by the Party or Parties claiming the need for such amendment or replacement.

THE OFFICIAL SEAL of THE CROWN)
ESTATE COMMISSIONERS hereto)
affixed was authenticated by:-)

SIGNED AS A DEED by the said ●)
in the presence of:-)

THE COMMON SEAL of ●)
PLC/LIMITED was hereto affixed in the)
presence of:-)

Director

Director/Secretary

SCHEDULE 9

GUARANTEE

1. GUARANTEE

1.1 The Guarantor hereby irrevocably and unconditionally guarantees to the Commissioners the due and proper performance by the Tenant of the Tenant's duties and obligations arising under or in connection with this Lease so that:

1.1.1 if the Tenant shall in any respect fail to perform any of its duties and/or obligations arising under or in connection with this Lease or shall commit any breach of any provision, or fail to fulfil any warranty or indemnity, set out in the Lease, then, within 10 Business Days of the Commissioners' demand, the Guarantor shall forthwith perform and fulfil in the place of the Tenant each and every duty, obligation, provision, warranty or indemnity in respect of which the Tenant has committed a breach or which the Tenant has otherwise failed to fulfil; and

1.1.2 the Guarantor shall be liable to the Commissioners for any and all losses, damages, expenses, liabilities, claims, costs or proceedings which the Commissioners may suffer or incur by reason of the said failure or breach.

1.2 Subject to the provisions of paragraph 5 and 6 the liability of the Guarantor under this paragraph 1 in respect of each failure or breach shall be limited to the extent that the Tenant would have been liable under or in connection with the Lease for such breach or failure.

2. LIABILITY UNCONDITIONAL

2.1 The Guarantor acknowledges and agrees that the liability of the Guarantor under this Guarantee shall not be impaired, reduced, discharged or otherwise affected by reason of any of the following:

2.1.1 any variation, amendment, alteration or supplement (whether formal or informal) to the Lease or to the extent, nature or method of performance of the duties and/or obligations referred to in the Lease;

2.1.2 any composition, discharge, release, waiver or other variation of liability entered into with, or granted to, the Tenant;

2.1.3 any allowance of time, waiver, forbearance, delay, forgiveness, indulgence, compromise or other dealing under or in connection with the Lease or in respect of any right or remedy arising under the Lease;

2.1.4 any settlement or arrangement made between the Commissioners and the Tenant in relation to the Lease;

- 2.1.5 the Lease being terminated by any means;
- 2.1.6 any disability, incapacity, legal limitation, change in ownership or change in status or constitution of the Tenant;
- 2.1.7 the occurrence of the Insolvency of the Tenant;
- 2.1.8 any forbearance or delay by or on the part of the Commissioners in asserting any of its rights against the Tenant;
- 2.1.9 the Commissioners taking, holding, varying or realising any other security for the liabilities of the Tenant under the Lease or by the Commissioners not enforcing any such security; or
- 2.1.10 any other act, omission or default which in the absence of this provision would or might have operated to discharge, reduce, exonerate or otherwise affect the liability of the Guarantor under the terms of this Schedule,

in each case whether such matters are done or omitted to be done with or without notice to, or the consent of, the Guarantor and the Guarantor hereby waives any requirement for notice of, or consent to, any such matters.

3. CONTINUITY AND DISCHARGE OF THE GUARANTEE

- 3.1 The Guarantor agrees that the guarantee constituted by this Schedule (the “**Guarantee**”):
 - 3.1.1 shall not be revocable by the Guarantor;
 - 3.1.2 shall be a continuing guarantee and accordingly shall apply in relation to all of the duties, obligations, provisions, warranties or indemnities of the Tenant under and arising out of the Lease and remain in full force and effect until all the said duties, obligations, provisions, warranties or indemnities shall have been carried out, completed and discharged in accordance with the Lease;
 - 3.1.3 shall be additional to and not in substitution for any rights or remedies that the Commissioners may have against the Tenant under the Lease or at law;
 - 3.1.4 shall be additional to any other guarantee or security from time to time held by the Commissioners; and
 - 3.1.5 shall remain in full force and effect as long as the Tenant remains under any actual or contingent liability under the terms of the Lease.
- 3.2 The Guarantor agrees that the obligations of the Guarantor under this Guarantee are independent of and several to those of the Tenant under the Lease, and accordingly that the Commissioners shall not be obliged, before enforcing any of its rights or remedies under this Guarantee, to commence proceedings or take any other action against or in respect of the Tenant or enforce any other guarantee or security from time to time held by the Commissioners in respect of

the duties and/or obligations of the Tenant under the Lease.

3.3 The Guarantor agrees that as long as this Guarantee remains in force and effect, it will not:

3.3.1 take any security from the Tenant in connection with this Guarantee (and, if taken, any such security shall be held by the Guarantor as security for its liability to the Commissioners under this Guarantee);

3.3.2 take any step to enforce any right or claim against the Tenant in respect of any payment made under or liability arising from or in connection with this Guarantee or claim or prove in competition with the Commissioners against the Tenant or demand or accept repayment of any monies from the Tenant or claim any right of contribution, set-off or indemnity against the Tenant; or

3.3.3 be subrogated to any right or security of the Commissioners,

and any sums received by the Guarantor or the amount of any set-off exercised by the Guarantor in breach of this paragraph 3.3 shall be held by the Guarantor in trust for and shall be promptly paid to the Commissioners.

3.4 Any decision of any adjudicator, expert, arbitral tribunal and/or any court in respect of or in connection with the Lease or any agreement reached between the Tenant and the Commissioners shall be binding on the Guarantor.

4. REPRESENTATIONS AND WARRANTIES

4.1 The representations and warranties given in this paragraph 4 are given by the Guarantor to the Commissioners on the date of this Lease.

4.2 It is duly incorporated and in existence in good standing under the laws of England and Wales.

4.3 It possesses the capacity to sue and be sued in its own name and has the power to own its property and other assets and to carry on its business as it is now being conducted.

4.4 It has full power to and authority to enter into and perform all its obligations under this Lease in accordance with its terms.

4.5 This Guarantee constitutes its legal, valid and binding obligations enforceable against it in accordance with its terms and are in full force and effect and rank at least *pari passu* with all other of its present and future unsecured and unsubordinated indebtedness (with the exception of any obligations which are mandatorily preferred by law and not by contract).

4.6 The entry into and performance by it of its obligations under this Lease have been duly authorised by all necessary corporate actions on the part of the Guarantor.

4.7 There is no litigation, dispute, arbitration or administrative proceedings current, pending or threatened against it that would have a material adverse effect on its

ability to perform its obligations under this Guarantee.

- 4.8 The Guarantor is not Insolvent and no event has occurred which with the giving of notice or the passing of time may make it become Insolvent.
- 4.9 Neither the entry into this Lease nor the implementation of the obligations and transactions contemplated by it will result in:
- 4.9.1 a violation or breach of any provision of its statutes, by-laws or other constitutional documents;
- 4.9.2 a violation or breach of any applicable laws or regulations or of any order, decree or judgment of any court, governmental agency or regulatory authority applicable to it or any of its assets; or
- 4.9.3 a breach of, or a default under, any contract or other agreement to which it is a party or by which it or any of its assets are bound.
- 4.10 No consent, authorisation, licence or approval of any governmental, administrative, judicial or regulatory body, authority or organisation is required to authorise the execution, validity, enforceability or admissibility in evidence of this Guarantee, or the performance by it of its obligations under this Guarantee.
- 4.11 The choice by it of the laws of England to govern this Guarantee is valid and binding.

5. PAYMENT UNDER THE GUARANTEE

The Guarantor agrees that all sums payable by the Guarantor under this Guarantee shall be paid to the Commissioners in full without set-off or counterclaim and free of any present or future taxes, levies, duties, charges, fees, withholdings or deductions (together referred to as “**Deductions**”) which would not have been imposed if such payments had been made by the Tenant, and if the Guarantor is compelled by law to make any Deductions the Guarantor will gross up the payment so that the net sum received by the Commissioners is equal to the full amount which the Commissioners would have received had no such Deductions been made.

6. INTEREST

The Guarantor shall pay interest on any amount due under this Guarantee from the date of demand until the date of payment in full calculated on a daily basis at the rate of []% per annum, or, if greater, []% per annum above the base lending rate from time to time of Barclays Bank plc (or such other bank as the Commissioners nominates from time to time), but, for the avoidance of doubt, the Commissioners shall not be entitled to double recovery of default interest from both the Guarantor under the terms of this Schedule and from the Tenant under the Lease.

7. GUARANTEE

7.1 The Guarantor hereby irrevocably and unconditionally guarantees to the Commissioners the due and proper performance by the Tenant of the Tenant's duties and obligations arising under or in connection with this Lease so that:

7.1.1 if the Tenant shall in any respect fail to perform any of its duties and/or obligations arising under or in connection with this Lease or shall commit any breach of any provision, or fail to fulfil any warranty or indemnity, set out in the Lease, then, within 10 Business Days of the Commissioners' demand, the Guarantor shall forthwith perform and fulfil in the place of the Tenant each and every duty, obligation, provision, warranty or indemnity in respect of which the Tenant has committed a breach or which the Tenant has otherwise failed to fulfil; and

7.1.2 the Guarantor shall be liable to the Commissioners for any and all losses, damages, expenses, liabilities, claims, costs or proceedings which the Commissioners may suffer or incur by reason of the said failure or breach.

7.2 Subject to the provisions of paragraph 5 and 6 the liability of the Guarantor under this paragraph 1 in respect of each failure or breach shall be limited to the extent that the Tenant would have been liable under or in connection with the Lease for such breach or failure.

8. LIABILITY UNCONDITIONAL

8.1 The Guarantor acknowledges and agrees that the liability of the Guarantor under this Guarantee shall not be impaired, reduced, discharged or otherwise affected by reason of any of the following:

8.1.1 any variation, amendment, alteration or supplement (whether formal or informal) to the Lease or to the extent, nature or method of performance of the duties and/or obligations referred to in the Lease;

8.1.2 any composition, discharge, release, waiver or other variation of liability entered into with, or granted to, the Tenant;

8.1.3 any allowance of time, waiver, forbearance, delay, forgiveness, indulgence, compromise or other dealing under or in connection with the Lease or in respect of any right or remedy arising under the Lease;

8.1.4 any settlement or arrangement made between the Commissioners and the Tenant in relation to the Lease;

8.1.5 the Lease being terminated by any means;

8.1.6 any disability, incapacity, legal limitation, change in ownership or change in status or constitution of the Tenant;

- 8.1.7 the occurrence of the Insolvency of the Tenant;
- 8.1.8 any forbearance or delay by or on the part of the Commissioners in asserting any of its rights against the Tenant;
- 8.1.9 the Commissioners taking, holding, varying or realising any other security for the liabilities of the Tenant under the Lease or by the Commissioners not enforcing any such security; or
- 8.1.10 any other act, omission or default which in the absence of this provision would or might have operated to discharge, reduce, exonerate or otherwise affect the liability of the Guarantor under the terms of this Schedule,

in each case whether such matters are done or omitted to be done with or without notice to, or the consent of, the Guarantor and the Guarantor hereby waives any requirement for notice of, or consent to, any such matters.

9. CONTINUITY AND DISCHARGE OF THE GUARANTEE

9.1 The Guarantor agrees that the guarantee constituted by this Schedule (the “**Guarantee**”):

- 9.1.1 shall not be revocable by the Guarantor;
- 9.1.2 shall be a continuing guarantee and accordingly shall apply in relation to all of the duties, obligations, provisions, warranties or indemnities of the Tenant under and arising out of the Lease and remain in full force and effect until all the said duties, obligations, provisions, warranties or indemnities shall have been carried out, completed and discharged in accordance with the Lease;
- 9.1.3 shall be additional to and not in substitution for any rights or remedies that the Commissioners may have against the Tenant under the Lease or at law;
- 9.1.4 shall be additional to any other guarantee or security from time to time held by the Commissioners; and
- 9.1.5 shall remain in full force and effect as long as the Tenant remains under any actual or contingent liability under the terms of the Lease.

9.2 The Guarantor agrees that the obligations of the Guarantor under this Guarantee are independent of and several to those of the Tenant under the Lease, and accordingly that the Commissioners shall not be obliged, before enforcing any of its rights or remedies under this Guarantee, to commence proceedings or take any other action against or in respect of the Tenant or enforce any other guarantee or security from time to time held by the Commissioners in respect of the duties and/or obligations of the Tenant under the Lease.

9.3 The Guarantor agrees that as long as this Guarantee remains in force and effect, it will not:

9.3.1 take any security from the Tenant in connection with this Guarantee (and, if taken, any such security shall be held by the Guarantor as security for its liability to the Commissioners under this Guarantee);

9.3.2 take any step to enforce any right or claim against the Tenant in respect of any payment made under or liability arising from or in connection with this Guarantee or claim or prove in competition with the Commissioners against the Tenant or demand or accept repayment of any monies from the Tenant or claim any right of contribution, set-off or indemnity against the Tenant; or

9.3.3 be subrogated to any right or security of the Commissioners,

and any sums received by the Guarantor or the amount of any set-off exercised by the Guarantor in breach of this paragraph 3.3 shall be held by the Guarantor in trust for and shall be promptly paid to the Commissioners.

9.4 Any decision of any adjudicator, expert, arbitral tribunal and/or any court in respect of or in connection with the Lease or any agreement reached between the Tenant and the Commissioners shall be binding on the Guarantor.

10. REPRESENTATIONS AND WARRANTIES

10.1 The representations and warranties given in this paragraph 4 are given by the Guarantor to the Commissioners on the date of this Lease.

10.2 It is duly incorporated and in existence in good standing under the laws of England and Wales.

10.3 It possesses the capacity to sue and be sued in its own name and has the power to own its property and other assets and to carry on its business as it is now being conducted.

10.4 It has full power to and authority to enter into and perform all its obligations under this Lease in accordance with its terms.

10.5 This Guarantee constitutes its legal, valid and binding obligations enforceable against it in accordance with its terms and are in full force and effect and rank at least *pari passu* with all other of its present and future unsecured and unsubordinated indebtedness (with the exception of any obligations which are mandatorily preferred by law and not by contract).

10.6 The entry into and performance by it of its obligations under this Lease have been duly authorised by all necessary corporate actions on the part of the Guarantor.

10.7 There is no litigation, dispute, arbitration or administrative proceedings current, pending or threatened against it that would have a material adverse effect on its ability to perform its obligations under this Guarantee.

10.8 The Guarantor is not Insolvent and no event has occurred which with the giving of notice or the passing of time may make it become Insolvent.

- 10.9 Neither the entry into this Lease nor the implementation of the obligations and transactions contemplated by it will result in:
- 10.9.1 a violation or breach of any provision of its statutes, by-laws or other constitutional documents;
 - 10.9.2 a violation or breach of any applicable laws or regulations or of any order, decree or judgment of any court, governmental agency or regulatory authority applicable to it or any of its assets; or
 - 10.9.3 a breach of, or a default under, any contract or other agreement to which it is a party or by which it or any of its assets are bound.
- 10.10 No consent, authorisation, licence or approval of any governmental, administrative, judicial or regulatory body, authority or organisation is required to authorise the execution, validity, enforceability or admissibility in evidence of this Guarantee, or the performance by it of its obligations under this Guarantee.
- 10.11 The choice by it of the laws of England to govern this Guarantee is valid and binding.

11. PAYMENT UNDER THE GUARANTEE

The Guarantor agrees that all sums payable by the Guarantor under this Guarantee shall be paid to the Commissioners in full without set-off or counterclaim and free of any present or future taxes, levies, duties, charges, fees, withholdings or deductions (together referred to as “**Deductions**”) which would not have been imposed if such payments had been made by the Tenant, and if the Guarantor is compelled by law to make any Deductions the Guarantor will gross up the payment so that the net sum received by the Commissioners is equal to the full amount which the Commissioners would have received had no such Deductions been made.

12. INTEREST

The Guarantor shall pay interest on any amount due under this Guarantee from the date of demand until the date of payment in full calculated on a daily basis at the rate of []% per annum, or, if greater, []% per annum above the base lending rate from time to time of Barclays Bank plc (or such other bank as the Commissioners nominates from time to time), but, for the avoidance of doubt, the Commissioners shall not be entitled to double recovery of default interest from both the Guarantor under the terms of this Schedule and from the Tenant under the Lease.

SIGNED AS A DEED by ●)
PLC/LIMITED acting by:-)

Director

Director/Secretary

Annexures:

Fee Illustrations

Lease Plan

Co-ordinates

Specification