



Heads of Terms - REV D

Agreement to Lease & Lease – Lease A

Between

The Mayor & Burgesses of the London Borough of Enfield

And

Meridian Water Studios Ltd

Re; Stonehill

Prepared by
Lambert Smith Hampton

Tel: 01245 215537/07788 744411

Fax:

Date: Nov 2020

Ref: GAS/MW

Strictly Private & Confidential
Subject to Contract

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SECTION 1 – THE PARTIES

Landlord: Mayor & Burgess the London Borough of Enfield

Tenant: Meridian Water Studios Ltd(MWS), 3 Fulton Road, Wembley
Co Registration No:12527635

Guarantor: (if applicable) No Guarantor

SECTION 2 – TRANSACTION DETAILS

Lease Term & Demise:

a. A new Lease (A) of the Demised Premises for a term of 4 years as shown edged red on the attached for information purposes only MWMP2-5TH-XX-XX-DR-A-S306 and comprising 12,474 sq m (134,269 sq ft).

But to include;

b. Initial Structures – on **Phase 1 and** buildings to comprise Stages 2 & 3 of the Proposed Scheme.

General Terms:

a. Access rights over the demise on the attached are to be provided to the Landlord together with rights of access to the Landlords Neighbouring Property.

b. The parties' intention is to enter into an Agreement to Lease subject to Condition Precedents initially and simultaneously via a further Agreement to Lease and Lease (B) over the area edged red, orange, green and shaded orange as shown on MWMP2-5TH-XX-XX-DR-A-S307 for information purposes and comprising approximately 36,099 sq m (388,562 sq ft) of which the area edge green is 5,729 sq m (61,666 sq ft). Net lettable therefore 30370 sq m (326,900 sq ft).

c. Lease will commence on discharge of Conditions Precedents. The parties will simultaneously enter into a second Agreement to Lease and Lease, Lease B, on the whole of areas A+B. On completion of Lease B Condition Precedents, Lease A will be surrendered and Lease B will come into effect.

Otherwise the parties to keep each other regularly updated on programme and time frame to minimise impact on business and income.

d. The Lease(s) will be excluded from the Security of Tenure and Compensation provisions of the Landlord & Tenant Act 1954

Surrender of Lease A and Commencement of Lease B.

Lease A will run for a minimum of term of 3 years. Thereafter it will be terminated subject to the Conditions Precedent as set out in the Agreement to Lease for Lease B being satisfied. Termination will be on service of a minimum 3 months' notice to expire no sooner than the next relevant usual Quarter Day.

Termination of Lease A ,and the commencement of Lease B can occur on any usual Quarter Day following the commencement of Lease A

Tenant Pre Emption on Initial Structures:

The tenant will have the right to acquire the Initial Structures at any time during the term on payment of the outstanding Capital and Interest as calculated on the schedule to be attached to the lease.

The tenant right to acquire is on the anniversary of lease commencement on the service of a notice minimum 3 month prior to expire on the next usual Quarter Day.

The Lease will provide a schedule of anticipated outstanding payment, capital and interest calculated on the Quarter Days to clearly highlight the Capital Funding Rent element at that point in time.

Proposed Scheme:

Phase 1- North FRC	SIZE (SQ FT)
STAGE 1 (Mega)	27,265
STAGE 2	14,305
STAGE 3	11,033
Office Accommodation(1&2)	4,746
Workshop 1	5,000
Prop Store 1	5,000
Office/Production 3	3,500
	70,849

Landlord's Covenant for Quiet Enjoyment:

The Landlord covenants with the Tenant that, so long as the Tenant pays the rents reserved by and complies with its obligations in this Lease, the Tenant will have quiet enjoyment of the Property without any lawful interruption by the Landlord or any person claiming under the Landlord. The Tenant acknowledges that the Landlord will be carrying out development and construction works to the adjoining and neighbouring land forming part of the Estate and as such, the carrying out of these works shall not constitute a breach by the Landlord, of this clause.

Tenants Scheme Obligations:
(Via Side Agreement)

- Within 24 months of the Lease Commencement the Tenant;
- a. Will provide, open and operate an initial Media Training Academy appropriate for the Phase 1 facilities.
 - b. Gain accreditation as a London Living Wage Employer.

Landlords Break Option

a. In the event that the Tenant has not provided a Media Training Academy delivering externally accredited training by a recognised body the Landlord has an option to break on 12 months prior notice at the end of year 4.

Termination by Efflux of Time:

Tenant to be given up to a 6 month period post lease termination date to decant from site at nil rent Tenant acting reasonably to vacate at the earliest opportunity.

Rent:

Initial Annual Rent (IAR) is made up of two elements: (i) Base Rent (BR) and (ii) Capital Funding Rent (CFR).

Where:

- i) Base Rent equals the rent the site only &
- ii) Capital Funding Rent is equal to the projected capital and interest payable in respect of the Initial Structures.

Initial Annual Rent payable is;

Year	IAR £	BR £	CFR £
1	100,000	100,000	0
2	381,000	50,000	331,000
3	374,000	50,000	324,000
4	525,333	50,000	475,333

Base Rent based payable on exercise of Tenants Pre Emption option on Initial Structures; i.e Base Rent only.

Year	BR £
1	100,000
2	50,000
3	50,000
4	50,000

Noting that the Tenant can exercise the Pre-emption option at the anniversary of the lease, at the exercise of that option, the rent payable would change from the Initial Annual Rent to the Base Rent at the start of the following year.

Otherwise exclusive of business rates, service charge, insurance rent and VAT.

The rent on Lease is to be paid quarterly in advance on the usual quarter days.

VAT is payable.

Rent Review(s):

None. Fixed rent as per the above schedule.

Rent Deposit:

£75,000 to be held through the lease term.

Bank Guarantee:

No guarantees.

Lease Commencement Date: The Lease Commencement Date will be the completion of formal documents on the discharge of Condition Precedents.

Rent Commencement Date; From Lease commencement

Repair: Tenants to have full repairing and insuring obligation subject to an appropriate written or photographic Schedule of Condition prior to lease commencement and to provide a base line to future reinstatement.

Obligations to include full site reinstatement on termination.
(NB Drafting to provide generally for the removal of structures to ground level only where appropriate)

Estate Service Charge: A percentage, basis of apportionment to cover the repair and maintenance of none adopted roadways and open areas, security and estate management. Lease A represents 11% of overall estate costs. Calculation to be provided.

Insurance: The Tenant shall at its own expense procure and maintain public liability insurance in respect of all third party liability risks in relation to the Property with an insurance company to provide cover in respect of each and every claim of not less than £10,000,000 (ten million pounds). The Tenant shall within 14 days of written demand supply to the Landlord a copy of the insurance policy together with a receipt or other evidence of payment of the latest premium due under it.

To effect and maintain insurance of the Property (with reputable insurers) at its own cost in the joint names of the Landlord and the Tenant. Such insurance shall be against loss or damage caused by any of the Insured Risks for the full Reinstatement Cost subject to:

(a) any reasonable exclusions, limitations, conditions or excesses that may be imposed by the insurer; and

(b) insurance being available on reasonable terms in the London insurance market.

- Rates and Outgoings:** The Tenant will be responsible for the payment of business rates and any other statutory outgoings as a result of its occupation of the Demised Premises from the Lease Commencement Date or occupation under any other legal form whichever is the earlier.
- Alterations:** Structural and non-structural alterations, including the reduction of current site levels will not be permitted, without Landlord consents and appropriate conditions including reinstatement and Landlord cost where appropriate.
- Plans and written specification to be provided prior to works and Landlords License to Alter.
- Signage:** External corporate signage is permitted Subject to Landlords approval of details to be submitted and planning approvals.
- Conditions, consents, plans and specifications will be required.
- Tenants Works** Full Details of Tenants proposed building works are to be submitted to the Landlord for approval and subsequently to be undertaken with all the appropriate statutory, planning, highways, building regulations etc approvals at the tenants cost. And undertaken under License to Alter.
- Landlords Works** The tenant will permit the Landlord site access, via license, to undertake the works of the proposed "Initial Structures" as per a Schedule of Works to be agreed and attached to the Agreement.
- Alienation:** No assignment or underletting or sharing of the whole or part.
- The tenant shall be permitted to grant none exclusive licenses occupation of parts, in accordance with the Tenants proposed business model with Tenant acting as Guarantor. Acknowledged that Tenants business model will require third party occupation but to exclude occupiers from security of tenure.
- User Clause:** Use as film, tv and media productions studios,D2 theatre, assembly and leisure, sound stages, post production facilities, associated workshop, storage and offices and ancillary uses including catering, design , makeup and wardrobe ,education and training and such other uses subject to landlords consent.

Access: Permitted 24 hours a day 7 days a week.

Security; The Tenant shall be responsible for securing the Demise Area, including the site entrance gate at all times and appropriately fenced. The Tenant is to indemnify the Landlord against any incidents that occur as a result of the security being breached.

The Tenant to erect signage on all entrances to the Demised Area advising of the Landlord of any works and giving a contact number for enquiries.

The Tenant shall keep all site gates locked at all times. When deliveries are taking place the Tenant shall ensure the gates are manned at all times.

The Tenant shall take all reasonable steps to prevent entry on to the site or on to the access to the site by third parties and if such entry is taken then to take all reasonable steps to remove them promptly.

**Agreement to Lease
Planning Consents, & Others:**

a. The Tenant shall be responsible, using reasonable endeavours, for obtaining all planning permissions and consents, statutory or otherwise from the local planning authority or any other relevant bodies or authority

b. Planning Consent definition in accordance with the submitted application and any agreed subsequent variations and Ref 20/02475/FUL - Redevelopment of the site in association with the use of the site as a film studios involving erection of three studio buildings, two ancillary storage buildings, two ancillary office buildings, one ancillary multi-function work-space building and associated works including refuse area, cycle storage and vehicle parking (E (g) (i), E (g) (iii) and B8). At: Meridian Studios Hawley Road London N18 3QU.

c. Planning applications to be prepared and submitted by the Tenant in consultation with and the approval of the Landlord at the Tenants expense.

e. Tenant to keep LBE regularly updated and advised and to provide copy documents and correspondence.

f. Suitable onerous planning conditions for both parties are to be agreed.

g. The tenant is not obliged to Appeal the application

Agreement & Planning Long Stop date: The Agreement & Planning Long Stop date is 18 months from completion of the Agreement to Lease.

To provide for the agreement of and annexure of:

- a. Proposed Lease
- b. Rent Deposit Deed
- c. License to Alter on agreed works

Health & Safety Obligations; The Tenant is required to inform himself of all statutory obligations in relation to the occupation, operational plant, equipment and work activities undertaken within their demise.

The Tenant is further required to ensure that they, at all times, retain or obtain all relevant and current knowledge of statutory obligations to include for Health and Safety and Environmental Law.

Tenant to Indemnify Landlord: The Tenant shall indemnify the Landlord and keep the Landlord indemnified against all liabilities, expenses, costs (including but not limited to any solicitors' or other professionals' costs and expenses), claims, damages and losses (including but not limited to any diminution in the value of the Landlord's interest in the Property and loss of amenity of the Property) suffered or incurred by the Landlord arising out of or in connection with (a) the use of the Property in connection with the Use Allowed; (b) any breach of any Tenant covenants in this Lease, or (c) any act or omission of the Tenant, or any other person on the Property with the Tenant's actual or implied authority.

Landlords Right to Access: The Tenant is to give the Landlord, or anyone authorised by him in writing, access to the property for the purposes of, but not limited to, inspecting and complying with statutory obligations and specifically in respect of the proposed FRC & SIW including any ground investigations and continued monitoring and long term repair and maintenance on reasonable notice save for immediate access on an emergency.

Timetable: These Heads of Terms are valid for 3 month from formal issue.

VAT: Rent, insurance and service charges will be subject to VAT.

Date: **12 Nov 2020**

SECTION 3 - CONDITONS

Landlord's Conditions:

- i) Subject to Contract.
- ii) Subject to the Landlord being satisfied with the financial information/accounts and references in respect of the Tenant.
- iii) Subject to Landlord's Board/Governance Approval

Tenant's Conditions:

- i) Subject to Contract.
- ii) Satisfactory Planning Consent for and as per Planning Application 20/02475/FUL.

Confidentiality:

The Parties agree that the terms of this transaction shall remain confidential between the Parties and any press release shall be agreed prior to circulation Save for the release of such information necessary under the Landlords duties as a public authority and the Freedom of Information Act. This agreement is personal to the parties and not transferable or assignable.

**None Transferable;
Notes:**

- i) This Memorandum of Letting is not intended to be legally binding.
- ii) The plan attached to this Memorandum of Letting has been attached for illustrative purposes only and has not been based on the plans contained in the title deeds to the Property. Lambert Smith Hampton does not warrant the accuracy and/or correctness of the attached plan and it is recommended that the Tenant inspect the title deeds in order to obtain an accurate and correct plan of the Property.
- iii) The agreement is to be subject to any additions, deletions or omissions as required by the Council's Head of Legal Services.

SECTION 4 – ADVISORS

Landlord’s Solicitor: Melanie Dawson
Solicitor
Legal Services, Enfield Council
Silver Street
Enfield EN1 3XY

DX 90615 Enfield 1

Telephone: 020 8379 2178
Fax: 020 8379 6492
Email;melanie.dawson@enfield.gov.uk

Landlord’s Agent: Lambert Smith Hampton

Gary A Smith BSc. MRICS

Direct - 01245 215 537 Office - 01245 215 521
Mobile - 07788 744 411
Email - gxsmith@sh.co.uk

Tenant’s Solicitor: Margaret Stretton
Sheridan & Stretton Solicitors
Riverside House,
22a Bradmore Park Road,
London W6 0DT

Tel: 020 8748 7340
Email; margaret@sheridanstretton.co.uk

Tenant’s Agent/Contact: Attention: Rowley Gregg – Chief Operating Officer
Tel: 07850 051850
Email: rowley@troubadourtheatres.com

SECTION 5 - CIRCULATION

Copies to:

- Landlord
- Tenant
- Landlord's Solicitor
- Landlord's Agent
- Tenant's Solicitor
- Tenant's Agent
- Guarantor