



Heads of Terms – Rev D

Agreement to Lease & Lease - Lease B

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

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 (B) of the Demised Premises for a term of 12 years and shown 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 30,370 sq m (326,900 sq ft).

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 (A) over the area edged red on plan MWMP2-5TH-XX-XX-DR-A-S306 for information purposes.

The Demised Premises includes the green edged area Flood Relief Channel (FRC) on the attached for information purposes only.

And to include the ;

b. Initial Structures - **Phase 1** buildings comprising Stages 2 & 3 only.

General Terms:

a. On completion of the full term and no outstanding rental payment the "Initial Structures" will revert to MWS ownership unless the tenant has previously trigger the Pre Emption.

b. Any outstanding Capital and Interest payments to be paid at termination of the lease or end of the term if appropriate.

c. Access rights over the demise to the FRC coloured green on the attached is to be provided to the landlord. Access rights over the FRC to be provided post Strategic Infrastructure Works (SIW). The FRC is excluded for rental purposes but within intended demise. Access rights to be reserved to LBE or their agents, contractors etc for the repair, maintenance etc of the FRC.

d. The area shaded orange will be subject to a Design Charter. Public access rights shall be accorded over the public realm (landscaped) portion of this area.

e. The parties' intention is to enter into an Agreement to Lease subject to condition precedents over the whole site (Phases 1 & 2). Once condition precedents are discharged the Lease B will commence and provide for the surrender of the initial Lease A

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

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

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 outstanding capital and interest.

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

The Lease will provide a schedule of anticipated outstanding payment, comprising capital and interest calculated on the Quarter Day to clearly highlight the Capital Funding Rent element as 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
Phase 2 - South FRC	
STAGE 4	24,273
STAGE 5	24,273
STAGE 6	24,273
Workshop 2	5,000
Workshop 3	5,000
Art Dept	4,500
	87,319
TOTAL(Phase1 & 2)(Proposed)	158,168

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 12 months of the Lease B Commencement the Tenant

a. Will commit to provide, open and operate an “expanded” Media Training Academy commensurate with the size of the enlarged scheme Phase 1 & 2.

b. Will gain accreditation as a London Living Wage Employer across the Phase 1 & 2.

and

c. The tenant will use reasonable endeavours to establish a Theatre for Performance Arts no later than year 7 of overall occupation under Lease A & B. The Theatre use must provide for access to local community users, other uses, and visitors at affordable rates for use and admission to be agreed in further discussions with LBE. The tenant obligation is subject to the following conditions being met (by the Landlord);

1. Completion of the wider Site Infrastructure Works (SIW) proposals for the Meridian Water by the Landlord.

2. The establishment and operation of improved public transport service bus, train and pedestrian routes to the property with a minimum 4 trains per hour plus improvements to the bus network to meet the definition set out in the Phase 2 planning conditions

3. The completion and occupation of 1000 residential units within the wider MW scheme.

Landlords Break Option

In the event that the Tenant has not provided a Theatre for Performance Arts the Landlord has an option to break on 12 months prior notice at the end of year 8 of the overall occupation i.e. Commencement of Lease A.

This break is only exercisable and subject to the Landlord discharging the conditions as set out in the Side Agreement being met.

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: Base Rent (BR) plus Capital Funding Rent (CFR).

Where;

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

Initial Annual Rent (IAR) payable is;

Year	Total (IAR)	BR	CFR
1	457,250	0	457,250
2	716,067	276,900	439,167
3	697,983	276,900	421,083
4	956,800	553,800	403,000
5	938,717	553,800	384,917
6	920,633	553,800	366,833
7	1,179,450	830,700	348,750
8	1,161,367	830,700	330,667
9	1,143,283	830,700	312,583
10	1,166,735	872,235	294,500
11	1,148,652	872,235	276,417
12	872,235	872,235	0

OR

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

Year	BR
1	0
2	276,900
3	276,900
4	553,800
5	553,800
6	553,800
7	830,700
8	830,700
9	830,700
10	872,235
11	872,235
12	872,235

Changes to Rent Payment Structure

In the event of any changes to the proposed programme(s) of SIW works currently set on known data; that either;

- i) Advances or delay the commencement of Lease B;
And
- ii) The early or late surrender of Lease A, the parties will review the rental structure, Base Rent & Capital Funding Rent, if appropriate, to re structure rent payments for any changes to anticipated programme(s) and lease term length of A & B but on the basis that on the balance of the unexpired term via Lease B ;

a. The aggregate capital and interest on Capital Funding Rent of £5,156,500 is repaid before Lease B expiry (the tenant having not exercised the option of Pre Emption on the Initial Structures).

b. The tenant to pay, if any, the outstanding balance at Lease B expiry;

And

c. The aggregate term rental income (Lease A & B) is achieved of £12,739,505 (Base Rent plus Capital Funding Rent or, the tenant having exercised the Pre Emption on Initial Structures, the aggregate sum of £7,574,005 as Base Rent."

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 and surrender of Lease A.

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

Obligation to include 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 B represents 21.5 % 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.
- 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:
Security;**

Permitted 24 hours a day 7 days a week.

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 including access over the planned FRC where appropriate.

b. Suitable planning application definition and detail to be agreed between the parties prior to the submission of additional planning application on Phase 2 and including any subsequent variations and modifications to Phase 1 if appropriate.

c. In respect of the area coloured orange on the attached plan at the corner of Towpath Road and proposed High Street, the tenant will have full regard in consultation with the Landlord to the attached MWS Place Brief – 5th Studio to be attached to the lease to achieve an acceptable street scene, place making, use and access integration into the wider MW Project Objective including an element of public access and integration.

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

e. Formal Pre-Application discussions and submission with the local planning authority to be submitted within 18 months of exchange of the Agreement to Lease and a full planning application submitted within 6 months thereafter unless otherwise agreed between the parties.

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

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

h. The tenant is not obliged to Appeal the application

Agreement & Planning Long Stop date:	The Agreement & Planning Long Stop date is 48 months from completion of the Agreement to Lease B.
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;	<p>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.</p> <p>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.</p>
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.
Public Right of Access	Public right of access will be accorded over the public realm area within the orange shaded area on the attached demise plan by reference to the Design Charter,

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
- iv) Surrender of Lease A
- v) The landlord has no obligation to enter into Lease B if Lease A has been terminated prior.

Tenant's Conditions:

- i) Subject to Contract.
- ii) Satisfactory Planning Consent for 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.
- iii) Surrender of Lease A
- iv) Completion of the Relevant SIW by the Landlord

The Relevant SIW is defined as the Flood Relief Channel (FRC) and that part of the Central Spine Road (CSR) forming the southern boundary of the Lease B demise and the bridge crossing over the River Lea Navigation only. Extent of HIF works to be delivered as shown on the plan to be attached to the Agreement to Lease.

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.

None Transferable;

This agreement is personal to the parties and not transferable or assignable.

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