

<b>Report on lease</b>	
<b>Landlord</b>	North Hertfordshire District Council ("NHDC")
<b>Tenant</b>	Hitchin Town Hall Limited (07974116)
<b>Building</b>	The newly developed North Hertfordshire Museum and Community Facility, Brand Street, Hitchin, SG5 1JE (comprising the Trust's land, the Council's land and the land on which 14 Brand Street is located).
<b>Property to be let to the Tenant</b>	The interior only of the part of the Building shown shaded blue, shaded blue and hatched light blue, and shaded blue and hatched orange on each of the Floor Plans. (A detailed description of what constitutes the interior is included in clause 1.1 of the Lease under the definition of Property).
<b>Lease term</b>	125 years from the date the Lease is granted. The Lease will not be granted until after the development is complete.
<b>Rent</b>	A peppercorn if demanded.
<b>Rent review</b>	None.
<b>Outgoings</b>	<p>The Tenant is responsible for all costs relating to the supply of services to the Property. Additional payments relating to the cost of services to the shared parts of the Building (ie. the toilets) are contained in the Community Use and Management Agreement and are reported on separately.</p> <p>At this stage it is not known how the business rates will be divided between the Property and the rest of the building. This will be determined by the district valuer in due course and his decision may be influenced by the Tenant's rights and liabilities in the Lease and the Community Use and Management Agreement. The Tenant will be responsible for paying whatever rates the district valuer decides should be paid by the occupant of the Property.</p>
<b>Use</b>	<p>The Tenant may use the Property (other than the café) for the purpose of education, museum, spiritual, leisure, community hall and cultural. In addition, provided that it is in support of the need to operate the hall for the community and not solely for commercial gain, the Tenant may use the premises for exhibitions, corporate functions, sports, weddings and festivals, retail, offices or any other use to which NHDC may consent.</p> <p>The Tenant is required to use reasonable endeavours to ensure that local residents are aware of the availability of the hall for use by the community so that it is actively used and does not become disused or abandoned.</p> <p>So far as the café area is concerned the Tenant may use it as a café which includes the service of alcohol without food, provided that is ancillary to the overall use and does not become the predominant use. The Tenant must keep the café open and trading during the hours prescribed by the Community Use and Management Agreement.</p>

<b>Alienation</b>	<p><u>Assignment (ie. transferring the lease to another party)</u>          Provided that NHDC gives permission to do so, the Tenant may assign the lease to any other body with a charitable purpose and objective. NHDC cannot unreasonably refuse consent to a proposed assignment. Any new Tenant would have to enter into a Community Use and Management Agreement with NHDC on the same or similar terms as the existing agreement. There are other conditions around assignment contained in clause 14 of the Lease.</p> <p><u>Underletting</u>          The Tenant may underlet one or more 'Permitted Parts' of the premises to a third party with NHDC's consent. The Council may not unreasonably refuse its consent in this regard. A Permitted Part is "any part of the Property that can be identified as distinct from the whole and separately occupied other than the Mountford Hall and the Lucas Room". The intention of allowing the Tenant to underlet in this way is to assist with potential outsourcing of some of the Tenant's services, such as the café. There are conditions around any proposed underletting contained in clause 15 of the Lease.</p> <p>The Tenant is not permitted to underlet the whole of the premises.</p> <p><u>Charging (ie. using the lease as security for a loan)</u>          The Tenant may charge the whole of the Lease with NHDC's consent. The Council may not unreasonably refuse its consent in this regard. HTH Limited intend to immediately grant a charge over the lease in favour of Futurebuilders Limited and that proposal is reported on separately.</p>
<b>Responsibility for repair of the Property</b>	<p>The Tenant is responsible for keeping the property clean and tidy, and in good and substantial repair. As noted above, the Property is the interior only.</p> <p>The Community Use and Management Agreement contains additional obligations on the Tenant in respect of cleaning and repairing the parts of the Building that are common to the Landlord and Tenant (ie. toilets, central gallery etc.)</p> <p>Given the importance of the café to the overall facility, the Lease requires the Tenant to ensure that the Café is always furnished with good quality high specification chairs, tables, crockery, cutlery and disposable supplies.</p>
<b>Responsibility for decoration</b>	<p>The Tenant must decorate the Property as often as is reasonably necessary with good quality materials. Because of the visibility of the café from the shared areas, the Tenant must decorate the café whenever NHDC decorates the adjacent parts of the building. The materials and colours used to decorate the café must be approved by NHDC.</p>
<b>Responsibility for insurance</b>	<p>NHDC is responsible for maintaining buildings insurance in respect of the whole facility. The Tenant must repay to NHDC a fair proportion of the premium. Additional conditions relating to buildings insurance are contained in clause 7 of the Lease.</p> <p>The Tenant must maintain public liability insurance of not less than</p>

	£10million.
<b>Alterations permitted?</b>	<p>The Tenant may make alterations to the Premises provided that it first obtains the consent of NHDC (as landowner) to do so. The Council must not unreasonably withhold or delay such consent.</p> <p>If the Tenant wanted to make alterations then even where NHDC as landowner had consented to the proposals, it would still be necessary for the Tenant to apply to NHDC separately as planning authority for any relevant planning permissions or listed building consent.</p>
<b>Rights granted to the Tenant</b>	<p>There are various rights granted to the Tenant by clause 3 of the Lease. Many of the rights are standard legal rights that would usually be granted to a Tenant who is leasing part only of a building, eg. the right to cross other parts of the Building to access the Property. The 'non-standard' rights granted to the Tenant are:</p> <ul style="list-style-type: none"> <li>• the right for visitors to the Property with the appropriate disabled parking permit to park in those spaces in the External Area designated by the Landlord as being disabled parking spaces;</li> <li>• the right to use the Central Gallery Terrace and Balcony in accordance with the terms of the Community Use and Management Agreement</li> <li>• the right to use part of the External Area for the storage of waste containers in accordance with the Community Use and Management Agreement</li> <li>• where it is not reasonably practicable to seat 40 people in the Café, the right to place seating in part of the Building designated by the Landlord to ensure that there are a total of 40 seats available. The location of this area is subject to further discussions between NHDC and HTH Limited and will be one of the matters finalised by Officers under delegated authority.</li> <li>• the right to display publicity material advertising the events to be held at the Property on such part of any noticeboard affixed to the exterior of the Building as the Landlord designates for use by the Tenant</li> </ul>
<b>Rights reserved to the landlord</b>	<p>There are various rights reserved to the Landlord by clause 4 of the Lease. Again, many of the rights are standard legal rights that are usually reserved to the Landlord in a lease of part of a building eg. the right to use the cables and pipes that run through the Property to feed services to the remainder of the Building. The 'non-standard' rights reserved in favour of the Landlord are:</p> <ul style="list-style-type: none"> <li>• the right to enter the Property in order to access the museum store on the first floor and the basement, and the plant room in the basement.</li> <li>• the right to access the Balcony (although this is subject to temporary interruption in accordance with the Community Use and Management Agreement)</li> </ul>

	<ul style="list-style-type: none"> <li>the right to pass and repass on foot across the Circulation Route (although this is subject to temporary interruption in accordance with the Community Use and Management Agreement)</li> <li>the right to use the services and facilities offered by the Tenant from the Café in accordance with the provisions of the Community Use and Management Agreement.</li> </ul>
<b>Security of Tenure?</b>	The Tenant will have security of tenure under the Landlord and Tenant Act 1954. This means that except in the case of limited statutory exceptions, at the end of the lease term the Tenant will have the right to renew the lease on substantially the same terms as the existing lease.
<b>Obligations on the Landlord</b>	<p>NHDC must keep the remainder of the Building (other than the Premises) in good repair and condition. The Tenant is not automatically required to contribute towards the cost of this repair.</p> <p>A specific clause has been included in order to give some comfort to the Tenant that the Landlord's use of the property will provide visitors to the café for the duration of the Lease term. The Landlord must not use the Building for any purpose other than a use which the Landlord considers will generate a) a broadly comparable footfall of visitors to the footfall generated immediately before any change of use; and b) users with broadly comparable characteristics to those using the Museum immediately before any change of use</p> <p>The Lease also contains the usual legal requirement on the Landlord to allow the Tenant quiet enjoyment of the Property.</p>
<b>Failure of the Tenant to comply with the Lease terms</b>	<p><u>Right to remedy breaches relating to repair</u> The Landlord may serve a notice on the Tenant identifying any breaches of covenant relating to repair of the Premises. If the Tenant does not begin the works needed to remedy the breach within two months then NHDC may carry out the work and recharge the cost to the Tenant.</p> <p><u>Indemnity</u> The Lease contains an indemnity from the Tenant in favour of NHDC against all expenses, costs, claims, damage and loss arising from any breach of any tenant covenants in this lease,</p> <p><u>Forfeiture</u> The Landlord has the right to forfeit the lease (ie. take back the Property and end the Lease) if the Tenant breaches any of the Lease covenants or if the rent (including the insurance rent) is unpaid for more than 28 days. The Landlord's right to end the Lease under this clause is subject to first serving at least 30 days notice on any person or company with a charge over the Lease, and giving that person or company the opportunity to remedy the breach.</p> <p><u>Contractual remedies</u> In the event of a Tenant's breach of covenant the Landlord would be able to apply to court for any of the usual remedies available for breach of contract, such as damages or specific performance.</p>

<p><b>Any other material terms</b></p>	<p><u>Compliance with laws</u>  Clause 28 of the Lease contains both general and specific obligations on the Tenant to comply with relevant legislation.</p> <p><u>Accounts</u>  The Tenant is required to provide NHDC with a copy of its annual accounts within six months of the end of its financial year. This clause has been included to ensure that the Trust has access to the information it requires to submit an annual charity commission return.</p>
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