



THE FOURTH SCHEDULE

Service Charge Calculation and Collection

1. In this Schedule:-

- 1.1** "Year" means any period of one year commencing on the first July (or such other date as the Landlord may in its discretion determine) during the Term

1.2

"Annual Service Cost" means the total of all costs expenses overheads payments charges loss and outgoings suffered or incurred by or on behalf of the Landlord in any Year in connection with the repair, maintenance, decoration, renewal, improvement and management of the Estate and the Building, any rent charge applicable to the Estate and any off site or on site service(s) and accessway(s) used for the benefit of the Estate or any part of it and the provision of all Services and an appropriate of the cost of the Shared Facilities such proportion to be determined by the Landlord (or its agents acting reasonably) save for any such services provided for the exclusive benefit of Savoy House and any improvement (including changes to the hard or soft landscaping comprised in the Estate) and additional services and facilities from time to time and in the performance of its covenants herein contained together with such Value Added Tax as may from time to time by law be required or may properly be added to any of the foregoing and (without prejudice to the generality of the foregoing) the same shall include:-

- 1.2.1 the cost of procuring borrowing or providing any sums required in connection with the performance by the Landlord of the covenants contained in the Sixth Schedule where such sums exceed the monies for the time being held by the Landlord on account and such performance is in the opinion of the Landlord necessary at such time as a matter of good estate management
- 1.2.2 the cost of and incidental to the performance by the Landlord of the covenants contained in the Sixth Schedule of this Lease but excluding the cost of any repairs in respect of which the Landlord has received reimbursement under the policy of insurance referred to in paragraph 5 of the Sixth Schedule
- 1.2.3 the annual rentals and other expenditure involved in the supply installation and maintenance of a door security system and any other communication system in the Building or on the Estate for communal use and such communal television and radio aerial system and any other communal intruder and/or fire alarm system and/or TV video entry or security system as may from time to time be installed in the Building and/or the Premises or on the Estate
- 1.2.4 the costs of and incidental to compliance by the Landlord with every notice regulation or order made by any competent local or other authority in respect of the Estate or any part thereof
- 1.2.5 all fees charges and expenses payable to any professional or other adviser agent or body whom the Landlord may from time to time reasonably instruct or employ in connection with the management and/or maintenance of the Estate and in or in connection with the enforcement of the performance and observance by any tenant or tenants including the tenants of apartments in the Building and Savoy House of their obligations and liabilities
- 1.2.6 the costs of and incidental to the provision by the Landlord of all Services provided in or in connection with the Estate and any part or parts thereof (including without prejudice to the generality of the foregoing any Council Tax or other similar local tax or rate from time to time charged on or raised by reference to any part or parts of the Estate not included in this demise or any Other Lease).

- 1.2.7** the cost and expense incurred by the Landlord in making repairing maintaining rebuilding renewing and cleansing all roadways pavements sewers drains pipes watercourses and party walls party structures party fences or other items or conveniences which may belong to or be used for the Estate in common with other premises near to or adjoining the Estate and in checking and (if so required) topping up the central heating boiler or tank providing hot water to the premises
- 1.2.8** the costs of employing staff directly or indirectly for the performance of duties in connection with the maintenance and/or security of the Estate or any part thereof and the provision of Services and expenditure in relation to such employment including (but without limiting the generality of those costs) remuneration, payment of statutory contributions, health, pension, welfare, redundancy and similar or ancillary payments and any other payments which the Landlord may be required by statute or otherwise to pay or may in its discretion deem desirable or necessary to pay
- 1.2.9** the costs of the management of the Estate and costs associated with the employment of staff in connection therewith and the fees of any agent or agents appointed for the general management of the Estate
- 1.2.10** in the event that the Landlord shall require employed staff to perform the functions which it might otherwise instruct an agent or agents to perform under paragraph 1.2.9 above or to carry out any other function in respect of which it may under the provisions hereof engage or instruct another party then a reasonable charge by the Landlord for performing such function or functions
- 1.2.11** the costs of providing and maintaining in repair and good decorative order the Estate Manager's suite
- 1.2.12** the costs of taking all steps deemed desirable or expedient by the Landlord for complying with and for making representations against or otherwise contesting the provisions of any legislation or orders or statutory requirements thereunder concerning town planning public health highways streets drainage or other matters relating to or affecting the Estate or any part thereof
- 1.2.13** the expenses of management and of the Services provided by the Landlord for the general benefit of the tenants and occupiers of the Building and all other expenses reasonably incurred by the Landlord in or in connection with or relating to the Building and the Estate
- 1.2.14** such sums as the Landlord shall in its discretion and without prejudice to the provisions hereinafter contained regarding the Contingency Fund decide to retain towards anticipated future expenditure or costs in the interests of good estate management
- 1.2.15** the costs expenses and disbursements incurred by the Landlord in the enforcement whenever and as often as the Landlord shall think fit of any covenant condition or provision of any Other Lease or of any underlease licence or agreement relating to the

Estate or any part thereof where in the reasonable opinion of the Landlord such enforcement would be in the interests of good estate management provided that the Landlord shall not by virtue of this provision be entitled to recover as part of the Annual Service Cost any costs incurred by or on its behalf in any proceedings for the recovery of rent and in any event the Landlord shall first use reasonable endeavours to recover such costs from the party in default or other person responsible for the breach

1.2.16 the costs that cannot be recovered from another party, of any proceedings which the Landlord may properly have taken or defended:-

(a) to establish preserve or defend any amenities, facilities, rights or other privileges for the benefit of the Estate or any part of it

(b) against any contractors, consultants or other professional employer in connection with the provision of any services or the carrying out of any works for the benefit of the Estate

1.2.17 the costs expenses and disbursements payable by the Landlord to any third party for the use of any off site or on site service(s) and / or accessway(s) benefitting the Estate or any part of it

1.2.18 for those apartments which have a car parking space(s) included in their demise or who may at any time in the future have a lease of a parking space on the Estate granted to them a fair and reasonable proportion of the cost and expenses payable for the maintenance and repair of that apartment's car parking space(s)

1.3 "Advance Payment" means the total of any sums paid by the Tenant in any Year under paragraphs 4.1 and 4.2 of this Schedule

1.4 "Service Charge" means the Tenant's share of the Annual Service Cost for any year, and the amount of such share is calculated by multiplying the Annual Service Cost by the Service Charge Fraction.

2. The Landlord and the Tenant each covenant with the other to comply with their respective covenants and obligations under this Schedule

3. The Tenant will pay to the Landlord or to whom the Landlord may specify the Service Charge in accordance with the provisions of this Schedule

4. **4.1** The Tenant will on the first day of each month in each Year or upon such other dates and by reference to such other period as the Landlord may from time to time specify pay in advance to the Landlord or to whom the Landlord may specify such reasonable sum as the Landlord or its agent shall consider appropriate on account of the Service Charge ("the Advance Payment")

4.2 The first such payment on account shall be paid on the date hereof and calculated in accordance with clause 3.4

4.3 The Landlord or its agent shall notify the Tenant in writing of the amount of each subsequent payment

5. 5.1 As soon as practicable after the 30th September in each Year during the Term the Landlord or its agent will serve upon the Tenant an account containing a summary of the Landlord's expenses and outgoings during the preceding Year. The said account shall (save in respect of any arithmetical error) be conclusive evidence for the purposes hereof of the matters set out therein
- 5.2 The Tenant shall on demand pay to the Landlord or to whom the Landlord may specify the Service Charge (or in the case of any period of less than a year a due proportion thereof) subject however to a deduction therefrom of the Advance Payment for the relevant Year (or part thereof if appropriate)
- 5.3 If the Advance Payment made in any year exceeds the Service Charge for that Year the excess may at the option of the Landlord be applied in or towards the payment of the Service Charge or any Advance Payment for the following Year
- 5.4 If any of the sums which are required to be paid by the Tenant in accordance with this Schedule are not paid within 14 days after they have been demanded or become due (if later) then without prejudice to any other right or remedy of the Landlord hereunder such unpaid sums shall carry interest at the Prescribed Rate until payment
- 5.5 The Landlord will keep an account of all expenditure to be included in the Annual Service Cost and will ensure that the account thereof is reviewed by an independent firm of qualified accountants
6. Provided always that the Landlord shall be at liberty at any time to review the heads of cost expenditure charge or allowance included in the Annual Service Cost as it shall in its discretion (acting reasonably) deem appropriate in the interests of good management and vary the existing items included in the calculation of the Annual Service Cost or to add thereto any items of cost expenditure charge depreciation or other allowance or provision for future anticipated expenditure on or replacement of any installation plant machinery equipment fitting furniture or apparatus used in connection with the provision of services
7. 7.1 In the event of the Landlord deeming it desirable in accordance with the principles of good estate management to add to, subtract from, change or vary any of the Services to be provided under this Lease or the method of carrying out any Services or the layout of the Estate or the Building the Landlord shall be entitled to give notice to the Tenant and to all the tenants of the Building under any Other Lease of such proposals (coupled with an indication of the anticipated costs of the provision of the same and/or anticipated changes to the Annual Service Cost as a result of the same).
- 7.2 The Landlord shall be entitled to implement such additions, subtractions, changes or variations to the Services or the layout of the Estate or the Building with effect from the date two months after such notices have been served and this Lease (and every Other Lease) shall be deemed to be amended appropriately unless a qualifying objection has been made.
- 7.3 A qualifying objection shall be deemed to have been made if the tenants of not less than twenty-five per cent of the apartments in the Building held under this and any Other Lease shall within four weeks of the receipt of the notice from the Landlord give notice to the Landlord objecting to or stating that they do not agree to the Landlord's proposals

8. The Landlord may by written notice to the Tenant at any time vary the Service Charge Fraction so as to reduce (but not to increase) the proportion of the Service Cost paid by the Tenant
9. **9.1** Any interest received by the Landlord pursuant to the terms of paragraph 5.4 of this Schedule (without obligation on the Landlord to demand or collect the same) shall be credited to the service charge account of the Estate and not towards the payment of future Service Charge in respect of the Premises
- 9.2** Without prejudice to paragraph 10.3 of this Schedule any interest received by the Landlord in respect of monies from time to time in the service charge account shall be credited to the service charge account and not paid or attributed to the Tenant or to individual tenants under any Other Lease
- 9.3** The Landlord shall not be liable for the payment or reimbursement of any interest incurred as a result of the service charge account at any time being overdrawn (whether through non-payment of Service Charge or otherwise) in the course of the Landlord carrying out its rights and obligations in accordance with the terms of this Lease and any Other Lease
10. The sums paid to the Landlord by way of contingency fee under the provisions of the Fifth Schedule shall be dealt with as follows :-
- 10.1** such sums shall be used to provide a contingency fund ("the Contingency Fund") for or towards the costs and anticipated costs and expenses of items of capital expenditure including without prejudice to the generality of the foregoing the repainting or renovation of the exterior of the Building, the replacement of any lift or repair of any roof and for upgrading and improving the Estate and generally for meeting costs and expenditure incurred less frequently than once in every year
- 10.2** The Contingency Fund shall be held by the Landlord or its managing agent on trust for the tenants of the Building and may be invested by the Landlord at its discretion in any of the investments specified in Part III of the First Schedule to the Trustee Act 2000 or any statutory modification thereof for the time being in force subject to the provisions of that Act applicable to such investments except the provision relating to the division of the fund into two parts
- 10.3** The Landlord may in its discretion use the Contingency Fund or any part of it (including any interest or gain derived therefrom) to discharge or reduce the Service Charge payable by the Tenant and the tenants of the Building under any Other Lease for such period and to such extent as the Landlord shall determine to be consistent with the principles of good estate management