

**THIS UNDERLEASE** is made in triplicate the        day of    Two thousand and ..... **BETWEEN:**

(1) **GIBRALTAR RESIDENTIAL PROPERTIES LIMITED**, a company incorporated in Gibraltar under the provisions of the Companies Act with registered office situate at No. 6 Convent Place, Gibraltar, and incorporation number 41007 (in this underlease called the “Lessor”);

(2) **WATERPORT TERRACES MANAGEMENT LIMITED**, a company incorporated in Gibraltar under the provisions of the Companies Act with registered office situate at No. 6 Convent Place, Gibraltar, and incorporation number 101441 (in this underlease called the “**Management Company**”); and

(3) ..... of ....., Gibraltar and ..... of ..... Gibraltar (in this underlease called the “Lessee”).

**RECITALS:**

A. The Lessor holds the Property for a term of 150 years from the 1st day of July Two thousand and Eight under the Head Lease.

B. The Lessor intends to dispose of each of the flats including where applicable car parking spaces and commercial units by way of underleases substantially in the form of this underlease with such variations, including, without limitation, those relating to the level of service charges disclosed in recital C such variations as may be made to underleases to meet the requirements and use of commercial units and in relation to Dealing with the flats car parking spaces and commercial units and otherwise as the circumstances require or the Lessor may consider necessary or reasonable and immediately after the execution of all the underleases relating to the Property shall vest the leasehold reversion in the Property in the Management Company by way of assignment.

- C. The level of service charges payable in respect of flats has been calculated by reference to the total built up area of each flat adjusted to take into account that in respect of commercial units the level of service charges payable has been calculated by reference to sixty per centum (60%) of the total built up area of each commercial unit in order to reflect the reduced services from which the commercial units benefit.
- D. It is intended that upon any transaction by which the Lessor parts with the Ownership of any part of the Property the person becoming an Owner shall enter into covenants with the Lessor and the Management Company to observe and perform in relation to that part of the Property covenants conditions and stipulations in similar terms to those set out in the Sixth and Tenth Schedule to the intent that the Lessor and/or the Management Company may enforce the observance and performance thereof by any Owner.
- E. The Lessor has agreed with the Lessee for the grant to the Lessee of an underlease of the Premises for the consideration at the rent and on the terms and conditions hereinafter appearing.
- F. The Management Company shall be made a party to any assignment of the Premises.

**NOW THIS DEED WITNESSETH as follows:-**

- 1. In this underlease, its recitals and schedules unless the context otherwise requires:-
  - (a) "car **parking spaces**" means the spaces for parking cars forming part of the Property and "car **parking space**" has a corresponding meaning.
  - (b) "**commercial units**" means the units for business and commercial

use forming part of the Property and “**commercial unit**” has a corresponding meaning.

- (c) “Deal with” means assign or part with possession or hold as agent or in trust for any person and “**Dealing** with” shall have a corresponding meaning.
- (d) “**First Service Charge Amount**” means ..... Pounds ..... Pence (£.....).
- (e) "flats" means the residential accommodation consisting of self contained apartments forming part of the Property and "flat" has a corresponding meaning.
- (f) “**Head Lease**” means a deed of lease dated the 10th day of July 2008 made between the Superior Lessor (1) and the Lessor (2).
- (g) "Lessee" includes the successors in title and assigns of the Lessee.
- (h) “**Lessor**” includes the reversioner for the time being immediately expectant on the term created by this underlease.
- (i) "**Mortgagee**" means any bank or licensed financial institution to which the Premises have been mortgaged or are to be mortgaged.
- (j) “**Mortgage**” means a legal or equitable mortgage or charge of the Premises exclusively securing moneys applied in the purchase or improvement of the Premises and which is in favour of a Mortgagee.
- (k) "**Owner**" in relation to the Property means the holder of the term created by any demise made by the Lessor in respect of any flat or commercial unit or car parking space not so demised by virtue of this underlease and "**Owners**" and "**Ownership**" have a corresponding meaning.

- (l) **"Premises"** means the premises hereby demised as described in the Third Schedule hereto.
- (m) **"Property"** means the property described in the First Schedule hereto.
- (n) **"Profit"** means the difference as determined by the Surveyor in his absolute discretion between the consideration paid by the Lessee in this underlease or by any assignee of the residue of the Term under any permitted assignment and the consideration payable to the Lessee or such assignee upon any sale or assignment of the Premises taking into account such allowances or expenditure incurred by the Lessee in respect of the Premises as the Surveyor may in his absolute discretion determine.
- (o) **"Purchase Price"** means the sum of .....and ..... Pounds Sterling (£.....).
- (p) **"Rent Percentage"** means 0.214 per cent.
- (q) **"Reserved Property"** means that part of the Property more particularly described in the Second Schedule hereto.
- (r) **"Service Charge"** means the service charge to be paid by the Lessee as provided in Clauses 14 and 15 of the Sixth Schedule.
- (s) **"Service Charge Percentage"** means 0.22930708 per cent.
- (t) **"Superior Lessor"** means His Excellency Lieutenant General Sir Robert Fulton, Knight Commander of the Most Excellent Order of the British Empire, Governor of the City of Gibraltar for and on behalf of Her Majesty the Queen.

- (u) **"Surveyor"** shall mean Gibraltar Land (Holdings) Limited as agents for the Superior Lessor whose principal place of business is at 6 Convent Place, Gibraltar or such other person as may be appointed by the Superior Lessor as hereinafter defined.
  - (v) **"Term"** means 150 years less 7 days computed from the commencement of the term granted by the Head Lease.
  - (w) **"Year"** shall mean a period of twelve months the first such period commencing on the date hereof and **"years"** shall have a corresponding meaning.
  - (x) Where the Lessee comprises more than one person the obligations of the Lessee are joint and several.
  - (y) The singular shall be deemed to include the plural and vice versa.
  - (z) Reference to any gender shall be deemed to include reference to any other gender.
  - (aa) Reference to clauses and schedules are reference to the clauses in and schedules to this underlease unless otherwise stated.
  - (bb) The headings are included for ease of reference only and shall not affect the construction of this underlease.
  - (cc) Reference to any acts act rule regulation bye-law or other primary or secondary statutory provision shall include any modification, addition or re-enactment of it that is for the time being in force in Gibraltar.
2. In consideration of the Purchase Price now paid by the Lessee to the Lessor (the receipt whereof the Lessor hereby acknowledges) and of the rent covenants and conditions on the part of the Lessee hereinafter reserved and

contained the Lessor **HEREBY DEMISES** unto the Lessee **ALL THOSE** the Premises **TOGETHER** with the rights set out in the Fourth Schedule hereto **EXCEPTING AND RESERVING** to the Lessor the rights specified in the Fifth Schedule hereto **TO HOLD** the same **UNTO** the Lessee for the Term **PAYING** therefore during the Term the yearly rents reserved by the Ninth Schedule hereto by equal half yearly payments in advance on the 1st day of January and the 1st day of July in each year without any deduction the first of such payments being a proportionate payment to be made on the execution hereof **EXCEPT AND RESERVING** as mentioned in the Second Schedule hereto **SUBJECT** to the rights set out in the Fifth Schedule hereto and **SUBJECT ALSO** to the restrictive and other covenants set out in the Tenth Schedule hereto and to the covenants on the part of the Lessee hereinafter contained.

3. The Lessee **HEREBY COVENANTS** with the Lessor and the Management Company that the Lessee will observe and perform the covenants and obligations on the part of the Lessee set out in the Sixth and Tenth Schedules hereto and further covenants upon execution hereof to become a member of the Management Company.
4. The Lessee **HEREBY COVENANTS** with the Lessor that the Lessee will observe perform and comply with the covenants conditions and obligations on the part of the Lessee set out in the Seventh Schedule hereto.
5. The Lessor **HEREBY COVENANTS** with the Lessee that the Lessor will require every person to whom it shall hereafter lease other parts of the Property to enter into similar covenants as are herein contained save with respect to such variations as are contemplated by recital B of this underlease.
6. The Lessor and the Management Company respectively covenant with the Lessee that they will enforce (if necessary by taking legal proceedings) the performance and observance by any Owner of any flat and where applicable a car parking space and a commercial unit of the covenants and conditions contained in the lease or leases relating to such other parts of the Property.

7. The Management Company ~~HEREBY~~ **HEREBY COVENANTS** with the Lessor and the Lessee to pay the ground rent and perform and observe the covenants and conditions contained under the Head Lease and also perform and observe the obligations on the part of the Management Company set out in the Eighth Schedule hereto and pay all moneys payable in respect of such matters referred to in the Sixth Schedule hereto.
  
8. The Lessee paying the rent hereby reserved and performing and observing the covenants on the part of the Lessee herein contained shall peaceably hold and enjoy the Premises for the Term without any interruption by the Lessor or the Management Company or any person lawfully claiming under or in trust for them.
  
9. If the rent hereby reserved or any part thereof is unpaid for twenty-one days of it becoming payable (whether formally demanded or not) or if any of the covenants on the part of the Lessee herein contained are not observed and performed then and in any such case it shall be lawful for the Lessor or any person or persons authorised by it in that behalf at any time thereafter to re-enter the Premises or any part thereof in the name of the whole and thereupon the Term shall absolutely determine but without prejudice to any other right of action or remedy of the Lessor or the Management Company in respect of any breach of the covenants on the part of the Lessee hereinafter contained **PROVIDED HOWEVER** that if there shall be in existence a Mortgage at the time that the Lessor complains of a breach of any of the covenants in this underlease as aforesaid the right of forfeiture hereinbefore conferred shall only be exercisable in accordance with the following:-
  - (a) The Lessor shall give notice in writing to the Mortgagee of the existence of a breach or breaches of covenant hereunder specifying and particularising the covenant or covenants in question and the alleged breach or breaches and stating whether it is the intention of the Lessor to effect a forfeiture of the Premises and allowing the

Mortgagee twenty-one days in which to elect to remedy within a further three months the breaches complained of or to enforce its security (whether by foreclosure sale or otherwise) and if the Mortgagee shall so elect and remedy the said breach or breaches the right of forfeiture shall not be exercisable;

p) If the Mortgagee shall not elect as provided for in the preceding sub- clause or shall notify the Lessor that it has no objection to the exercise of the right of forfeiture the Lessor may proceed to effect a forfeiture (subject to such right to seek relief therefrom as may be available to any party having an interest in the Premises);

(c) All notices or other communications under or in respect or in pursuance of this clause shall be in writing and shall be served delivered or transmitted to the Lessor at the address of the Lessor appearing in this underlease and to the Mortgagee at the address in Gibraltar of the Mortgagee appearing in the Mortgage or at the respective last known address of the Lessor or the Mortgagee (as the case may be) and in the case of notice physically served or delivered or transmitted by telex or facsimile reproduction effected on a business day during office hours such notice shall be deemed to be served delivered or transmitted on such same day and if served delivered or transmitted on a holiday or after office hours shall be deemed to have been served delivered or transmitted on the next business day following;

**PROVIDED FURTHER** that in the event that the Lessor or the Management Company shall forfeit the Premises the party effecting such forfeiture shall hold the Premises upon trust to sell the same for the unexpired residue of the Term and subject to the same rent covenants and obligations exceptions and reservations as are contained in this underlease for the best price reasonably obtainable and to account for the proceeds of sale thereof after deducting its own reasonable costs and expenses of effecting such forfeiture and of such sale in the manner provided for by the



Seventh Schedule hereto according to the time at which such sale is effected and as to whether or not a Mortgagee has an interest in the Premises.

10. On the execution of all the underleases relating to the Property by the Lessor the Lessor shall as assignor execute a deed of assignment of the reversion of the term created by the Head Lease to the Management Company and the Management Company shall accept and execute such deed in the form settled by the Lessor and the Lessee shall not delay object to or prevent or take any steps or actions or omissions to delay object to or prevent such assignment **SUBJECT ALWAYS** to the right of the Lessor to retain management and control of the Management Company for a period at its absolute discretion of up to 12 months in order to be satisfied of the implementation of all appropriate maintenance and management programmes.
11. The Lessee **HEREBY COVENANTS** with the Management Company to ensure that the Management Company shall be made a party to any assignment of the Premises.
12. Provided always and it is hereby declared that every internal wall separating the Premises or any part thereof from any other part of the Property shall be a party wall severed medially.

**IN WITNESS** whereof the Lessor and the Management Company have hereunto caused to be affixed their respective Common Seals and the Lessee has hereunto set his hand and seal the day and year first above written.

#### **THE FIRST SCHEDULE**

##### **The Property**

**ALL TBAT** piece or parcel of land with the buildings erected thereon known as Waterport Terraces and situate to the North side of Waterport Road and being Crown Property No. 1380 in the General Plan of the City of Gibraltar which said property is for the purpose of identification only delineated red on the plan

annexed to the Head Lease.

## **T&E SECOND SCHEDULE**

### **The Reserved Property**

**FIRSTLY ALL THOSE** the roads footpaths passages courtyards external pavement lift shafts refuse chutes lamp posts communal light fittings halls staircases landings lift shafts and lights and communal areas and other parts of the buildings and land forming part of the Property which are used in common by two or more Owners and **SECONDLY ALL THOSE** the structural parts of the buildings forming part of the Property including the foundations columns and floor slabs roofs and external faces of such of the external walls as bound the buildings and all mechanical and electrical systems and associated plant lifts cisterns tanks sewers drains pipes wires ducts and conduits not used solely for the purpose of one of the flats or commercial units only and any and all refuse cubicles or stores and any other part of the Property that has not been demised by any underlease.

## **THE THIRD SCHEDULE**

### **The Premises**

**ALL THAT** forming part of the Property and being one of the flats and known as Flat No. 2 of approximately 92.19 square metres on the First floor of the Block known as Rock Rose House previously known as Block No. 4 together with car parking space No. A134 **ALL OF WHICH** flat is for the purposes of identification only delineated in red and all of which car parking space is for the purposes of identification only hatched in red on the plans annexed hereto **TOGETHER** with the ceilings internal non-structural walls floors and roof joists (if any) of the said flat **AND TOGETHER** with all cisterns tanks sewers drains pipes wires ducts and conduits used solely for the purpose of the said flat but no other **EXCEPT AND RESERVING** from the demise the main structural parts of the building of which the said flat forms part including (by way of exception and reservation) the roof (but not the roof joists) foundations external walls internal structural walls and party walls thereof but not the windows of the said flat or the

interior faces of such of the external walls and party walls as bound the said flat.

**THE FOURTH SCHEDULE**

**Rights included in the demise**

- i. The rights in common with the Lessor the Management Company the Owners and occupiers of all other parts of the Property and all persons authorised by them in that behalf and all others having the like right to use for purposes only of access to and egress from the Premises all such parts of the Reserved Property as afford access thereto and egress therefrom and to use the passages therein and forecourts roadways pathways in the Property including the right for the Lessee (and all persons authorised in that behalf by the Lessee) to use the lifts in accordance with the regulations made by the Management Company.
2. The rights of passage and running of electricity water and soil from and to the Premises through the sewers drains pipes wires and conduits forming part of the Reserved Property.
3. The benefit of any covenants entered into by the Owner or Owners of other flats car parking spaces and commercial units with the Lessor and the Management Company so far as such covenants are intended to benefit the Premises or the Lessee and so far as the benefit thereof can in law accrue to the Premises or the Lessee.
4. All rights of shelter and support and other easements and all quasi easements rights and benefits of a similar nature now enjoyed or intended to be enjoyed by the Premises.
- s. Such rights of access to and entry upon the Reserved Property and other flats car parking spaces and commercial units upon giving reasonable notice to the owners thereof (except in the case of emergency) as are necessary for the proper performance of the Lessee's obligations under this underlease.

**6. PROVIDED HOWEVER** that all the foregoing easements rights and privileges are subject to and conditional upon the Lessee observing the covenants and conditions contained in this underlease and upon contributing and paying the Service Charge referred to in paragraph 14 of the Sixth Schedule hereto.

**THE FIFTH SCHEDULE**

**Rights to which the demise is subject**

1. All rights of support and other easements and all quasi easements rights and benefits of a similar nature now enjoyed or intended to be enjoyed by any other part of the Property over the Premises.
2. Such rights of access to and entry upon the Premises upon giving reasonable notice (except in the case of emergency) by the Lessor or the Management Company and the Owners of other flats car parking spaces and commercial units and all persons authorised by them in that behalf as are necessary for the proper performance of their obligations under this underlease or under covenants relating to other flats and similar to those contained in this underlease.
3. The burden of any covenants entered into by the Lessor or the Management Company with the Owners of other flats car parking spaces and commercial units so far as such covenants are intended to bind the Premises or the Lessee.
4. The rights excepted or reserved in the Head Lease or subject to which the Head Lease was granted so far as such rights affect the Premises or the Lessee.

**THE SIXTH**  
**SCHEDULE PART I**

**Covenants and conditions entered into and undertaken by the Lessee with respect to the Lessor and the Management Company**

1. The Lessee shall pay the reserved rents in the days and in the manner mentioned in this underlease.
2. The Lessee shall pay all existing and future rates taxes assessments and outgoing now or hereafter imposed or charged as from the date of this underlease upon the Premises or any part thereof or upon the Lessor or the Management Company or any owner or occupier in respect thereof.
3. The Lessee shall to the reasonable satisfaction in all respects of the Surveyor keep the Premises and all parts thereof and all fixtures and fittings therein and all additions thereto in a good and tenantable state of repair decoration and condition throughout the continuance of this demise including the renewal and replacement of all worn or damaged parts and shall maintain and uphold and whenever necessary for whatever reason subject to the provisions of paragraph 3 of the Eighth Schedule to this underlease rebuild reconstruct and replace the same.
4. All party walls shall be used repaired and maintained by the Lessee as such.
5. The Lessee shall in the fifth year from the commencement of the Term and on every succeeding fifth year of this demise and in the last three months thereof paint with two coats of good oil paint in a workmanlike manner all the wood iron and other parts of the Premises usually or which ought to be painted and shall in addition grain varnish distemper wash soap whiten colour and paint or paper all such parts (if any) as are now so treated with suitable materials of as good quality as those now in use.
6. The Lessee shall repair and maintain the windows of the Premises in good working order and clean the said windows inside and out as often as may be necessary but in any event not less than once in every calendar month.
7. The Lessee shall permit the Lessor and/or the Management Company with or without workmen and others at reasonable times upon appointment

(except in cases of emergency) to enter upon the Premises in fulfilment of their obligations under this underlease and to examine the condition of the Premises and the Lessor and/or the Management Company may thereupon serve the Lessee notice in writing specifying any repairs or works necessary to be done for which the Lessee is liable under this underlease and require the Lessee forthwith to execute the same and if the Lessee does not within two months after the service of such notice proceed diligently with the execution of such repairs or works then the Lessor and/or the Management Company may enter upon the Premises and execute the same and the cost thereof shall be a debt due to the Lessor and/or the Management Company from the Lessee and shall be recoverable forthwith by action.

8. The Lessee shall not do or permit or suffer to be done anything whereby any insurance for the time being effected on the Property or any part thereof (including the Premises) may be rendered void or the premium in respect thereof be increased.
9. The Lessee shall do all such works as under any Acts or rule of law are directed or necessary to be done on or in respect of the Premises for which the Lessee is liable (whether as landlord tenant or occupier) and shall keep the Lessor and/or the Management Company indemnified against all claims demands and liabilities in respect thereof.
10. The Lessee shall not do or permit or suffer to be done any act matter or thing on or in respect of the Premises which contravenes the provisions of the Public Health Acts or any of the Building Rules, regulations and Bye-Laws made thereunder and shall keep the Lessor and/or the Management Company indemnified against all claims demands and liabilities in respect thereof.
11. The Lessee shall not use or permit to cause or suffer either the Premises or any part thereof to be used for any illegal or immoral purpose.
12. The Lessee shall observe the restrictions and other covenants specified in the

Seventh and Tenth Schedules to this underlease.

13. The Lessee shall comply with and observe any reasonable regulations which the Management Company may (consistent with the provisions of this underlease) make to govern the use of the Premises and the Reserved Property and the Property and shall not do or permit or suffer to be done anything which may result in the non-observance of or non-compliance with such regulations. Such regulations may inter-alia be restrictive of acts done on the Property detrimental to its character or amenities. Any reasonable costs charges or expenses incurred by the Management Company in preparing or supplying copies of such regulations or in reasonably doing works for the maintenance of the Property and reasonably providing services or employees agents or sub-contractors shall be deemed to have been properly incurred by the Management Company for the benefit of all lessees of the Property in pursuance of its obligations under the Eighth Schedule to this underlease notwithstanding the absence of any specific covenant by the Management Company to incur the same and the Lessee shall keep the Lessor indemnified from and against his due proportion thereof under paragraphs 14 and 15 of this Schedule accordingly.
14. The Lessee shall in respect of the Premises pay to the Management Company the Service Charge Percentage of the total costs charges payments and expenses incurred by the Management Company in carrying out its obligations under the Eighth Schedule to this underlease and otherwise under this underlease together with any sums expended as required by this underlease and any sums incurred by way of interest resulting from any loan taken by the Management Company to finance any of the costs charges payments expenses and services as mentioned in this paragraph.
15. The Lessee shall on the execution of this underlease and thereafter by equal half yearly payments in advance on the 1st day of January and the 1st day of July in each year during the continuance of this demise pay to the Management Company on account of the Lessee's obligations under paragraph 14 an advance amounting:

- (a) for the period commencing on the date of execution of this underlease and ending on the 31<sup>st</sup> day of December of that year the First Service Charge Amount;
  - (b) during the remainder of the Term the Service Charge Percentage of the amount that the Management Company may reasonably determine as likely to be equal in the aggregate to the costs charges amounts expended and any other expenses incurred by the Management Company in carrying out its obligations under the Eighth Schedule and otherwise under this underlease and as otherwise required to be expended or incurred by this underlease.
16. The Lessee shall upon any transaction or disposition permitted by this underlease (other than by way of Mortgage) to which the Lessee is a party or over which the Lessee has any control involving a change or a contract for a change in the ownership of the Premises ensure that the person becoming or contracting to become as a result of such transaction or disposition the owner of the Premises becomes a member of the Management Company and enters into direct covenants with the Lessor and the Management Company to observe and perform the obligations on the part of the Lessee contained in this Schedule the Seventh Schedule and the Tenth Schedule and in particular this paragraph.
17. The Lessee shall upon any devolution or transmission of the ownership of the Premises to which the Lessee is not a party and over which the Lessee has no control use the Lessee's best endeavours to ensure that the person becoming the owner of the Premises as a result of such devolution or transmission enters into a direct covenant with the Lessor and the Management Company to observe and perform the obligations on the part of the Lessee contained in this Schedule the Seventh Schedule and the Tenth Schedule and in particular this paragraph.
18. The Lessee shall:-



- (a) upon any permitted sub-underletting of the Premises (other than to a Mortgagee who shall undertake that on the enforcement of its security it shall procure from a purchaser a covenant in favour of the Management Company to perform and observe the covenants on the part of the Lessee in this underlease contained as required by paragraph 16 of this Schedule) before so doing and before giving possession or the right of occupation to the intended sub-underlessee execute and deliver to the Management Company a deed in the form contained in Part II of this Schedule to be prepared at the cost of the Management Company containing a covenant by the intended sub-underlessee intended to have possession or to be in occupation directly with the Management Company to perform and observe during the term granted to the sub-underlessee the covenants contained herein (including this present covenant);
- (b) on the grant of any permitted sub-underlease and at all times thereafter to enforce the performance and observance of the covenants conditions and stipulations on the part of the sub-underlessee therein contained.

**PROVIDED** that nothing in this paragraph contained shall excuse the Lessee from its obligations towards the Management Company and that such obligations shall in the event of a sub-underletting bind the Lessee and the sub-underlessee both jointly and severally **PROVIDED FURTHER** that the Management Company shall if practicable notify the Lessee of any action which it contemplates taking against such sub-underlessee in possession or occupation of the Premises.

- 19. The Lessee shall pay all reasonable costs, charges and expenses (including solicitor's costs and surveyor's fees) incurred by the Lessor or the Management Company for the purpose of and incidental to the preparation and service of any notice arising out of any breach or non-performance of any of the covenants on the part of the Lessee contained in this underlease

notwithstanding that forfeiture for such breach shall be avoidable otherwise than by relief granted by the Court.

20. The Lessee shall use and occupy the Premises solely and exclusively in the following manner:-
  - (a) that part of the Premises consisting of a flat as a self-contained flat in one occupation by the Lessee and his family only and as their sole residence;
  - Q) that part of the Premises consisting of a car parking space (if any) for the parking only of the Lessee's motor vehicle and not for any other purpose whatsoever and without prejudice to the generality of the foregoing for any purpose which comprises or can be constituted as "business" within the meaning of the Landlord and Tenant Acts and further the Lessee shall immediately on being requested so to do give to the Management Company details of the registration number of any car and the names of any drivers of any cars to be parked in any such car parking spaces and shall inform the Management Company of any change to such details.
21. The Lessee shall not make any alteration or addition affecting the external elevation or structure of the Property or the Premises or make any structural or external alterations or change the existing design elevation or appearance or the external decorative scheme of the Property or the Premises.
22. The Lessee shall not exhibit on the outside or in the window of the Premises or any other part of the Property any name plate placard or announcement of any description other than a nameplate on the door.
23. The Lessee shall not do or permit or suffer to be done in or upon or in connection with the Premises or the Property anything which shall be or become or tend to be a nuisance annoyance or disturbance or inconvenience or cause of damage to the Lessor the Management Company

or the Superior Lessor or other Owners or occupiers of any other flat car parking space commercial unit or other part of the Property or any of them or to any neighbouring adjoining or adjacent owners or occupiers thereof or whereby any regulations which maybe made by the Management Company are not complied with and shall pay all costs charges and expenses incurred by the Lessor and/or the Management Company and/or the Superior Lessor in abating a nuisance in obedience to a notice served by a competent authority.

24. The Lessee shall perform and observe all the provisions contained in the Head Lease in so far as the same relate to the Premises.
25. The Lessee shall on the expiration or sooner termination of the Term peaceably yield up unto the Lessor the Premises in a good and tenantable state of repair and condition in accordance with the covenants by the Lessee herein contained together with all additions and improvements thereto and all landlords fixtures and fittings of every kind now put in or upon the Premises or which during the Term may be affixed or fastened to or upon the same all of which shall or at the sooner expiration or determination of the Term be left complete with all appurtenances thereof and in proper working order and condition.

## PART II

**THIS DEED** is made the [ ] day of [ ] Two Thousand and Eight  
**BETWEEN:**

- (1) **WATERPORT TERRACES MANAGEMENT LIMITED**, a company incorporated in Gibraltar under the provisions of the Companies Acts with registered office situate at No. 6 Convent Place, Gibraltar, and incorporation number 101441 (hereinafter called "the Management Company"); and
- (2) [ ] of [ ] (hereinafter called "the Sub-Underlessee") of the other part.

**WHEREAS:-**

1. By an Underlease made in triplicate on the [ ] day of [ ] 2008 between GIBRALTAR RESIDENTIAL PROPERTIES LIMITED (hereinafter called "GRP") (1) the Management Company (2) and [ ] of [ ] (hereinafter called the "Underlessee") (3) GRP demised unto the Underlessee **ALL THAT** flat and car parking space in the Property defined in the said Underlease (hereinafter called "the Premises") on payment of the rents and performance of the covenants conditions and stipulations therein contained.
2. The Underlease contains a covenant that the Underlessee shall upon any permitted sub-underletting or parting with possession or occupation of the Premises cause the Sub-Underlessee to enter into a covenant with the Management Company in the form hereof.
3. The Underlessee being desirous of granting a sub-underlease/sub-tenancy/personal licence to occupy the Premises to the Sub-Underlessee has caused the Sub-Underlessee to enter into this covenant with the Management Company.

**NOW THIS DEED WITNESSETH as follows:-**

1. The Sub-Underlessee hereby covenants with the Management Company that he will be bound by and observe and comply with:
  - (a) The Lessee's obligations in the Underlease more particularly set out in the Schedule hereto; and
  - (b) The Rules of the Management Company made under paragraph 13 of Part I of the Sixth Schedule of the Underlease.
2. The Sub-Underlessee hereby acknowledges that he is fully aware of the terms of the Underlease and of the said Rules of the Management Company.

3. The Sub-Underlessee's obligations to the Management Company shall exist jointly and severally with those of the Lessee.

IN WITNESS whereof the parties have executed these presents under seal the day and year first before appearing.

### **THE SCHEDULE**

#### **Sub-Underlessee's Obligations**

1. Paragraphs 5, 7 — 9 inclusive, 12 — 15 inclusive and 18 — 25 inclusive of Part I of the Sixth Schedule.
2. Paragraphs 1 and 2 of the Seventh Schedule.
3. The Tenth Schedule.

**THE COMMON SEAL** of the  
**MANAGEMENT COMPANY** was  
affixed hereto in the presence of:-

SIGNED SEALED and DELIVERED by  
the within-named SUB-UNDERLESSEE  
in the presence of:-

### **THE SEVENTH SCHEDULE**

#### **Lessee's covenants and obligations with the Lessor**

1. The Lessee shall perform and observe the covenants on the part of the Lessee to be performed and observed in accordance with the terms of the

Head Lease so far as the same relate to the Premises and shall keep the Lessor indemnified against all claims damages costs and expenses in relation to its obligations under the Head Lease.

2. The Lessee covenants that:

- (i) for the first 15 years of the Term he shall Deal with the Premises only as permitted by this underlease but only in favour of a person who has resided in Gibraltar for a minimum period of 3 consecutive years prior to the proposed Dealing with the Premises;
- (ii) except as may be permitted by paragraph 3(b) of this Schedule he shall not Deal with the Premises in favour of a company corporation partnership or firm incorporated or registered in Gibraltar or elsewhere.

3. The Lessee shall not:

- (a) sub-let licence share or permit the occupation by persons other than the Lessee and his family the Premises or any part thereof the same being expressly prohibited other than by way of Mortgage PROVIDED THAT the Surveyor may waive this covenant on such terms and conditions as the Surveyor may prescribe upon being satisfied that there exist genuine and compelling family circumstances in the case of the Lessee that justify such a waiver and PROVIDED FURTHER that any permitted sub-underletting sub- licence or permission to occupy by others complies with the provisions of paragraph 18 of Part I of the Sixth Schedule hereto (herein referred to as “permitted sub-underletting”);
- (b) Deal with sub-let share permit the occupation by persons other than the Lessee and his family part only of the Premises save in the case of a company or entity which is directly or indirectly wholly owned by the Government of Gibraltar or in which the Government of

Gibraltar has directly or indirectly a majority of shares or interest.

4. The Lessee shall not:
- (a) during the period commencing on the date of this underlease and terminating at the end of the 9<sup>o</sup> year from the date of this underlease Deal with the Premises other than by way of Mortgage or as provided in (b) or (c) of paragraph 4 of this Schedule;
  - (b) for the period of 3 years from the date of this underlease Deal with the Premises PROVIDED THAT the Surveyor may waive this prohibition on written application from the Lessee on such terms and conditions including, without limitation, as to the price at which any such Dealing with the Premises may be undertaken as the Surveyor may prescribe upon being satisfied that genuine and compelling family circumstances as may be determined by the Surveyor exist on the part of the Lessee that the Surveyor considers justifies such a waiver PROVIDED FURTHER THAT the Surveyor shall impose as a condition of such waiver the requirement that the Lessee do pay to the Surveyor sixty per centum (60%) of the Profit made by the Lessee on any Dealing with the Premises that has been authorised by the Surveyor in accordance with this sub-paragraph.
  - (c) during the period commencing on the 4<sup>th</sup> anniversary of this underlease and terminating at the end of the 9<sup>th</sup> year from the date of this underlease Deal with the Premises other than to a person or persons who satisfy the provisions of paragraph 2 of this Schedule and any such Dealing with the Premises shall contain the same terms and provisions covenants and reservations as are contained in this Schedule except to the extent that the Surveyor may otherwise in his sole discretion agree previously in writing PROVIDED THAT:
    - (i) the Lessee shall give the Surveyor not less than one calendar month's prior notice in writing of his intention to Deal with

the Premises, which notice shall identify the person in favour of whom such Dealing with the Premises is intended;

- (ii) the amount of the purchase price payable for such Dealing with the Premises shall be such sum as shall be approved by the Surveyor in his absolute discretion;
- (iii) the Surveyor shall have the option to purchase the Premises in lieu of any other person at the purchase price approved by the Surveyor in accordance with sub-paragraph (c)(ii) of paragraph 4 of this Schedule;
- (iv) Should the Surveyor not exercise its option as set out in sub-paragraph (c)(iii) of paragraph 4 of this Schedule the Lessee shall pay to the Surveyor a share of the Profit made by the Lessee on Dealing with the Premises to be calculated as follows:
  - (1) if the Dealing with is contracted during the year commencing on the fourth anniversary of the date of this underlease sixty per centum (60%) of the Profit;
  - (2) if the Dealing with is contracted during the year commencing on the fifth anniversary of the date of this underlease fifty per centum (50%) of the Profit;
  - (3) if the Dealing with is contracted during the year commencing on the sixth anniversary of the date of this underlease forty per centum (40%) of the Profit;
  - (4) if the Dealing with is contracted during the year commencing on the seventh anniversary of the date of this underlease thirty per centum (30%) of the Profit;



- (5) if the Dealing with is contracted during the year commencing on the eighth anniversary of the date of this underlease twenty per centum (20%) of the Profit;
  - (6) if the Dealing with is contracted during the year commencing on the ninth anniversary of the date of this underlease ten per centum (10%) of the Profit;
  - (7) if the Dealing with is contracted during the year commencing on the tenth anniversary of the date of this underlease five per centum (5%) of the Profit;
  - (8) as of the year commencing on the eleventh anniversary of the date of this underlease zero (0).
5. In the event of a sale of the Premises completed at any time during the first 10 years of the Term by the Lessor or Management Company following a forfeiture of the Premises at a time when there exists a Mortgage or by a Mortgagee or by a Court of competent jurisdiction at the suit of a Mortgagee or otherwise in the course of enforcement of a Mortgage the proceeds of sale shall as between the Lessor and the Lessee be applied in the following order and manner:
  - (a) in payment of all the monies secured by the Mortgage together with all interest and legal charges and costs;
  - (b) where there is any excess after payment of the amounts under paragraph (a) of this paragraph:
    - (i) such excess shall first be applied in making payment due to the Surveyor under paragraph 4 of this Schedule and the Lessee hereby directs the Mortgagee or proper Officer of the court to make such payment;

- (ii) any monies remaining after making the payment under sub-paragraph (i) of sub-paragraph (b) of this paragraph shall be paid to the Lessee (subject to any prior interests);
  - (c) where there is any excess after payment of the amounts under paragraph (a) of this paragraph and no payment is due to the Surveyor under sub-paragraph (i) of sub-paragraph (b) of this paragraph any such excess shall (as between the Lessor and the Lessee) be paid to the Lessee (subject to any prior interest).
- 6. In the event of a sale of the Premises by the Lessor or Management Company following forfeiture of the Premises at a time where there exists a Mortgage of the Premises or by a Mortgagee or by a Court of competent jurisdiction at the suit of a Mortgagee or otherwise in the course of enforcement of a Mortgage the Lessor the Management Company Mortgagee or Officer of the Court as the case may be may Deal with the Premises subject otherwise to the provisions of this Schedule not only in favour of persons who meet the requirements of paragraph 2 of this Schedule but also such other person as the Surveyor may in his absolute discretion permit.
- 7. Any document giving effect to any Dealing with the Premises by the Lessor Management Company Mortgagee or Court of competent jurisdiction in accordance with paragraphs 5 or 6 of this Schedule shall contain the same terms and provisions covenants and reservations as are contained in this Schedule except to the extent that the Surveyor may otherwise in his sole discretion agree previously in writing.

#### **THE EIGHTH SCHEDULE**

##### **Covenants on the part of the Management Company**

- 1. The Management Company shall pay all existing and future rates taxes assessments and outgoings now or hereafter imposed on or payable in respect of the Reserved Property from the commencement of the Term.

2. The Management Company shall insure the Property and keep it insured in an insurance office of repute to an amount equal to the full replacement value thereof against loss or damage by fire explosion aircraft and articles dropped therefrom, architect's and surveyor's fees and all other risks covered under the terms of a fully Comprehensive Policy including insurance in respect of the lifts and any other risks as the Management Company may deem necessary and shall also take out a policy of insurance in an insurance office of repute covering liability for injury to persons on the Property and shall make all payments necessary for those purposes within seven days after the same become payable and shall produce to the Lessee on demand the Policies of such insurance and the receipts for every such payment.
  
3. As often as any part of the Property is destroyed or damaged by fire or any other cause covered by the aforementioned insurance the Management Company shall rebuild and reinstate the same in accordance with the by-laws regulations and planning or development schemes of any competent authority for the time being affecting the same and it is hereby agreed that any moneys received in respect of the insurance above specified shall be applied so far as the same shall extend in so rebuilding or reinstating the Property and in the event of the Property or any part thereof being destroyed by fire or any other risk as aforesaid then in such case (unless the insurance of the Property shall have been vitiated by reason of the act or default of the Lessee's servants agents or visitors) the rents and Service Charge hereby reserved or a fair and just proportion of the same according to the extent of the damage sustained shall until the Property shall have been rebuilt or reinstated and made fit for occupation and use be suspended and cease to be payable.
  
4. The Management Company shall keep the Reserved Property and all fixtures and fittings therein and additions thereto in a good and tenable state of repair decoration and condition including the renewal and replacement of worn or damaged parts **PROVIDED** that nothing herein contained shall prejudice the Management Company's right to recover from the Lessee or any other person the amount or value of any loss or damage

suffered by or caused to the Management Company or the Reserved Property by the negligence or other wrongful act or default of the Lessee or such other person.

5. The Management Company shall before undertaking any structural repairs and before carrying out any repairs or works to the Reserved Property for the carrying out of which it requires access to the Premises give reasonable notice (and except in cases of emergency at least forty-eight hours' notice) in writing to the Lessee. The Management Company shall on giving such notice be entitled to effect such works of repair and in doing so to have any required access to the Premises but shall act carefully and reasonably doing as little damage as possible to the Premises and forthwith making good all damage done.
6. The Management Company shall keep the roads car parking spaces footpaths passages lamp-posts and communal areas and all other parts forming part of the Reserved Property properly cleaned and in good order and shall keep adequately lighted all such parts of the Reserved Property as are normally lit or as should be lit.
7. The Management Company shall pay the rent reserved by the Head Lease and shall perform and observe all the covenants on the Lessee's part therein contained so far as neither the Lessee nor any other owner is liable for such performance under the covenants on his part contained in this or a similar lease.
8. The Management Company shall keep proper books of accounts of all costs charges and expenses incurred by it in carrying out its obligations under this Schedule and an account shall be taken on the Thirty-first day of December next and on the Thirty-first day of December in every subsequent year during the continuance of this underlease and at the termination of this underlease of the amount of the said costs charges and expenses incurred since the commencement of this underlease or the date of the last preceding account as the case may be.

9. The account taken in pursuance of the last preceding paragraph shall be prepared and audited by an independent and competent accountant registered under the Auditor's Registration Acts who shall certify the total amount of the said costs charges and expenses (including the audit fee of the said account) for the period to which the account relates.
10. The Management Company shall within two months of the date to which the account provided for in paragraph 8 of this Schedule is taken serve on the Lessee a notice in writing stating the said total amounts certified in accordance with the last preceding paragraph.
11. The Management Company shall make available (at the expense of any lessee requiring the same) to the Lessee and their professional advisers all information and documents necessary or desirable to enable such lessees or their advisers to ascertain and satisfy themselves at their own expense of the manner in which the books and accounts of the Management Company are kept and made up and of the matters in respect of which the Management Company incurs expenditure.
12. If the notice served under paragraph 10 of this Schedule certifies that the amount paid by the Lessee under paragraphs 14 and 15 of Part I of the Sixth Schedule is not sufficient to reimburse the Lessee's proportionate contribution to the costs charges and other expenses incurred by the Management Company in carrying out its obligations under this Schedule for the period to which the said notice relates then the Lessee shall pay to the Management Company the said shortfall forthwith.
13. The Management Company shall do all other acts and things for the proper management administration and maintenance of the Reserved Property including (but without imposing any obligation on the Management Company so to do) the employment of managers, caretakers and porters and the engagement of accountants, auditors, solicitors and estate agents as the Management Company in its sole discretion shall think fit.

14. If at any time during the Term the Management Company incurs heavy or exceptional expenditure which forms part of the costs charges and expenses incurred by it in carrying out its obligations under this Schedule and otherwise under this Underlease the Management Company shall be entitled to recover from the Lessee an amount equivalent to the Service Charge Percentage of the whole of that expenditure on the last working day of the calendar month next following.
15. If the funds collected from the Lessee and Owners in accordance with paragraphs 14 and 15 of Part I of the Sixth Schedule prove insufficient to meet any immediate liability (and there is no reserve fund available, or which may be applied, to meet the liability) the Management Company shall be entitled to borrow money for the purpose from reputable banks at commercially competitive rates of interest, and the Service Charge Percentage of the capital and interest payable in the borrowing shall be recoverable from the Lessee.
16. With a view to securing so far as may reasonably be practicable that the Service Charge payable by the Lessee and the Owners shall be free of unnecessary fluctuation the Management Company shall be entitled to make provision for future budgeted expenditure with a view to spreading the same and to that end establish such reserve or sinking fund as may be thought fit in accordance with the principles of good estate management.
17. Any reserve or sinking fund established in accordance with paragraph 16 of this Schedule shall be established and maintained on normal accountancy principles for the renewal and replacement of capital equipment including (without limitation) lifts, plant machinery and equipment in or upon the Reserved Property and also repairs, decoration, maintenance and renewals and of complying with acts statutes bye-laws rules and regulations of all competent authorities and of the insurers in relation to the use occupation and enjoyment of the Property.
18. The Management Company shall be entitled to include in the costs charges

and expenses incurred by it in carrying out its obligations under this Schedule and otherwise under this underlease:

- (a) a reasonable fee for the provision of its services;
  - (b) the cost of employing managing agents for the carrying out and provision of services under this Schedule and otherwise under this underlease;
  - (c) any cost of the accountants or auditors for auditing its accounts or providing other services in connection with the Property;
  - (d) any cost of lawyers for providing services in connection with the Property.
19. The Lessee shall not be entitled to object to any amounts included in its accounts for the purposes of calculating the Service Charge (or any item comprised or omitted in it) on any of the following grounds that:
- (a) a charge has been included in a period subsequent to the date on which it was incurred;
  - (b) an item included at a proper cost might have been provided or performed at a lower cost;
  - (c) the Lessee disagreed with any estimate of future expenditure for which the Management Company requires to make provision so long as the Management Company has acted reasonably and in good faith and no manifest error exists;
  - (d) the Lessee is dissatisfied with the manner in which the Management Company exercises its discretion in providing services so long as the Management Company acts in good faith and in accordance with the principles of good estate management; or

- (e) the Management Company has employed managing agents to carry out and provide on the Management Company's behalf services under this Schedule and otherwise under this underlease.
20. The Management Company shall be a party to any assignment of the Premises.

#### **THE NINTH SCHEDULE**

##### **Rent Payable and Provisions for the Review of Rent**

The yearly rent reserved by this underlease shall be the Rent Percentage of the rent payable by the Lessor under the Head Lease.

#### **THE TENTH SCHEDULE**

##### **Restrictive and other covenants**

1. Where the Premises includes a car parking space the Lessee shall not assign sub-let share licence permit the occupation of or part with the possession of the said car parking space separately from that part of the Premises consisting of a flat.
2. The Lessee shall not keep or permit or suffer to be kept in the Premises or any part of the Property any material of a dangerous and combustible or explosive nature and shall not carry on in the Premises any trade or business whatsoever.
3. The Lessee shall not place or suspend or suffer to be placed or suspended any excessive weight on or from the floors ceilings or walls of the Premises or set up in or about the Premises any machinery engine or other apparatus other than the usual domestic appliances.
4. The Lessee shall not (except with the written consent of the Lessor and under the supervision of the Surveyor and to his satisfaction) erect upon or



affix to the Premises or any part thereof any machinery or mechanical or scientific or electrical apparatus and with such consent only if properly fitted with an approved suppressor against electrical interference to other apparatus.

5. The Lessee shall not permit or suffer to be used any lift for the carriage of goods or merchandise or of a greater number of persons than the number specified for that purpose by a notice affixed in the lift.
6. The Lessee shall not place leave or cause to be placed or left any furniture cycle pram toy box parcel bottle or other things nor any refuse or rubbish in any entrance landing passage stairway lift or other common part of the Property nor to throw or allow to be thrown anything whatsoever nor any refuse or rubbish out of any window of the Premises.
7. The Lessee shall not stop stand or park in any part of the Property any motor vehicle of the Lessee other than in bays or spaces clearly marked for parking and then only in accordance with any conditions or regulations that the Lessor and/or the Management Company may make regarding the use of the same.
8. The Lessee shall not make or suffer any unreasonable noise or do or cause or permit to be done anything whatsoever in the Premises so as to be a nuisance or cause annoyance to any Owner and any of the lessees or Owners or occupiers of adjacent or neighbouring buildings.
9. The Lessee shall not insert any rags dirt rubbish refuse or other substance into or leave in the sinks baths lavatories cisterns or any pipe in the Premises nor shall any obstruction or blockage be caused therein in any other manner whatsoever.
10. The Lessee shall not keep any animal bird or reptile in the Premises without the previous written consent of the Management Company first had and obtained.

11. The Lessee shall not allow any person or child to loiter or play in or about any part of the Property unless it is a part of the Property that has been specifically designated by the Management Company for the purposes of play.
12. The Lessee shall not hang or place or expose any clothes or other article outside the Premises except within such designated areas provided and no mat or other article shall be shaken out of any window or door thereof.
13. The Lessee shall comply with all further or other reasonable rules and regulations made at any time and from time to time by the Management Company in addition to or substitution for the foregoing rules and regulations or any of them which the Management Company may deem necessary or expedient for the safety care or cleanliness of the Property or any part thereof or for securing the comfort and convenience of all lessees in the Property **PROVIDED ALWAYS** that no such further or other rules or regulations may be made hereunder which shall subject the Lessee to any unusual or unreasonable burden.
14. The Lessee shall not erect or suffer to be erected any poles masts aerials or other apparatus outside the Premises (whether in connection with radio or television or otherwise) without the consent in writing of the Management Company first had and obtained.
15. The Lessee shall not build set up or maintain or suffer to be built set up or maintained on or in the Premises any building or erection other than or in addition to the structure now forming part thereof or make any alteration in the plan or elevation of the Premises or in the services or matters relating thereto or in any party or other wall or make or maintain or suffer to be made or maintained any addition thereto either in height or projection place or attach or maintain any structure whatsoever on or to any part of the Premises or make or suffer to be made any material change or addition whatsoever in or to the use of the Premises or any building or buildings or erection forming part thereof except where any necessary planning or

building permits have been obtained as may be required from time to time under any Acts.

**THE COMMON SEAL** of the LESSOR  
was affixed hereto in the presence of:-

**THE COMMON SEAL** of the  
**MANAGEMENT COMPANY** was  
affixed hereto in the presence of:-

**SIGNED SEALED and DELIVERED** by  
the LESSEE in the presence of:-

