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contract reg. 30

ROYAL MAIL GROUP LIMITED

and

POST OFFICE LIMITED

MASTER SERVICES AGREEMENT

Slaughter and May
One Bunhill Row
London EC1Y 8YY

510862042

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THIS AGREEMENT is made on 20 January 2012

BETWEEN:

1. **ROYAL MAIL GROUP LIMITED** a company registered in England and Wales whose registered office is at 100 Victoria Embankment, London, EC4Y 0HQ with the registered number 04138203 ("**Provider**"); and

2. **POST OFFICE LIMITED** a company registered in England and Wales whose registered office is at 148 Old Street, London, EC1V 9HQ with the registered number 02154540 ("**Recipient**"),

(each a "**Party**", and together the "**Parties**").

RECITALS

(A) The Parties are, at the date of this Agreement, companies within the same corporate group.

(B) It is expected that the Parties will, at a date after the date of this Agreement, cease to be within the same corporate group of companies and as such it is intended that they put in place agreements to formalise certain existing arrangements between the Parties and to prepare for the Parties to cease to be in the same corporate group by, amongst other things, providing for an orderly transition or termination of the Services that are currently provided by Provider to Recipient.

(C) This Agreement sets out the terms on which Provider shall provide the Services to Recipient and makes provision for the transition or termination of the Services.

(D) It is agreed that the Parties intend that this Agreement is not to operate as a permanent arrangement for the supply of the Services and that Provider is not in the business of providing services of the type provided for under this Agreement on a long term basis and as such the intention is for Recipient Group to migrate away from the Services in accordance with the terms of this Agreement.

1. INTERPRETATION

1.1 In this Agreement and the Schedules and Annexures to it:

2012-2013 Arrangements	has the meaning given to it in Clause 6.8 (Transferring Assets);
Actual Third Party Costs	has the meaning given to it in Paragraph 10 of Schedule 2 (Charges);
ADR Notice	has the meaning given to it in Clause 43.5 (Dispute Resolution);
Affected Party	has the meaning given to it in Clause 19.1 (Event of Force Majeure);

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Affected Service	has the meaning given to it in Clause 5.8(E) (In Flight Projects);
Affected Service Termination Date	has the meaning given to it in Clause 5.8(E) (In Flight Projects);
Aggregate Provider Charge	has the meaning given to it in Paragraph 14 of Schedule 2 (Charges);
Aggregate Recipient Charge	has the meaning given to it in Paragraph 13 of Schedule 2 (Charges);
Agreed Procurement Process	means the process in respect of procurement of goods and/or services by Provider on Recipient's behalf to be agreed between the Parties within 90 days of the date of this Agreement;
Agreement	means this agreement together with the Schedules and the Annexures;
Agreement to Agree	has the meaning given to it in Clause 32 (Agreements to Agree);
Amortised Capex Costs	means the Capex Costs of an asset which are amortised over the estimated useful life of such asset, as such period is determined in accordance with Provider's standard accounting policies that apply from time to time;
Annual Charges	means the Internal Charges to be paid, and Third Party Costs to be reimbursed, by Recipient to Provider for the provision of the Services in respect of a Charging Period as determined in accordance with Schedule 2 (Charges);
Annual Stranded Costs Cap	has the meaning given to it in Clause 12.3 (Separation and Recurring Stranded Costs);
Annual True Up	has the meaning given to it in Paragraph 15 of Schedule 2 (Charges);
Applicable Law	means any and all: (a) legislation (including statute, statutory instrument, treaty, regulation, order, procurement rules, directive, by-law, decree) and common law; (b) regulatory rules, guidance and licence conditions relating to either Party, the Services or otherwise as issued by a Regulator;

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(c) judgments, resolutions, decisions, orders, notices or demands of a competent court, tribunal, regulatory body or governmental authority in each case having the force of binding law or by which either Party is bound; and

(d) mandatory or recognised industry guidelines, standards or codes of conduct,

in each case in any jurisdiction relevant to the Parties, members of Provider Group, members of Recipient Group, the Services or to matters dependent on or affected by the Services;

Authorised User means each member of Recipient Group and each other person receiving or benefiting from (or, in each case, entitled to do so) the Services from time to time, including Recipient's Personnel and Third Party suppliers of Recipient Group whose business relationship involves the use of or access to the Services;

Breaking Service means a Service (or part thereof) procured pursuant to a Contract where the relevant Contract is terminating or expiring or has already terminated or expired;

Budgetary Round Period has the meaning given to it in Paragraph 1 of Schedule 2 (Charges);

Business Case means the written business case that has, prior to the date of this Agreement, been approved or considered by Provider in accordance with Provider's relevant governance process as at the date of this Agreement, for:

(a) an In Flight Project that is identified in Annexure 1 (In Flight Projects); and

(b) a Project that is deemed to be an In Flight Project pursuant to Clause 5.2 (In Flight Projects);

Business Day means any day (other than a Saturday or a Sunday) on which banks in London are open for general business (for the avoidance of doubt, other than solely for trading and settlement in Euros);

Business Sponsor has the meaning given to it in Paragraph 5.1 of Schedule 3 (Governance and Service Management);

Business Sponsors Board means the forum established pursuant to Paragraph 5 of

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	Schedule 3 (Governance and Service Management);
Capex Costs	means those Costs that Provider has incurred in respect of an asset which Provider treats as capital costs in its financial statements in accordance with Provider's standard accounting policies that apply from time to time;
CEDR	has the meaning given to it in Clause 43.5 (Dispute Resolution);
Change	means any matter which is, or is likely to lead to: (a) a material change in the specification, standard, scope or level of a Service; or (b) any other material change to a Service, in each case as provided under the terms of this Agreement but excluding Mandatory Changes;
Change Control Procedure	means the procedure by which a Change is made, which is set out in Schedule 5 (Change Control);
Change Control Request	has the meaning given to it in Paragraph 4 of Schedule 5 (Change Control);
Change Report	has the meaning given to it in Paragraph 5 of Schedule 5 (Change Control);
Charges	means the fees, costs and other amounts payable by Recipient to Provider in consideration for the provision of the Services and the performance of Provider's obligations pursuant to this Agreement determined in accordance with the terms of this Agreement;
Charging Period	means each annual period commencing on 1 April in each year and ending on 31 March in the succeeding year, in which Services are to be provided by Provider to Authorised Users and in respect of which Charges are payable;
Claim	includes a claim by any person (including a trade union, employee representative or a governmental, statutory or local authority or commission);
Commencement Transferred Employee	has the meaning given to it in Clause 28.3 (Personnel at Commencement);
Communications Director	means a person appointed in accordance with Clause 7.1

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(Communications);

Communications Plan	has the meaning given to it in Clause 7.4 (Communications);
Confidential Information	means all information obtained as a result of negotiating, entering into and/or performing this Agreement which relates to: (a) the provisions of this Agreement and the negotiations relating to this Agreement; (b) the Services; (c) the other Party to the extent that such information is marked as confidential or is of a commercially sensitive or confidential nature; (d) (in the case of Recipient's Confidential Information) one or more Authorised Users (including the business carried on by each Authorised User) and/or one or more Recipient Personnel, to the extent that such information is marked as confidential or is of a commercially sensitive or confidential nature; or (e) (in the case of Provider's Confidential Information) one or more members of Provider Group (including the business carried on by each of them) and/or one or more Provider Personnel, to the extent that such information is marked as confidential or is of a commercially sensitive or confidential nature;
Contact Centre Agreement	means the agreement which is set out in Annexure 2 (Contact Centre Agreement);
Contact Centre Services	means the services identified in Section L of Schedule 1 (Services);
Contract	means an agreement, licence or arrangement between Provider and a Third Party, under which services or goods are provided to Provider and used in or relied upon by Provider for the provision of a Service;
Contract Year	means the 12 month period commencing on the date of this Agreement and thereafter each successive 12 month period (or part thereof) commencing on an anniversary of the date of this Agreement;
Control	has the meaning given in section 450 of the Corporation Tax Act 2010, and "controlling" and "controlled by" shall be

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	interpreted in accordance with that definition;
Cost	means a cost, charge, expense, fee, amount, liability (including any Tax liability) or obligation to pay or discharge an obligation including (for the avoidance of doubt) such part of any such cost or other sum as represents Irrecoverable VAT in the hands of the person incurring (or, for VAT purposes, treated as incurring) such cost or other sum;
Current Official Mail Services Agreement	means each written agreement or arrangement that has been entered into prior to the date of this Agreement between any member of Provider Group and any member of Recipient Group in respect of the provision of any Official Mail Services or services that are substantially similar to any Official Mail Services;
Dependent Service Element	means any Service (or part thereof) which is dependent on the receipt or maintenance of a Third Party Consent;
Detailed Separation Plan	has the meaning given to it in Clause 14.4(C) (Separation Plans);
Dispute	has the meaning given to it in Clause 43.1 (Dispute Resolution);
Dispute Resolution Procedures	means the dispute resolution procedures set out in Clause 43 (Dispute Resolution), Clause 44 (Arbitration) and Clause 45 (Conduct of Disputes);
Employee Liability Information	has the meaning set out in Regulation 11 TUPE 2006;
Estimated Third Party Costs	has the meaning given to it in sub-paragraph 3(b) of Schedule 2 (Charges);
Estimate Notice	has the meaning given to it in Clause 12.6 (Separation and Recurring Stranded Costs);
Event of Force Majeure	means, in relation to either Party, a circumstance beyond the reasonable control of that Party, including, but not limited to: (a) acts of God; (b) acts of civil or military authority; (c) national emergencies; (d) fire;

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(e) flood;

(f) catastrophes;

(g) strikes;

(h) wars;

(i) industrial action;

(j) insurrections; and

(k) riots;

Exit Transferred Employee means:

(a) Martin Humphreys, Carl Nielsen, Philip Cruise, Andrew Christie and Carmel McCarthy and any replacements for any of the aforementioned individuals whose employment with the Provider or member of its Group ceases prior to the Relevant Service Cessation Dates; and

(b) any person employed by Provider or member of its Group and who is as at the relevant Service Cessation Date wholly or mainly engaged in the provision of:

(i) Finance Processing: Credit Management Centre services (FIN09), subject to a maximum of 1 employee;

(ii) Finance Processing: Accounts Payable services (FIN10), subject to a maximum of 1 employee;

(iii) Legal services, subject to a maximum of 1 employee;

(iv) Procurement Service Centre services (PCT02), subject to a maximum of 2 employees;

(v) Facilities Management and Facilities Management Contract Manager services, subject to: (a) a maximum of 4 employees; and (b) the three new area facilities managers and one facilities management contract manager roles identified in relation

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to the field service AFM service and contract management service for specific Recipient facilities management contracts within Facilities Management – Field Operations and Facilities Management – Contract Management not being filled, and the relevant employees not being transferred onto the Recipient's payroll, before 1 April 2012;

(vi) Contact Centre services (CON01), subject to a maximum of 127 employees save where Recipient has exercised its right to seek Additional Contact Centre services pursuant to Section L of Schedule 1 of this Agreement; and

(vii) certain Facilities Management Charges services (FCM07), subject to a maximum of 116 employees save where Recipient has exercised its right to seek additional Facilities Management Charges services;

Facilities	means the Shared Sites, assets, rights, goods, equipment, premises, land or properties employed or used by or on behalf of Provider in connection with the supply of the Services to Authorised Users and "**Facility**" means any one of them;
Facilities Management Services	means all of the Services set out in Section B of Schedule 1 (Services);
Finance Processing Service	means the Service identified in Section A(iv), of Schedule 1 (Services);
Finance Services	means all of the Services identified in Section A of Schedule 1 (Services);
Form of Novation Agreement	means the form of novation agreement set out in Schedule 9 (Form of Novation Agreement);
General Separation Plan	has the meaning given to it in Clause 14.4(A) (Separation Plans);
Governance Structure	has the meaning given to it in Paragraph 1.1 of Schedule 3 (Governance and Service Management);
Group	means Provider Group or Recipient Group, as the case may

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	be;
High Level Finance and IT Separation Plan	has the meaning given to it in Clause 14.4(B) (Separation Plans);
ICC	has the meaning given to it in Clause 44.1 (Arbitration);
ICC Rules	means the rules of Arbitration of the ICC;
Incremental Recurring Stranded Costs	means the Recurring Stranded Costs incurred as a result of the termination of a Service (or part thereof) prior to the relevant Service End Date for such Service and which are incremental to the Recurring Stranded Costs in relation to such Service (or part thereof) had such Service expired on the relevant Service End Date for such Service;
Indemnified Party	has the meaning given to it in Clause 23.1 (Conduct of Third Party Claims);
Indemnifying Party	has the meaning given to it in Clause 23.1 (Conduct of Third Party Claims);
In Flight Exit Costs	means: (a) in respect of Recipient, the Costs payable or to be paid by Recipient, or a member of Recipient Group, to a Third Party in respect of or relating to the suspension or termination of Recipient's or a member of Recipient Group's participation in any In Flight Project which Recipient, or a member of Recipient Group, would not have incurred but for the suspension or termination of such participation prior to completion of the relevant In Flight Project; and (b) in respect of Provider, the Costs payable or to be paid by Provider, or a member of Provider Group, to a Third Party in respect of or relating to the suspension or termination of any member of Recipient Group's participation in an In Flight Project which Provider, or a member of Provider Group, would not have incurred but for the suspension or termination of such participation prior to completion of the relevant In Flight Project;
In Flight Project	means: (a) the projects, enterprises or plans which are being carried out by, or on behalf of, Provider for the benefit of Provider Group and any member of

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Recipient Group at the date of this Agreement that are identified in Annexure 1 (In Flight Projects); and

(b) any Projects which are deemed to be In Flight Projects pursuant to Clauses 5.2, 5.3 and 5.9(A) (In Flight Projects);

Insolvency Practitioner means a person who is qualified to act as an insolvency practitioner in accordance with the provisions of the Insolvency Act 1986 or the Postal Services Act 2011;

Insolvent means, in respect of an entity:

(a) it suspends making payments on any of its debts or announces an intention to do so;

(b) by reason of actual or anticipated financial difficulties, it begins negotiations with any creditor for the rescheduling of any of its indebtedness outside the ordinary course of business;

(c) it is in breach of any covenant or other term of a loan or financial facility and a counterparty accelerates, or calls for repayment of, any outstanding indebtedness as a result of such breach;

(d) a moratorium is declared in respect of any of its indebtedness; or

(e) an Insolvency Practitioner has been appointed in respect of the whole or any part of its business;

Insolvent Party has the meaning given to it in Clause 11.6 (Term of this Agreement);

Intellectual Property means trade marks, patents, rights in designs, copyrights and database rights and topography rights (whether or not any of these is registered and including applications for registration of any such thing) and all rights or forms of protection of a similar nature or having equivalent or similar effect to any of these which may subsist anywhere in the world;

Inter-Business Trading has the meaning given to it in Clause 8.9(A) (Charges);

Internal Audit and Risk Management Service means all elements of the Service set out in Section A(i), FIN01 of Schedule 1 (Services);

Internal Charges means a reasonable estimate of the actual costs, expenses, fees and disbursements which are reasonably likely to be

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	incurred by any member of Provider Group in connection with the provision of the Services to Recipient which are determined in accordance with Paragraphs 1-5 of Schedule 2 (Charges) and, for the avoidance of doubt, excludes In Flight Exit Costs, Incremental Recurring Stranded Costs, Recurring Stranded Costs, Separation Costs, Third Party Consent Costs and Third Party Costs;
Irrecoverable VAT	means VAT input tax that is not available for credit, under VAT legislation and regulations, whether by way of a deduction, repayment or otherwise, in the hands of the person receiving (or, for VAT purposes, treated as receiving) the supply on which such input tax is borne;
IT Services	mean all of the Services identified in Section N of Schedule 1 (Services);
IT Systems	means the information technology and telecommunications systems (including, without limitation, all hardware, software, networks and peripherals) of a Party;
Liability and Liabilities	includes any award, compensation, damages, fine, loss, order, penalty, payment made by way of settlement and costs and expenses reasonably incurred in connection with a Claim or investigation (including any investigation by the Equality and Human Rights Commission or any other enforcement, regulatory or supervisory body and of implementing any requirements which may arise from any such investigation), legal costs and expenses are assessed on an indemnity basis;
Long Stop Date	means 31 March 2014;
Mails Distribution Agreement	means the Mails Distribution Agreement, dated 19 January 2012, between the Parties;
Mandatory Change	means:

(a) any matter which is, or is likely to lead to a change in the specification, standard, scope or level of a Service; or any other change to a Service (including to the manner of provision or receipt of a Service), in each case as provided under the terms of this Agreement, that is necessary:

(i) in order to ensure that the provision by Provider or receipt by Recipient of a Service (or part thereof) is not in breach of Applicable Law or as a result of a change in

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Applicable Law that affects the provision or receipt of a Service (or part thereof); or

(ii) in order for Provider to comply with a term of a Contract (as such term exists at the date of this Agreement); or

(b) a Mandatory Operational Change;

Mandatory Change Estimate has the meaning given to it in Clause 5.3 (In Flight Projects);

Mandatory Operational Change means any matter which is, or is likely to lead to a change in the specification, standard, scope or level of a Service; or any other change to a Service (including to the manner of provision or receipt of a Service), in each case as provided under the terms of this Agreement, where:

(a) such change is a consequence of a wider change being carried out across Provider Group;

(b) any refusal to implement the change by Recipient would adversely impact Provider Group; and

(c) which Provider considers reasonably necessary for Recipient to continue to receive a Service (or part thereof) in accordance with this Agreement;

Migration Data has the meaning given in Clause 14.15 (Separation Plans);

Mitigating Party has the meaning given in Clause 24 (Obligation to Mitigate);

MOU means the memorandum of understanding regarding certain real estate assets as set out in Annexure 3 (Property Schedule);

MSA Management Board means the forum established pursuant to Paragraph 6 of Schedule 3 (Governance and Service Management);

New Official Mail Services Agreement has the meaning given in Clause 15.2 (Contact Centre Services and Official Mail Services);

Novation Effective Date has the meaning given in the Form of Novation Agreement;

Ofcom means the Office of Communications or any successor that assumes its functions in relation to electronic communications;

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Official Mail Services	means the group of services that are identified in Paragraph 4 of Schedule 1 (Services) as "Official Mail" and with the separate service number "OFM01";
Opex Costs	means those Costs that Provider incurs in respect of an asset which Provider treats as operating costs in its financial statements in accordance with its standard accounting policies that apply from time to time;
Opt-in Date	has the meaning given to it in Clause 5.8 (In Flight Projects);
Other Party	has the meaning given to it in Clause 19.1 (Event of Force Majeure);
Outsourced Service	has the meaning given in Clause 20.4 (Contracts and Consents);
Payment	has the meaning given to it in Clause 1.2(K) (Interpretation);
Payment Obligation	has the meaning given to it in Clause 1.2(K) (Interpretation);
Pensions Administration Agreement	has the meaning given to it in Clause 4.2 (Post-Signing Services);
Persistent Breach	means: (a) a material breach of this Agreement; or (b) breaches of this Agreement that are repeated sufficiently often to have a material adverse impact on the business of the Party that did not cause the breach;
Persistent Breach of a Service	has the meaning given to it in Clause 11.3 (Term of this Agreement);
Personnel	means: (a) in relation to Recipient, employees, officers, representatives or agents of Recipient or staff seconded to Recipient from Provider Group; and (b) in relation to Provider, employees, officers, representatives or agents of Provider, who in each case are not seconded to Recipient and who are not Third Party Providers;
Postcomm	means the Postal Services Commission or any successor

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	that assumes its functions in relation to postal services;
Post-Signing Services	means the services described in Clause 4.1 (Post-Signing Services);
Post-Signing Services Charges	has the meaning given to it in Clause 4.4 (Post-Signing Services);
Post-Signing Services Start Date	has the meaning given to it in Clause 4.1 (Post-Signing Services);
Procurement Function	means the function being developed by Recipient and set up in accordance with the Procurement Plan, which shall provide for the procurement (in accordance with Applicable Law) of goods and services by Recipient from Third Parties;
Procurement Plan	means the plan agreed by the Parties in accordance with Clause 21 (Procurement Plan);
Procurement Plan Principles	means those principles set out in Schedule 8 (Procurement Plan Principles);
Procurement Service	means all elements of the Service set out in Section H of Schedule 1 (Services);
Procurement Staff	has the meaning given to it in Paragraph 2 of Schedule 8 (Procurement Plan Principles);
Project	means any project, enterprise or plan which relates to the Services;
Provider Data	means any data which is owned or controlled by RMG or a member of the RMG Group;
Provider Delay	has the meaning given to it in Clause 13.4(B) (Service Extensions);
Provider Dependencies	has the meaning given to it in Clause 13.3 (Service Extensions);
Provider Entity	has the meaning given to it in Clause 13.3 (Service Extensions);
Provider Extension Period	has the meaning given to it in Clause 13.4 (Service Extensions);
Provider Group	means Provider, any company controlling Provider and any company controlled by Provider, but excluding any company

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	that is part of Recipient Group;
Provider Records	has the meaning given to it in Paragraph 11 of Schedule 2 (Charges);
Quarter	means each period of three calendar months (or part thereof) during a Charging Period, with the first Quarter commencing on the commencement of a Charging Period;
Recipient Contract	has the meaning given to it in Paragraph 9 of Schedule 2 (Charges);
Recipient Contract Third Party	has the meaning given to it in Paragraph 9 of Schedule 2 (Charges);
Recipient Data	has the meaning given to POL Data in the Mails Distribution Agreement;
Recipient Group	means Recipient and any company controlled by Recipient;
Recipient Service Persistent Breach	has the meaning given to it in Clause 11.4 (Term of this Agreement);
Recipient Records	has the meaning given to it in Paragraph 12 of Schedule 2 (Charges);
Recoverable VAT	means VAT input tax that is available for credit, under VAT legislation and regulations, either by way of deduction, repayment or otherwise, in the hands of the person receiving (or, for VAT purposes, treated as receiving) the supply on which such input tax is borne;
Recurring Stranded Costs	means the actual Costs (including any Opex Costs and Amortised Capex Costs) incurred by Provider Group on a recurring basis as a direct consequence of the termination or expiry of a Service, or in connection with Shared Sites, premises, land or property which Recipient Group ceases to receive the benefit of and, in each case, which Provider cannot reasonably mitigate, excluding any: (a) Separation Costs; or (b) Costs in relation to any employees of Provider Group who transfer to the employment of Recipient Group, by way of TUPE 2006 or otherwise;
Regulator	means:

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(a) Postcomm; and

(b) Ofcom and any other regulatory, administrative, supervisory or governmental agency, body or authority (whether regional, national or supranational) to whose rules, regulations or guidance Provider or Recipient (or any assets, resources or business belonging to Provider or Recipient) is, from time to time, subject or submits or that otherwise relates to the Services including, without limitation, any listing authority and any Tax authority;

Relevant Person has the meaning given to it in Paragraph 1(B) of Schedule 6 (Separation);

Replacement Service means a service, the same or substantially similar to a:

(a) Service (or part thereof) which was dependent on a Facility (or part thereof) which is transferred to a Third Party in accordance with Clause 6.2 (Transferring Assets);

(b) Breaking Service;

(c) Dependent Service Element; or

(d) Outsourced Service;

Security Suspension has the meaning given to it in Clause 26.3 (Unauthorised Use);

Separation has the meaning given to it in Clause 14.1 (Separation Plans);

Separation Costs means:

(a) in respect of Recipient, one off Costs or other Costs incurred by a member of Recipient Group in contracting for, engaging in or arranging or paying for the receipt of goods, assets or services of a Third Party in replacement of a Service or the establishment, setting up or organising of a facility or asset (be it tangible or intangible) by or on behalf of Recipient or employing or engaging staff (whether pursuant to TUPE 2006 or otherwise) or other persons or sub-contractors to provide services or goods in replacement of the Services or to effect

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Separation; and

(b) in respect of Provider,

(i) one off Costs or other Costs incurred by a member of Provider Group in connection with Separation; and

(ii) any termination fees or payments payable to a Third Party Provider (exclusive of Recoverable VAT) and incurred by a member of Provider Group in accordance with the terms of a Contract in connection with terminating such Contract (or part of such Contract) as a result of Separation,

excluding any:

(c) Recurring Stranded Costs;

(d) increased Costs payable or to be paid by Provider, or a member of Provider Group, to a Third Party in accordance with a Contract as a result of a change to volume discounts in respect of goods and/or services provided by that Third Party to Provider or a member of Provider Group which arises as a result of Separation, or

(e) one off or other Costs incurred in connection with the physical separation of any Shared Sites, premises, land or properties;

Separation Plans mean the General Separation Plan, the High Level Finance and IT Separation Plan and the Detailed Separation Plan(s), and "**Separation Plan**" means any one of them;

Separation Principles means the principles set out in Paragraph 1 of Schedule 6 (Separation);

Separation Project Director has the meaning given to it in Clause 14.3 (Separation Plans);

Service means:

(a) each of the following services described in Schedule 1 (Services):

(i) Finance – Internal Audit and Risk

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Management;

(ii) Finance – Chief Accountant;

(iii) Finance – Facilities Management;

(iv) Finance – Processing;

(v) Finance – Treasury and Taxation – Corporation Tax;

(vi) Finance – Treasury and Taxation – VAT;

(vii) Finance – Treasury and Taxation – Employment Tax;

(viii) Finance – Treasury and Taxation – Stamp Duty Land Tax;

(ix) Finance – Treasury and Taxation – Treasury;

(x) Finance – Treasury and Taxation – Treasury (Insurance);

(xi) Finance – Treasury and Taxation – Treasury Disclosures;

(xii) Finance – Treasury and Taxation – HR Support;

(xiii) Finance – Treasury and Taxation – Medical Insurance Arrangements;

(xiv) Facilities Management;

(xv) Facilities Management – Charges;

(xvi) Fuel;

(xvii) Fleet Support;

(xviii) Company Secretary;

(xix) HR;

(xx) Print Management;

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(xxi) Storage;

(xxii) Procurement;

(xxiii) Property Management;

(xxiv) Physical Security;

(xxv) Information Security;

(xxvi) Contact Centre;

(xxvii) Services to Cease;

(xxviii) IT – RMG Infrastructure;

(xxix) IT – IT Desktop and Printing;

(xxx) IT – Technology Tools;

(xxxi) IT – Network services V4;

(xxxii) IT – Projects Support;

(xxxiii) IT – Commercial;

(xxxiv) IT – Communications;

(xxxv) IT – E-Business;

(xxxvi) IT – Finance Systems;

(xxxvii) IT – Supply Chain and Fleet;

(xxxviii) IT – HR;

(xxxix) IT – Legal/Company Secretary/Regulation;

(xl) IT – Property and Facilities;

(xli) IT – Service Desk; and

(b) any Post-Signing Service;

Service Cessation Date means the date that any Service (in whole or in part) terminates or expires;

Service End Date means in respect of:

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(a) each Service set out in Schedule 1 (Services) (save as otherwise provided in this Agreement and subject to paragraph (b) below) the date or notice period set out in Schedule 1 (Services) against each Service in the "Service End Date" row or, if earlier, any date agreed for the expiry of the relevant Service in the relevant Separation Plan;

(b) the IT Services and the Finance Services (save for the Short Term Finance Services), the respective expiry date for each such Service (or part thereof), specified in a notice served pursuant to Clause 10.2 (Termination of Services); or

(c) each Post-Signing Service, the date specified in or agreed pursuant to Clause 4.5 (Post-Signing Services),

in each case, as extended pursuant to Clause 13.1, Clause 13.4 (Service Extensions) and/or determined by the MSA Management Board pursuant to Clause 13.5 (Service Extensions);

Service Failure means a failure by Provider to supply, or procure the supply of, any Service in accordance with this Agreement;

Service Level Standard means (unless provided otherwise in this Agreement or in the relevant Separation Plan or unless otherwise agreed by the Parties) in respect of: (a) each Service, save for the Contact Centre Services, a scope, manner and standard (in terms of specification, performance and availability levels) in all material respects equivalent to the scope and standard to which such Service was supplied in the 12 month period immediately prior to the date of this Agreement; and (b) the Contact Centre Services, the service standards (in terms of specification, performance and availability levels) specified in Section L of Schedule 1 (Services) in respect of such Services;

Services to Cease means all of the Services set out in Section M of Schedule 1 (Services);

Shared Site means:

(a) a premises owned or leased by Provider or a member of Provider Group, of which Recipient or a member of Recipient Group occupies the whole or any part at the date of this Agreement; or

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	(b) a premises owned or leased by Recipient or a member of Recipient Group, of which Provider or a member of Provider Group occupies the whole or any part at the date of this Agreement;
Short Term Finance Services	means all of the Finance Services set out in: (a) FIN01 (Finance - Internal audit and risk management); (b)FIN12 (Finance - Treasury and Taxation - Corporation Tax); (c) FIN14 (Finance - Treasury and Taxation - VAT); (d) FIN15 (Finance - Treasury and Taxation - Employment Tax); (e) FIN16 (Finance - Treasury and Taxation - Stamp Duty Land Tax); (f) FIN17 (Finance - Treasury and Taxation - Treasury); (g) FIN18 (Finance - Treasury and Taxation - Treasury (Insurance)); (h) FIN19 (Finance - Treasury and Taxation - Treasury Disclosures); (i) FIN20 (Finance - Treasury and Taxation - HR Support); and (j) FIN21 (Finance - Treasury and Taxation - Medical Insurance Arrangements);
Solvent Party	has the meaning given to it in Clause 11.6 (Term of this Agreement);
Sub-Contractor	means each person or entity to whom a Party delegates the performance of any of its obligations under this Agreement;
Successor Provider	means a person succeeding Provider or any member of Provider Group in the provision or operation of any of the Services or any part thereof or services similar to the Services or any part thereof including, without limitation, a member of Recipient Group;
Tax	means all forms of taxation, whether of the United Kingdom or elsewhere, including income tax (including income tax or amounts equivalent to or in respect of income tax required to

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	be deducted or withheld from or accounted for in respect of any payment), corporation tax, advance corporation tax, capital gains tax, inheritance tax, value added tax, customs and other import or export duties, excise duties, transfer taxes or duties, National Insurance, social security or other similar contributions, and any interest, penalty, surcharge or fine relating to such taxation;
Tax Services	means those parts of the Treasury and Taxation Services related to Tax;
Tender	means a tender for the provision of goods and/or services;
Third Party	means any person that is not a member of either Provider Group or Recipient Group;
Third Party Consent Costs	has the meaning given to it in Clause 16.3 (Third Party Consents);
Third Party Consents	means such consents, licences, permits, approvals of, and any agreements with, Third Parties necessary for the provision and/or receipt of the Services;
Third Party Costs	means the Costs payable or to be paid by Provider, or a member of Provider Group, to a Third Party in respect of or relating to the provision of a Service or Replacement Service (as applicable) to Recipient during a Charging Period but excluding In Flight Exit Costs, Incremental Recurring Stranded Costs, Recurring Stranded Costs, Separation Costs and Third Party Consent Costs;
Third Party Loss	has the meaning given to it in Clause 18.1 (Liability in Respect of Third Party Providers);
Third Party Provider	means a Third Party that is a counterparty to a Contract;
Transaction	means Her Majesty's Government ceasing to have direct or indirect Control of Provider;
Transaction Date	means the date on which the Transaction completes;
Transfer Scheme	has the meaning given to it in Clause 6.5 (Transferring Assets);
Treasury and Taxation Services	means those Finance Services set out in Section A(v) to A(xiii);
TSA Driver	means a person appointed in accordance with Paragraph 3

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	of Schedule 3 (Governance and Service Management);
TUPE 2006	means the Transfer of Undertakings (Protection of Employment) Regulations 2006;
Unauthorised Use	means any access or use by a Party (or any member of that Party's Group, or its Personnel, Sub-Contractors and/or Authorised Users) of the IT Systems of the other Party or of any other member of the other Party's Group or any access, use or disclosure of any information, data or code (whether source code or object code) which is contained in, or utilised by, the IT Systems of the other Party or of any other member of the other Party's Group, which (in each case) is not expressly permitted by this Agreement or is outside the scope of its intended use under this Agreement (having regard to its use during the 12 month period prior to the date of this Agreement) or is outside the scope of an applicable Third Party Consent (if relevant); and
VAT	means any value added tax imposed under the Value Added Tax Act 1994 or any other legislation implementing the Directive of the Council of the European Union on the common system of value added tax (Directive 2006/112 EC) and any legislation supplemental thereto.

1.2 In this Agreement, unless otherwise specified:

(A) references to Clauses, Schedules and Annexures are to Clauses of and to Schedules and Annexures to this Agreement;

(B) a reference to a statute or statutory provision shall be construed as a reference to the same as it may have been, or may from time to time be, amended, modified or re-enacted;

(C) references to a "company" shall be construed so as to include any company, corporation or other body corporate, wherever and however incorporated or established;

(D) references to a "person" shall be construed so as to include any individual, firm, company, government, state or agency of a state or any joint venture, association or partnership (whether or not having separate legal personality);

(E) references to writing shall include any modes of reproducing words in a legible and non-transitory form but shall exclude electronic mail;

(F) references to times of the day are to London time and references to a month are to a calendar month;

(G) headings are for convenience only and do not affect the interpretation of this Agreement;

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(H) the words "including", "include", "in particular" and words of similar effect shall not be deemed to limit the general effect of the words that precede them;

(I) where the context so permits or requires, words importing the singular shall include the plural and vice versa;

(J) references to "indemnify" and "indemnifying" any person against any circumstance include indemnifying and keeping him harmless on an after-Tax basis from all actions, claims, demands and proceedings from time to time made against that person and all liabilities, loss, damages, payments, costs and expenses made or incurred by that person to the extent that they arise directly or indirectly in consequence of that circumstance;

(K) a reference to indemnifying any person on an "after-Tax basis" (the "**Payment Obligation**") means that the amount payable pursuant to such Payment Obligation (the "**Payment**") shall be calculated in such a manner as will ensure that, after taking into account:

(i) any Tax required to be deducted or withheld from the Payment;

(ii) the amount and timing of any additional Tax which becomes payable by the recipient of the Payment as a result of the Payments being subject to Tax in the hands of the recipient of the Payment; and

(iii) the amount and timing of any Tax benefit which is obtained by the recipient of the Payment to the extent that such Tax benefit is attributable to the matter giving rise to the Payment Obligation or to the receipt of the Payment,

(which amount and timing is to be determined by the auditors of the recipient at the shared expense of both parties and is to be certified as such to the party making the Payment), the recipient of the Payment is in the same position as that in which it would have been if the matter giving rise to the Payment Obligation had not occurred; and

(L) any notice, appointment or consent or agreement between the Parties made pursuant to or in connection with this Agreement, shall be in writing.

1.3 Subject to Clause 7.5 (Communications), if there is any conflict or ambiguity between any of the sections of this Agreement set out below or any other document referred to in this Agreement, the sections and the other documents shall be applied in the following order of precedence with the sections or documents higher in the order of precedence prevailing over the Parties:

(A) the Clauses; then

(B) the Schedules; then

(C) the Annexures; then

(D) any other document referred to in this Agreement.

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2. SERVICES

2.1 With effect from the date of this Agreement (or, if later, the date a service becomes a Service under this Agreement) and subject to the terms of this Agreement, Provider shall provide, or procure the provision of, the Services to each Authorised User and each Service shall be provided until its Service End Date.

2.2 Subject to Clause 2.3, in consideration for the Services provided to it, Recipient shall pay Provider the Annual Charges.

2.3 It is acknowledged and agreed that the amount of the Internal Charges in respect of Services to be provided in the Charging Period from 1 April 2011 up to and including 31 March 2012 are agreed. Accordingly, Paragraphs 1 to 5 of Schedule 2 (Charges) shall not apply to the calculation of such Internal Charges.

3. PERFORMANCE

3.1 Provider shall provide or procure the provision of each Service to each Authorised User to the Service Level Standard. Nothing in this Agreement, including Schedule 4 (Performance), shall require Provider to provide or procure the provision of any Service in a manner or to a standard more onerous than such Service Level Standard.

3.2 Subject to Clause 3.1 in respect of the availability of the Services, Provider shall treat the members of Recipient Group no less favourably than any of the businesses of Provider and/or any member of Provider Group.

3.3 The Parties shall co-operate, and shall procure that the members of their respective Groups co-operate, with each other in the provision and receipt of the Services (as the case may be) and in performing their other obligations under this Agreement, in a manner and to an extent, in all material respects, equivalent to the manner and extent the Parties and the members of their respective Groups co-operated with the other in the 12 month period immediately prior to the date of this Agreement.

4. POST-SIGNING SERVICES

4.1 Subject to Clause 4.2, if, after the date of this Agreement and on or prior to 31 March 2012, Recipient identifies any service (being a service that is not set out in Schedule 1 (Services)) that any Authorised User had been receiving which was provided by or on behalf of Provider in the 12 months prior to the date of this Agreement and such service is not provided pursuant to this Agreement, Provider shall, from a date appointed by Recipient in writing (acting reasonably) ("**Post-Signing Services Start Date**") provide those services or a substantially equivalent service ("**Post-Signing Services**").

4.2 Provider acknowledges that it provides the pensions administration services, including the pensions helpline, pursuant to the administration agreement between Royal Mail Pensions Trustee Limited and Provider dated on or about 1 April 2005 ("**Pensions Administration Agreement**") and shall continue to provide such services to Royal Mail Pensions Trustee Limited in accordance with the Pensions Administration Agreement until such agreement terminates or expires in accordance with its terms. Such services shall be excluded from the scope of Clause 4.1 and nothing in this

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Agreement is intended to give Recipient or any Authorised User any rights that Recipient or any Authorised User would not otherwise have (if any) under the Pensions Administration Agreement.

4.3 The Post-Signing Services shall not include:

(A) any services which are provided pursuant to the terms of another written agreement between Provider (or any member of Provider Group) and Recipient (or any other member of Recipient Group); and

(B) services which Provider has stopped providing to members of Provider Group and Recipient Group at the date of this Agreement.

4.4 Subject always to Paragraph 2 of Schedule 2 (Charges), the Post-Signing Services shall be charged on an equivalent basis to the Services set out in Schedule 1 (Services) ("**Post-Signing Services Charges**") and shall otherwise be subject to the terms of this Agreement. Provider shall in accordance with Paragraphs 3 and 6 of Schedule 2 (Charges) be entitled to adjust the monthly amount payable in respect of the Annual Charges to reflect:

(A) any Third Party Costs incurred in respect of the provision of the Post-Signing Services from the date the relevant Post-Signing Services are provided in accordance with Clause 4.1 up to 31 March 2012 (excluding any such Third Party Costs that have been included as part of the Annual Charges for the Charging Period from 1 April 2011 up to and including 31 March 2012); and

(B) the Post Signing Services Charges after 31 March 2012.

4.5 Subject to Clause 13.1, Clause 13.4 and Clause 13.5 (Service Extensions), the Post-Signing Services shall terminate on the Long Stop Date (or such other date as the Parties may agree).

5. IN FLIGHT PROJECTS

Current Projects

5.1 Recipient shall bear its proportion of the Opex Costs and Amortised Capex Costs of assessing and implementing each In Flight Project that is identified in Annexure 1 (In Flight Projects) and deemed to be an In Flight Project in accordance with Clause 5.2, as such proportion has been determined in the Business Case for such In Flight Project. If the Business Case does not amortise the Capex Costs or such proportion has not been determined in the Business Case, Recipient shall bear a just and equitable proportion, as determined by the MSA Management Board in accordance with Schedule 3 (Governance and Service Management), of Provider Group's Opex Costs and Capex Costs (which shall be amortised (for the estimated useful life of the assets subject of the relevant In Flight Project, as such period is determined in accordance with Provider's standard accounting policies that apply from time to time) for the purposes of calculating the just and equitable proportion payable by Recipient) of assessing and implementing such In Flight Project at such time as those Costs are payable by Provider Group.

5.2 If, on or prior to 31 March 2012, Provider identifies any Project which is not set out in Annexure 1 (In Flight Projects) but which was approved by a member of Provider Group prior to the date of this Agreement, such Project shall be deemed to be an In Flight Project. Provider shall, as soon as

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reasonably practicable after it has identified such Project, notify Recipient of the intended completion date of such In Flight Project and provide a description of such In Flight Project.

Mandatory Change Projects

5.3 Subject to Clause 5.5, if Provider undertakes any Project in respect of a Mandatory Change, such Project shall be deemed to be an In Flight Project and Recipient shall bear a just and equitable proportion of the Opex Costs and the Amortised Capex Costs of assessing and/or implementing those parts of such In Flight Project that Recipient participates in, such proportion to be determined based on the proportion of Recipient Group's anticipated use of such In Flight Project as it relates to the overall use by Provider Group and Recipient Group (taken together) of such In Flight Project and the period of time that Recipient is receiving a Service in relation to such In Flight Project, provided that Provider shall, to the extent reasonably practicable, provide a notice to Recipient:

(A) at least 20 Business Days prior to undertaking such In Flight Project;

(B) identifying the date(s) that Provider intends to undertake each part of such In Flight Project that Recipient shall participate in;

(C) identifying material resources (if any) which Recipient may be required to provide to Provider in order to assess and/or implement each part of such In Flight Project that Recipient shall participate in;

(D) setting out a description of the relevant Mandatory Change; and

(E) providing an estimate in respect of Recipient's just and equitable proportion of the Opex Costs and the Amortised Capex Costs of assessing and/or implementing each part of such In Flight Project that Recipient shall participate in ("**Mandatory Change Estimate**").

5.4 Where, in accordance with Provider's standard accounting policies which apply from time to time, payment of the relevant Opex Costs or Amortised Capex Costs are deferred until such time as Recipient Group is no longer receiving a Service to which a Project in respect of a Mandatory Change relates, Recipient shall bear a just and equitable proportion of the Opex Costs and Amortised Capex Costs in accordance with Clause 5.3 notwithstanding that Recipient Group has ceased to receive the relevant Service.

5.5 If Recipient receives a notice from Provider in accordance with Clause 5.3 for a Project in respect of a Mandatory Operational Change and Recipient does not wish to participate in such Project, Recipient may refer such dispute to the MSA Management Board, which shall determine whether Recipient is obliged to participate in such Project in accordance with Schedule 3 (Governance and Service Management). If the MSA Management Board does not reach a determination within 10 Business Days of the matter being referred to it, either Party shall have the right to escalate the matter to the Parties' CEOs in accordance with Schedule 3 (Governance and Service Management). If the matter is escalated to the Parties' CEOs and the CEOs do not reach a determination within 10 Business Days of the matter being referred to them, Recipient shall be required to participate in the relevant Project.

5.6 Where a Project in respect of a Mandatory Operational Change is required to be implemented as a matter of urgency and it is not reasonably practicable for Provider to provide Recipient with a notice

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in accordance with Clause 5.3 or to escalate the matter to the MSA Management Board and/or the Parties' CEOS in advance of commencement of the implementation of the Project in respect of the Mandatory Operational Change, Recipient shall participate in such Project. Provider shall provide the notice required under Clause 5.3 as soon as reasonably practicable after the commencement of such Project. If, subsequent to the commencement of Recipient's participation in such Project, Recipient refers the Project to the MSA Management Board under Clause 5.5 and the MSA Management Board and the Parties' CEOs (if applicable) determine that Recipient is not obliged to participate in such Project, Recipient shall be entitled to exit such Project at no Cost to Recipient.

5.7 If:

(A) notice to terminate a Service (in whole or part) is served in accordance with the terms of this Agreement prior to Provider notifying Recipient of its intention to implement a Project in respect of a Mandatory Operational Change in relation to such terminating Service in accordance with Clause 5.3; or

(B) the Service End Date for a Service, in respect of which a Project for a Mandatory Operational Change relates, expires prior to the scheduled implementation date for such Project,

Clause 5.3 shall not apply and Provider shall exclude members of Recipient Group from any Project implementing Mandatory Operational Changes in respect of the relevant Service (or part thereof) for which notice to terminate has been served under Clause 5.7(A) or for which the Service End Date expires prior to the scheduled Project implementation date under Clause 5.7(B) (as the case may be).

Future Optional Projects

5.8 If, from the date of this Agreement, Provider intends to undertake any Projects which are not In Flight Projects which are identified in Annexure 1 (In Flight Projects) or referred to in Clauses 5.2 or 5.3, Provider shall, to the extent reasonably practicable, provide a notice to Recipient:

(A) at least 20 Business Days prior to implementing such Project;

(B) identifying the date that Provider intends to implement such Project;

(C) identifying material resources (if any) which Recipient may be required to provide to Provider in order to assess and/or implement such Project;

(D) setting out a description of such Project;

(E) identifying any Service (or part thereof) which shall be affected by Recipient's lack of participation in such Project ("**Affected Services**") and the date that the Affected Services shall terminate if Recipient does not participate in such Project ("**Affected Service Termination Date**");

(F) identifying the date by which Recipient must notify Provider that it wishes to participate in such Project ("**Opt-in Date**"), which shall be no less than 4 Business Days prior to the date referred to in Clause 5.8(B); and

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(G) providing an estimate in respect of Recipient's just and equitable proportion of the Opex Costs and Amortised Capex Costs of assessing and implementing such Project.

5.9 If Recipient:

(A) notifies Provider by the Opt-in Date that it wishes to participate in a Project referred to in Clause 5.8, such Project (or relevant part thereof) shall be deemed to be an In Flight Project and Recipient shall bear a just and equitable proportion of the Opex Costs and Amortised Capex Costs of assessing and implementing those parts of such In Flight Project that Recipient participates in, for the period of time that Recipient is receiving a Service in relation to such In Flight Project; or

(B) notifies Provider by the Opt-in Date that it does not wish to participate in any Project referred to in Clause 5.8 or does not provide a response to Provider by the Opt-in Date, such Project shall not be deemed to be an In Flight Project.

Exit Costs

5.10 Recipient may:

(A) by providing written notice to Provider, request an estimate of Provider's In Flight Exit Costs in respect of an In Flight Project (such notice shall specify the In Flight Project that Recipient wishes to suspend or terminate its participation in, the date that Recipient wishes to suspend or terminate its participation and such other information as Provider may reasonably request). Provider shall provide such estimate to Recipient in writing no later than 20 Business Days after the date of Recipient's notice; and

(B) save in respect of In Flight Projects referred to in Clause 5.1 which are identified in Annexure 1 (In Flight Projects) as mandatory projects and In Flight Projects referred to in Clause 5.3, suspend or terminate its participation in an In Flight Project by providing no less than 20 Business Days' written notice to Provider provided that, if it does so, Recipient shall reimburse Provider for all Provider's In Flight Exit Costs in respect of such In Flight Project.

5.11 Provider may:

(A) by providing written notice to Recipient, request an estimate of Recipient's In Flight Exit Costs in respect of an In Flight Project (such notice shall specify the In Flight Project that Provider wishes to suspend or terminate, the date that Provider wishes to suspend or terminate such In Flight Project and such other information as Recipient may reasonably request). Recipient shall provide such estimate to Provider in writing no later than 20 Business Days after the date of Provider's notice; and

(B) suspend or terminate an In Flight Project by providing no less than 20 Business Days' written notice to Recipient provided that, if it does so, Provider shall reimburse Recipient for all Recipient's In Flight Exit Costs in respect of such In Flight Project.

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5.12 If both Parties agree in writing to suspend or terminate an In Flight Project, the Parties shall agree a just and equitable allocation of the Costs which arise in connection with suspension or termination of such Project.

6. TRANSFERRING ASSETS

6.1 To the extent that any Facility or Contract (or part thereof) is necessary for the provision by Provider to Recipient of any Service (or part thereof) under this Agreement and all or part of such Facility or Contract is transferred out of the control of Provider at any time following the date of this Agreement to a member of Recipient Group in accordance with a Separation Plan, or as otherwise agreed by the Parties, such that Provider is no longer able to provide any Service (or part thereof), provision of the Service (or part thereof) which is affected by the transfer of the Facility or Contract shall immediately terminate upon the date of such transfer. Notwithstanding this Clause 6.1, Provider acknowledges that if a Shared Site, or any other premises, land or property is transferred out of its control to a member of Recipient Group, such transfer shall not affect the provision by Provider of any of the Facilities Management Services provided that Recipient provides, or procures the provision, of such access to the relevant Shared Site, or other premises, land or property and any utilities, facilities or other resources at such Shared Site, or other premises, land or property which is reasonably required for the provision of the Facilities Management Services.

6.2 Subject to Clause 6.3, if Provider, or any member of Provider Group, intends to transfer any Facility (or part thereof) to a Third Party such that Provider, or any member of Provider Group, is no longer able to provide any Service (or part thereof), it shall notify Recipient as soon as reasonably practicable of its intention to transfer such Facility (or part thereof) to a Third Party and to the extent that any such Facility (or part thereof) is transferred to a Third Party:

(A) Provider shall continue to provide the relevant Service (or part thereof), or on or before the date the Facility (or part thereof) is transferred to a Third Party, Provider shall procure the provision of a Replacement Service and shall bear all procurement Costs incurred by it in connection with the performance of its obligations pursuant to this Clause 6.2(A) (including the legal costs incurred in respect of running the procurement process);

(B) any relevant Internal Charges shall: (i) continue to be payable if Provider continues to provide the relevant Service (or part thereof); or (ii) if Provider procures the provision of a Replacement Service, cease to be payable in accordance with Clause 12.10(A) (Separation and Recurring Stranded Costs);

(C) Recipient shall pay all Third Party Costs in respect of the provision of the relevant Replacement Service in accordance with Schedule 2 (Charges); and

(D) each Party shall bear any Separation Costs incurred by it in connection with the circumstances specified in this Clause 6.2.

6.3 If it is not reasonably possible to continue to provide the relevant Service (or part thereof) or procure the provision of a Replacement Service in the circumstances specified in Clause 6.2:

(A) prior to the date the Facility (or part thereof) is transferred to a Third Party, Provider shall run a procurement process on behalf of Recipient, at Provider's Cost (and such Costs shall include the legal costs incurred in respect of running the procurement process) and shall

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use all reasonable endeavours to procure alternative goods or services to a specification and on terms specified by Recipient in accordance with the Agreed Procurement Process;

(B) unless otherwise agreed in writing by the Parties, Recipient shall enter into a replacement contract with a Third Party in Recipient's name in respect of the relevant goods and/or services in accordance with the Agreed Procurement Process;

(C) the Internal Charges in respect of the relevant Service shall cease to be payable in accordance with Clause 12.10(A) (Separation and Recurring Stranded Costs);

(D) Recipient shall pay all charges due to Third Parties in respect of the provision of the relevant goods and/or services in accordance with Schedule 2 (Charges);

(E) each Party shall bear any Separation Costs incurred by it in connection with the circumstances specified in this Clause 6.3; and

(F) Provider's obligation to continue to provide the relevant Service (or part thereof) or procure the Replacement Service shall terminate on the earlier of: (i) the date that the relevant Facility is transferred to a Third Party; and (ii) the date that the Third Party to the replacement contract is obliged to provide the alternative goods or services to Recipient, save in respect of Provider's obligation specified in Clause 6.3(A), Provider shall have no liability under this Agreement for its failure to procure a Replacement Service.

6.4 The Parties acknowledge and agree that this Clause 6 (Transferring Assets) and the MOU, which the Parties acknowledge sets out the principal commercial terms agreed between the Parties in respect of property related separation issues but is not legally binding, represents the sum of the terms agreed between them in relation to the Shared Sites.

6.5 Each Party will procure that the provisions of the MOU including the dispositions of estates and interests in land are implemented and will act reasonably and in good faith and use its best endeavours to do so by way of a transfer scheme under the Postal Services Act 2011 (the "**Transfer Scheme**") to be put in place as soon as reasonably practicable to take effect as of 26 March 2012 (or such other later date as is agreed between the Parties acting reasonably) failing which in such other manner as the Parties, acting reasonably, shall agree.

6.6 The Parties will continue with the programme of preparation of separation surveys and site plans for each of the Shared Sites with a view to completing that work as soon as reasonably practicable.

6.7 From the date of this Agreement until 26 March 2012 the Parties' occupation of the Shared Sites shall continue to be governed by the intercompany charging arrangements existing at the date of this Agreement and each Party shall permit the other to occupy the Shared Sites as currently permitted.

6.8 From and including 26 March 2012 until the effective date of the Transfer Scheme (or other agreed manner of disposition) in respect of a Shared Site, the Parties' occupation of such Shared Site shall be governed by the intercompany charging arrangements for the financial year 2012-2013, which are to be agreed by the Parties acting reasonably and which shall exclude any amounts attributable to rent payable in respect of occupation of a Shared Site but shall include all other occupational costs usually included within the intercompany charging arrangements (the "**2012-13**

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Arrangements") and each Party shall permit the other to occupy the Shared Sites as currently permitted.

6.9 From and including the effective date of the Transfer Scheme in respect of a Shared Site, the Parties' occupation of such Shared Site shall be as provided for in the Transfer Scheme and any relevant documentation arising out of the Transfer Scheme, provided that:

(A) the charges payable under the 2012-13 Arrangements shall remain payable for the whole of that financial year;

(B) any service charge regimes under any leases of any Shared Sites due to be put in place under the Transfer Scheme shall not commence until 26 March 2013; and

(C) there shall be no double-counting of any amount or head of charge to the extent there is any duplication between amounts payable under the 2012-13 Arrangements and any other provision of this Agreement.

7. COMMUNICATIONS

7.1 Each Party shall appoint a person as its "**Communications Director**" and an alternate on or before 1 April 2012 and shall immediately notify the other Party of such appointments. Either Party may change the identity of its Communications Director by way of 5 Business Days' written notice to the other.

7.2 Recipient shall ensure that all corporate communications and announcements to be made by Recipient or any member of Recipient Group or any Third Party on behalf of Recipient or any member of Recipient Group, in each case prior to 1 April 2012, shall only be made with the prior written consent of the Provider's Communications Director.

7.3 The Parties acknowledge that their brands impact on each other in the minds of the public, press and politicians and that they have linked reputational issues.

7.4 At the end of each calendar month each Party's Communications Director shall discuss with the other Party's Communication Director its plan for communications to the public and customers ("**Communications Plan**") where such communication is relevant to the relationship between the Parties. Each Communications Director shall, to the extent permitted by Applicable Law, in good time prior to any announcement which is directly relevant to the other Party:

(A) notify the other Party of such announcements;

(B) provide an advance copy of all such announcements, including internal and external communications and press releases; and

(C) consider in good faith any substantive comments received from the other Party prior to making such announcement.

7.5 For the avoidance of doubt, this Clause 7 shall not prevail over clause 6 of the Mails Distribution Agreement.

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7.6 This Clause 7 shall cease to be effective on the Transaction Date or such other date as the Parties may agree.

8. CHARGES

General

8.1 Recipient shall pay the Charges and all other sums payable by Recipient pursuant to this Agreement in accordance with this Clause 8.

8.2 The Annual Charges payable by Recipient are to be determined and allocated on the basis of, and in accordance with, Schedule 2 (Charges) and Recipient shall use all reasonable endeavours to assist Provider in order for Provider to undertake the calculations necessary to determine the relevant Third Party Costs.

8.3 All sums payable by one Party to another Party under this Agreement shall be paid free and clear of all deductions, withholdings or encumbrances whatsoever, save only as may be required by Applicable Law. If any deductions or withholdings are required by Applicable Law to be made from any of the sums payable under this Agreement, the payer shall be obliged to pay to the payee such sum as will, after the deduction or withholding has been made, leave the payee with the same amount as it would have been entitled to receive in the absence of any such requirement to make a deduction or withholding.

8.4 If the payee receives a credit for or refund of any Tax payable by it or similar benefit by reason of any deduction or withholding made under Applicable Law then it shall reimburse to the payer such part of such additional amounts paid to it pursuant to Clause 8.3 above as the payee certifies to the payer will leave it (after such reimbursement) in no better and no worse position than it would have been if the payer had not been required to make such deduction or withholding.

8.5 Any sum payable under this Agreement by one Party to another Party is exclusive of any amount in respect of any VAT chargeable on the supply for which that sum is the consideration and, accordingly:

(A) if anything done by Provider pursuant to this Agreement (including, without limitation, the performance by Provider of any of the Services) is a supply on which VAT is chargeable, Recipient shall pay to Provider, in addition to any amounts otherwise payable under this Agreement, an amount equal to any VAT so chargeable against delivery of a valid VAT invoice; and

(B) if anything done by Recipient pursuant to this Agreement is a supply on which VAT is chargeable and that is made (or, for VAT purposes, treated as made) to a member of Provider Group, Provider shall pay to Recipient, in addition to any amounts otherwise payable under this Agreement, an amount equal to any VAT so chargeable against delivery of a valid VAT invoice.

8.6 For the avoidance of doubt, the provisions of Clause 8.5 shall have effect both in the case where anything done by either Party is a supply on which VAT is chargeable at the date of entering into this Agreement and in the case where anything done by either Party becomes a supply on which VAT is chargeable only as from a future date, the latter case including (without limitation) where

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anything so done becomes a supply on which VAT is chargeable in consequence of Provider and Recipient ceasing, for any reason, to be members of the same group of companies for VAT purposes.

8.7 Unless expressly permitted otherwise under this Agreement, all payments made under this Agreement shall be made in full without any set-off, restriction, condition and without any deduction for or on account of any counterclaim.

8.8 All amounts payable under this Agreement shall be paid in pounds sterling, and unless otherwise agreed in writing by the Parties, via BACS or an equivalent payment system.

Charging Mechanics Pre Transaction Date

8.9 The Parties acknowledge that the following are the payment mechanics in place at the date of this Agreement in respect of sums due to Provider in connection with the provision of services equivalent to the Services:

(A) 5 Business Days prior to each accounting period end, Provider raises a charge in respect of the amounts owing by Recipient in connection with the provision of services equivalent to the Services and all other trading between Provider Group and Recipient Group ("**Inter-Business Trading**") through Provider's finance system;

(B) on or prior to the second Business Day after each accounting period end, all charges payable in respect of Inter-Business Trading are set off and any amount owing by one Party to the other Party is recorded by Provider in the ledger known as the "Internal Funding Account"; and

(C) on or prior to the tenth Business Day after each financial month end, the net amount owing by a Party to the other Party is paid using BACS or an equivalent payment system.

8.10 The Annual Charges in respect of each month for Services provided from the date of this Agreement to the Transaction Date and all other Charges payable by Recipient to Provider pursuant to this Agreement up to the Transaction Date shall be payable in accordance with the payment mechanics described in Clause 8.9.

8.11 With effect from 1 April 2012 up to the Transaction Date, Provider shall provide Recipient with a summary of the Annual Charges and all other Charges payable by Recipient to Provider pursuant to this Agreement, together with reasonably supporting documents in respect of the Annual Charges and such other Charges.

Charging Mechanics Post Transaction Date

8.12 With effect from the Transaction Date, the Annual Charges and all other Charges payable by Recipient to Provider pursuant to this Agreement after the Transaction Date shall be payable in accordance with the payment mechanics described in Clauses 8.1 - 8.8 (inclusive) and Clauses 8.12 - 8.17 (inclusive).

8.13 Provider shall provide Recipient with an electronic monthly single invoice not later than 7 days following the end of each month within a Charging Period in respect of the relevant proportions of

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the Annual Charges to be payable in respect of the relevant month (unless otherwise agreed in writing by the Parties) and each invoice will represent one of twelve equal portions of the Annual Charges payable in the Charging Period. The Annual Charges payable in respect of that month shall be due and payable within 14 days of the date of the invoice, provided Recipient has received a relevant invoice from Provider.

8.14 Subject to Recipient receiving the relevant invoice from Provider, if, other than pursuant to Clause 8.16, Recipient fails to pay an invoice within:

(A) 14 days of the date of the relevant invoice to which the payment relates, the liability of Recipient shall be increased to include interest on the outstanding balance of such sum from the initial date on which that sum was due until the date of receipt of payment (both before and after judgment) at a rate of two (2) per cent per annum above Barclays Bank's base lending rate at the initial date on which the sum was due;

(B) 20 days of the date of the relevant invoice to which the payment relates, Provider shall telephone Recipient to remind Recipient payment is due or send Recipient a written reminder;

(C) 26 days of the date of the relevant invoice to which the payment relates, Provider shall send Recipient a second written reminder; and

(D) 32 days of the date of the relevant invoice to which the payment relates, Provider shall be entitled to notify Recipient that it is suspending, or will suspend, the relevant Services (or part thereof) that are subject of the unpaid amount, provided that such notice sets out the date such suspension shall take effect (which shall be no earlier than 5 Business Days from the date of such notice) and, in all cases prior to Provider issuing any such notice, the Party's respective CEOs shall discuss whether or not such a notice will be issued by Provider.

8.15 If Provider suspends any relevant Services (or part thereof) in accordance with Clause 8.14(D), Provider may only suspend the relevant Services (or part thereof) from the date set out in such notice until the date Recipient pays the relevant unpaid amount and any interest that has accrued in accordance with Clause 8.14(A).

8.16 Recipient may only withhold payment in respect of any Charges to the extent that all or such portion of such Charges are the subject of a bona fide Dispute. In which case, Provider and Recipient shall utilise the Dispute Resolution Procedures to resolve the matter. Upon settlement of a Dispute, interest shall be paid on any such disputed amounts which are agreed or finally determined to be payable at a rate of two (2) per cent per annum above Barclays Bank's base lending rate from the initial date on which those disputed charges were due in accordance with Clause 8.13 until the date of receipt of payment.

8.17 All sums payable by one Party to the other Party pursuant to this Agreement, on or after the Transaction Date, that are not Charges shall be paid within 30 days of the obligor being given an invoice of such sums by the obligee.

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9. CHANGE MANAGEMENT

9.1 Any Changes shall be progressed by the Parties through the Change Control Procedure contained in Schedule 5 (Change Control).

9.2 The Costs of implementing Changes will be chargeable in accordance with Schedule 5 (Change Control).

10. TERMINATION OF SERVICES

10.1 Subject to Clause 13.1, Clause 13.4 and Clause 13.5 (Service Extensions), and save in respect of the Finance Services and IT Services, any Services that have not expired or been terminated by the Long Stop Date shall immediately terminate on that date.

10.2 Subject to Clause 13.4 and Clause 13.5 (Service Extensions), either Party may terminate the provision or receipt of all of the Finance Services and/or IT Services or one or more of the Finance Services and/or IT Services on no less than 24 months' written notice to the other Party (or (a) such shorter notice period; and/or (b) any part of a Finance Service and/or IT Service, as the MSA Management Board may determine in accordance with Schedule 3 (Governance and Service Management)), such notice to be served only after consultation by the MSA Management Board in accordance with Schedule 3 (Governance and Service Management) and in any event not to expire prior to 31 May 2014 unless otherwise agreed in writing by the Parties.

10.3 Subject to Clauses 10.4, 12.7 and 12.8 (Separation and Recurring Stranded Costs), Recipient may, with the prior written consent of Provider (such consent not to be unreasonably withheld or delayed) terminate a Service or part of a Service, other than the Finance Services and IT Services, for convenience by providing no less than 90 Business Days' written notice to Provider, or such longer notice period as Provider may reasonably require.

10.4 If Recipient provides a notice to Provider under Clause 10.3, the Parties shall discuss such request in good faith within 15 Business Days of receipt of the request by Provider and Provider shall not unreasonably withhold or delay its consent to the requested termination (in whole or part), and shall in any event provide a response to Recipient's request within 15 Business Days following the Parties' discussion. Provider shall, to the extent reasonably practicable, provide Recipient with details of any elements of the Services which are likely to be affected by the proposed whole or partial termination of a Service.

10.5 If Provider does not provide its consent to Recipient's notice of termination under Clause 10.3, Recipient may refer its request for termination to the MSA Management Board. In accordance with Schedule 3 (Governance and Service Management), the MSA Management Board shall discuss in good faith and reasonably consider the termination request and shall determine whether or not Recipient's request for termination should be granted. For the avoidance of doubt, Recipient may refer its termination request to the MSA Management Board under this Clause 10.5 irrespective of Provider's reasons for withholding its consent to the termination. If the MSA Management Board:

(A) decides to grant Recipient's request for termination, the relevant Service or Services (or part thereof) shall terminate on expiry of the notice period set out in Recipient's notice (provided such period complies with Clause 10.3) or such other period determined by the MSA Management Board; or

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(B) decides not to grant Recipient's request for termination or does not reach agreement, the relevant Service or Services (or part thereof) shall continue until the Service End Date in respect of the relevant Service.

10.6 The Parties acknowledge that it shall not be unreasonable for Provider to withhold its consent to termination of an IT Service (in whole or part) by Recipient prior to the Service End Date where Provider reasonably believes the provision of the relevant IT Service is reasonably necessary to enable Provider to provide any other Service.

10.7 The cessation of any Service provision (for whatever reason) shall not prejudice the rights accrued by either Party up to the date such Service ceased to be provided.

10.8 Upon the termination of a Service (or part thereof) in accordance with the terms of this Agreement, Recipient shall, unless otherwise agreed in writing by Provider, lose any right to have that Service (or the relevant part) provided to it.

10.9 Provider shall not be in breach of this Agreement (or otherwise be liable to Recipient) for any failure or delay to provide any Service (or part thereof) to the extent such failure or delay is caused by the termination, expiry or suspension of another Service in whole or part in accordance with this Agreement, other than where a Service is terminated by Provider in accordance with Clauses 20.4 or 20.6 (Contracts and Consents) or by Recipient in accordance with Clause 11.3 (Term of this Agreement), provided that Provider shall:

(A) give Recipient, to the extent reasonably practicable, prompt written notice of the effects it anticipates that termination, expiry or suspension (as the case may be) of a Service (in whole or part) is likely to have on the provision of the Services and/or the ability of Provider to perform its obligations under this Agreement; and

(B) despite such termination, expiry or suspension (as the case may be) of a Service (in whole or part), use its reasonable endeavours to continue to perform its obligations under this Agreement and to mitigate the adverse consequences (including its own costs) of termination of a Service (in whole or part) without any obligation to incur additional cost or use additional resources.

In the case of suspension of a Service (in whole or part), the relief from liability under this Clause 10.9 shall last for the duration of such suspension only.

10.10 Provider shall not be in breach of this Agreement (or otherwise be liable to Recipient) for any failure or delay to provide any Service (or part thereof) to the extent such failure or delay is caused by termination of another Service in whole or part by Provider in accordance with Clauses 20.4 or 20.6 (Contracts and Consents) or by Recipient in accordance with Clause 11.3 (Term of this Agreement), provided that Provider shall:

(A) give Recipient, to the extent reasonably practicable, prompt written notice of the effects it anticipates that termination of a Service (in whole or part) is likely to have on the provision of the Services and/or the ability of Provider to perform its obligations under this Agreement; and

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(B) despite such termination of a Service (in whole or part) by Provider or Recipient (as the case may be), use all reasonable endeavours to continue to perform its obligations under this Agreement (including provision of any Services which may be impacted by the termination of such Service) and to mitigate the adverse consequences of termination of such Service (in whole or part).

11. TERM OF THIS AGREEMENT

11.1 This Agreement shall commence on the date of this Agreement and shall automatically terminate on the date that the last of the Services (or part thereof) terminates or expires in accordance with this Agreement.

11.2 Either Party shall have the right, without prejudice to its other rights or remedies, to terminate this Agreement by providing 20 Business Days' notice to the other Party where the other Party is in Persistent Breach of this Agreement and either such breach is not capable of remedy or, if the breach is capable of remedy, the Party in breach has failed to remedy the breach within 30 Business Days of receiving notice requiring it to do so.

11.3 Recipient shall have the right to terminate a Service by providing 20 Business Days' notice to Provider where Provider is in Persistent Breach of a Service and either such breach is not capable of remedy or, if the breach is capable of remedy, Provider has failed to remedy the breach within 30 Business Days of receiving notice requiring it to do so. For the purposes of this Clause 11.3, "**Persistent Breach of a Service**" means a material breach by Provider of its obligation to provide a Service in accordance with this Agreement or breaches of Provider's obligation to provide a Service in accordance with this Agreement that are repeated sufficiently often to have a material adverse impact on the business of Recipient.

11.4 Provider shall have the right to terminate a Service (or part thereof) by providing 20 Business Days' notice to Recipient where there is a Recipient Service Persistent Breach and either such breach is not capable of remedy or, if the breach is capable of remedy, Recipient has failed to remedy the breach within 30 Business Days of receiving notice requiring it to do so. For the purposes of this Clause 11.4, "**Recipient Service Persistent Breach**" means a material breach by Recipient of an obligation under this Agreement which is directly related to a Service (or part thereof) or breaches by Recipient of an obligation under this Agreement that is repeated sufficiently often to have a material adverse impact on Provider's ability to provide the relevant Service (or part thereof).

11.5 Without prejudice to Clauses 17.8 and 17.9 (Liability), if Provider provides as part of a Service any advice or recommendation, or any Tax Services, which are fraudulent or negligent or in wilful default of this Agreement, Recipient is entitled to terminate the relevant part of such Service or Tax Services (as the case may be) by providing 20 Business Days' notice to Provider.

11.6 A Party (the "**Solvent Party**") may by notice to the other Party (the "**Insolvent Party**") terminate this Agreement with immediate effect in the event that the Insolvent Party becomes Insolvent unless:

(A) the Insolvent Party has notified the Solvent Party immediately on becoming aware that it is Insolvent;

(B) the Insolvent Party continues to comply with all of its obligations under or pursuant to this Agreement;

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(C) the Insolvent Party puts in place arrangements satisfactory to the Solvent Party relating to the settlement of all amounts outstanding as between the Parties including where required by the Solvent Party putting in place trust or other security arrangements satisfactory to the Solvent Party that ensure that the Solvent Party has security over any amounts that are held by the Insolvent Party for the Solvent Party prior to settlement of such amounts; and

(D) an Insolvency Practitioner has not and does not seek to exercise any statutory right to amend, repudiate or otherwise alter any provision of this Agreement or this Agreement as a whole,

in which case this Agreement shall continue unless and until:

(i) any of the circumstances in Clauses 11.6(B) to 11.6(D) above cease to apply, in which case the Solvent Party may by notice to the Insolvent Party terminate this Agreement with immediate effect; or

(ii) this Agreement otherwise terminates or expires in accordance with its terms.

11.7 The termination of this Agreement (for whatever reason) shall not prejudice the rights of either Party accrued up to the date of termination.

11.8 Termination or expiry of this Agreement shall not affect either of the Party's accrued rights or liabilities or affect the coming into force or the continuance in force of any provision which is expressly or by implication intended to come into or continue in force on or after termination, including this Clause 11.8 and the following Clauses: 1, 12, 17, 18 (insofar as it relates to Third Party Loss suffered during the term of this Agreement), 22, 26.4(B), 27.5(B), 31, 33 to 45 and 48.

12. SEPARATION AND RECURRING STRANDED COSTS

12.1 Schedule 7 (Recurring Stranded Costs) identifies an amount in respect of: (i) Shared Sites, premises, land and property which Recipient Group ceases to receive the benefit of; and (ii) each Service, which it is estimated Provider Group will incur as Recurring Stranded Costs.

12.2 Save where otherwise provided in this Agreement or otherwise agreed in writing by the Parties, each Party shall bear its own Separation Costs.

12.3 Provider shall bear all Recurring Stranded Costs up to a total amount of fifteen million pounds (£15,000,000) in respect of each Charging Period (the "**Annual Stranded Costs Cap**"). Any Recurring Stranded Costs in respect of Shared Sites, premises, land and property which Recipient Group ceases to receive the benefit of in excess of £1,500,000 shall not be included within the Annual Stranded Costs Cap.

12.4 Subject to the other provisions in this Clause 12, Provider and Recipient shall bear equally any Recurring Stranded Costs in excess of the Annual Stranded Costs Cap in a Charging Period.

12.5 Subject to Clauses 12.7, 12.9, 12.10 and 12.11, in respect of each Service or part of a Service which terminates or expires (as the case may be), only those Recurring Stranded Costs which are incurred by Provider within a 24 month period from the first day of the Quarter immediately after the date the relevant Service, or part thereof, terminates (for whatever reason) or expires shall count

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towards the Annual Stranded Costs Cap. For the avoidance of doubt, if any Recurring Stranded Costs are incurred by Provider after the 24th month from the first day of the Quarter immediately after the date of the relevant Service, or part thereof, terminates or expires, all such Recurring Stranded Costs shall be borne by Provider regardless of whether or not the Annual Stranded Costs Cap has been exceeded.

12.6 Recipient may, by providing written notice to Provider, request an estimate of the additional Costs referred to in Clauses 12.7, 12.9 and 12.11 ("**Estimate Notice**"). If the Estimate Notice is in relation to the additional Costs referred to in Clause 12.7, the Estimate Notice shall specify the Service that Recipient wishes to terminate, the date that Recipient wishes to terminate such Service and such other information as Provider may reasonably request. Provider shall provide such estimate to Recipient in writing no later than 15 Business Days after the date of the Estimate Notice.

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12.7 If a Service (or part thereof) is terminated by Recipient in accordance with Clause 10.3 (Termination of Services) earlier than the Service End Date for such Service, Recipient shall:

(A) continue paying the Internal Charges for the relevant Service (or part thereof) until the Service End Date for such Service; and

(B) pay any:

(i) Third Party Costs;

(ii) increased Costs payable or to be paid by Provider, or a member of Provider Group, to a Third Party in accordance with a Contract as a result of a change to volume discounts in respect of goods and/or services provided by that Third Party to Provider or a member of Provider Group which arise as a result of the relevant Service terminating; and

(iii) termination fees or payments payable to a Third Party Provider and incurred by a member of Provider Group in accordance with the terms of any Contracts which relate to the Service which is terminated,

which are actually incurred by Provider and which Provider would not have incurred but for termination of the Service (or part thereof) prior to the Service End Date.

12.8 If the circumstances outlined in Clause 12.7 arise:

(A) the total amount of the Internal Charges paid by Recipient from the start of the Quarter immediately after the termination date of the Service until the Service End Date under Clause 12.7(A) shall be subtracted from the Recurring Stranded Costs in relation to such Service (or part thereof) when calculating the Recurring Stranded Costs that count towards the Annual Stranded Costs Cap for the relevant Charging Period; and

(B) any Incremental Recurring Stranded Costs shall count towards the Annual Stranded Costs Cap.

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12.9 If a Service (or part thereof) is terminated by Provider in accordance with Clause 11.4 (Term of this Agreement) or is terminated because a Third Party Consent is refused, terminated or revoked as a result of Recipient's breach of the terms of a Third Party Consent or a Contract, or as a result of Recipient unreasonably withholding or delaying its approval to the proposed Cost of Provider obtaining a Third Party Consent in accordance with Clause 16 (Third Party Consents), earlier than the Service End Date for such Service then, without prejudice to Providers' other rights and remedies:

(A) the Internal Charges for the relevant Service (or part thereof) shall cease to be payable in accordance with Clause 12.12; and

(B) Recipient shall pay any:

(i) Third Party Costs;

(ii) increased Costs payable or to be paid by Provider, or a member of Provider Group, to a Third Party in accordance with a Contract as a result of a change to volume discounts in respect of goods and/or services provided by that Third Party to Provider or a member of Provider Group which arise as a result of the relevant Service terminating; and

(iii) termination fees or payments payable to a Third Party Provider (exclusive of Recoverable VAT) and incurred by a member of Provider Group in accordance with the terms of any Contracts which relate to the Service which is terminated,

which are actually incurred by Provider and which Provider would not have incurred but for termination of the Service (or part thereof) prior to the Service End Date; and

(C) any Incremental Recurring Stranded Costs shall count towards the Annual Stranded Costs Cap.

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12.10 If a Service (or part thereof) is terminated by Recipient in accordance with Clause 11.3 (including under Clause 11.5) (Term of this Agreement) or Provider in accordance with Clause 6.2 (Transferring Assets) or Clauses 20.4 or 20.6 (Contracts and Consents), earlier than the Service End Date for such Service:

(A) the Internal Charges for the relevant Service (or part thereof) shall cease to be payable in accordance with Clause 12.12;

(B) Provider shall bear any:

(i) Third Party Costs;

(ii) increased Costs payable or to be paid by Provider, or a member of Provider Group, to a Third Party in accordance with a Contract as a result of a change to volume discounts in respect of goods and/or services provided by that Third Party

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to Provider or a member of Provider Group which arise as a result of the relevant Service terminating; and

(iii) termination fees or payments payable to a Third Party Provider (exclusive of Recoverable VAT) and incurred by a member of Provider Group in accordance with the terms of any Contracts which relate to the Service which is terminated,

which are actually incurred by Provider and which Provider would not have incurred but for termination of the Service (or part thereof) prior to the Service End Date; and

(C) any Incremental Recurring Stranded Costs in relation to such Service (or part thereof) shall not count towards the Annual Stranded Costs Cap.

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12.11 If a Service (or part thereof) is terminated for any reason other than in the circumstances set out in Clauses 12.7, 12.9 or 12.10 earlier than the Service End Date for such Service:

(A) the Internal Charges for the relevant Service (or part thereof) shall cease to be payable in accordance with Clause 12.12;

(B) each Party shall bear equally any:

(i) Third Party Costs;

(ii) increased Costs payable or to be paid by Provider, or a member of Provider Group, to a Third Party in accordance with a Contract as a result of a change to volume discounts in respect of goods and/or services provided by that Third Party to Provider or a member of Provider Group which arise as a result of the relevant Service terminating; and

(iii) termination fees or payments payable to a Third Party Provider (exclusive of Recoverable VAT) and incurred by a member of Provider Group in accordance with the terms of any Contracts which relate to the Service which is terminated,

which are actually incurred by Provider and which Provider would not have incurred but for termination of the Service (or part thereof) prior to the Service End Date; and

(C) any Recurring Stranded Costs (including any Incremental Recurring Stranded Costs) in relation to such Service (or part thereof) shall count towards the Annual Stranded Costs Cap.

12.12 If Recipient is entitled to a reduction in the Internal Charges under Clauses 12.9, 12.10 or 12.11 and:

(A) the relevant Service (or part thereof) terminates prior to the expiry of the second Quarter in a Charging Period:

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(i) the reduction in the Internal Charges shall be applied from the commencement of the third Quarter in the relevant Charging Period in which the Service terminates; and

(ii) the Internal Charges for the remainder of the relevant Charging Period shall be reduced by:

(a) the proportion of the Internal Charges related to the relevant terminated Service (or part thereof); and

(b) the total amount paid by Recipient in respect of any whole Quarter for the relevant terminated Service (or part thereof) from the date of termination of the Service (or part thereof) until the expiry of the second Quarter; or

(B) the Service (or part thereof) terminates in either the third or fourth Quarter in a Charging Period:

(i) there shall be no adjustment to the Internal Charges in respect of the remainder of the relevant Charging Period;

(ii) the Internal Charges for the next Charging Period shall be reduced by the proportion of the Internal Charges related to the relevant terminated Service (or part thereof) and such reduction in the Internal Charges shall be reflected in the Budgetary Round Period; and

(iii) the total amount of Internal Charges paid by Recipient in respect of any whole Quarter for the relevant terminated Service (or part thereof) from the date of termination of the Service (or part thereof) until the expiry of the relevant Charging Period shall be included in the Annual True Up and the Aggregate Recipient Charges.

12.13 It is the intention of the Parties to mitigate any Costs arising under Clauses 12.7(B), 12.9(B) and 12.11(B), Separation Costs, Recurring Stranded Costs, Incremental Recurring Stranded Costs and In Flight Exit Costs so far as reasonably practicable and each Party shall use all reasonable endeavours (subject to the other terms of this Agreement) to mitigate such Costs arising under Clauses 12.7(B), 12.9(B) and 12.11(B), Separation Costs, Recurring Stranded Costs, Incremental Recurring Stranded Costs and In Flight Exit Costs.

12.14 If ownership of any Facilities (excluding the Shared Sites, or any other premises, land or properties) is transferred by a member of Provider Group to a member of Recipient Group, Recipient shall bear Provider's and its own Separation Costs in respect of the Facility which is transferred to Recipient Group.

13. SERVICE EXTENSIONS

13.1 Subject to Clause 13.2, and without prejudice to Clauses 13.4 and 13.5, in the event that a Service expires or is terminated, other than in accordance with Clauses 10.3 or 10.4 (Termination of Services), or Clauses 20.10 or 20.11 (Contracts), and it is not reasonably practicable for Recipient to migrate away from the affected Service immediately upon such expiry or termination then,

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following receipt of a written request from Recipient, Provider shall agree (subject to the terms of this Agreement) to extend the provision of the Service for up to a 6 month period beyond the date when the Service would otherwise have expired or been terminated provided (unless otherwise agreed in writing by the Parties) that no Service End Date may be extended beyond the Long Stop Date (save in respect of the IT Services and Finance Services in respect of which there shall be no extension save in the circumstances described in Clause 13.7(A) - 13.7(C)).

13.2 Clause 13.1 is subject to the following:

(A) Recipient shall use all reasonable endeavours to arrange for the provision of the Service in any other way other than through the operation of this Agreement; and

(B) the monthly Internal Charges for the relevant Service shall be amended from the beginning of such extension so that Recipient pays Provider an amount equal to 130 per cent. of the monthly Internal Charges for that Service immediately prior to the extension and such Charges shall be calculated on the basis that the Service was provided for all of the relevant Quarter notwithstanding that the relevant Service was only extended for part of the relevant Quarter.

13.3 The Parties acknowledge and agree that Recipient's ability to migrate away from each Service depends on Provider's, any other member of Provider Group's and any Provider Personnel's (each a "**Provider Entity**") performance of its respective obligations set out in the Separation Plans and this Agreement and any Third Party Provider's performance of its obligations set out in the Separation Plans (the "**Provider Dependencies**").

13.4 Recipient shall give Provider's representative on the Business Sponsors Board prompt written notice of:

(A) any material failure by any Provider Entity to comply with any Provider Dependencies; or

(B) any material delay in fulfilling any Provider Dependencies to the extent such material delay is directly caused by a delay by any Provider Entity to comply with any Provider Dependencies ("**Provider Delay**");

of which it becomes aware and which has or is reasonably likely to have an effect on the ability of Recipient to migrate away from the affected Service upon an expiry or termination of such Service. If Recipient's inability to migrate away from the affected Service upon such expiry or termination will be caused or contributed to by such failure or delay (as applicable), the Service End Date or termination date (as applicable) for the affected Service shall automatically be extended (subject to the terms of this Agreement) for a period of time equivalent to the period of the delay caused by the relevant failure or delay (each a "**Provider Extension Period**"), in which case:

(i) Clause 13.2(B) shall not apply in respect of the provision of the affected Service during the relevant Provider Extension Period;

(ii) to the extent that the Provider Extension Period results in an expiry date which is later than the Long Stop Date, the Long Stop Date shall be extended until such date; and

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(iii) Recipient shall use reasonable endeavours to migrate away from the affected Service as soon as reasonably practicable.

13.5 A Party may, at any time, request an extension to any Service End Date and/or the Long Stop Date (other than in accordance with Clause 13.1) by providing a notice to the MSA Management Board in accordance with Schedule 3 (Governance and Service Management) and the relevant Service End Date and/or the Long Stop Date shall, if the members of the MSA Management Board agree that the relevant Service and/or the Long Stop Date should be extended, be extended by the period of time determined by the MSA Management Board in accordance with Schedule 3 (Governance and Service Management).

13.6 If the Transaction Date has occurred and Provider is still providing any IT Services and/or Finance Services after 31 March 2015, Provider shall be entitled to increase the Internal Charges for any such IT Services and/or Finance Services to reflect market rates. In these circumstances, the MSA Management Board shall determine (in accordance with Schedule 3 (Governance and Service Management)) the level of the increase to the Internal Charges, which shall not be more than 130% of the then current Internal Charges for any such IT Services and/or Finance Services.

13.7 Clause 13.6 shall not apply if:

(A) a notice to terminate an IT Service or Finance Service (as the case may be) pursuant to Clause 10.2 (Termination of Services) does not take effect immediately in accordance with Clause 14.8 (Separation Plans) and as a result the relevant IT Service or Finance Service is still being provided by Provider after 31 March 2015;

(B) as part of a Detailed Separation Plan, the Parties agree that the relevant IT Service or Finance Service cannot be terminated by 31 March 2015; or

(C) the Parties otherwise agree an extension to the Service End Date for an IT Service or Finance Service (as the case may be).

13.8 Unless the Parties otherwise agree in writing or, in respect of Clause 13.5, unless otherwise determined by the MSA Management Board, any Service provided through the operation of Clause 13.1, Clause 13.4 or Clause 13.5 shall be provided on the same terms (other than as provided in Clause 13.2, Clause 13.4 and Clause 13.6) as it was provided prior to its expiry or termination.

14. SEPARATION PLANS

14.1 The Parties acknowledge that it is their intention that this Agreement should not operate as a permanent arrangement for the supply of the Services and that the Parties shall work together in good faith, and Provider shall provide reasonable assistance and cooperation to facilitate the smooth migration of Recipient Group away from the reliance upon Provider for the provision of each Service upon the termination or expiry of each Service and the separation of each of their respective Group's businesses ("**Separation**") in accordance with this Clause 14.

14.2 The Parties acknowledge and agree that Provider's ability to migrate away from the provision of each Service depends on Recipient's, any other member of the Recipient Group's and any Recipient Personnel's performance of its respective obligations set out in the Separation Plans and

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this Agreement and any Recipient Third Party provider's performance of its obligations set out in the Separation Plans.

14.3 Each Party shall appoint (and will notify the other Party with contact details of) an overall separation project director (the "**Separation Project Director**") who shall be a senior employee of the relevant Party and who shall have responsibility for the overall Separation arrangements for that Party together with, in the case of Recipient, the Procurement Plan.

14.4 Unless otherwise agreed by the Parties, each Separation Project Director will, in accordance with the timeframes specified in Clause 14.5, work with the other to develop:

(A) a plan for Separation from all Services save for the Finance Services and IT Services (the "**General Separation Plan**") with a view to Separation of such Services occurring as soon as reasonably possible having regard to the objective of the Parties to mitigate and reduce Costs incurred in connection with Separation as far as reasonably possible;

(B) a high level plan for Separation of the Finance Services and IT Services and any finance or IT elements of Services other than the Finance Services and IT Services ("**High Level Finance and IT Separation Plan**");

(C) a detailed plan for Separation of the relevant Finance Service and/or IT Service with a view to Separation of the relevant Finance Service and/or IT Service occurring within 24 months of the date of service of the relevant notice pursuant to Clause 10.2 or such longer period as may be determined in accordance with Clause 14.8 (a "**Detailed Separation Plan**").

14.5 The Separation Project Directors shall agree the Separation Plans as soon as practicable and, in any event, shall agree:

(A) the General Separation Plan within 80 days of the date of this Agreement.

(B) the High Level Finance and IT Separation Plan within 6 months of the date of this Agreement; and

(C) a Detailed Separation Plan in respect of the relevant Finance Service and/or IT Service within six (6) months of service of a notice by either Party to terminate a Finance Service or IT Service pursuant to Clause 10.2.

14.6 If the Separation Project Directors do not agree the relevant Separation Plan by the relevant dates specified in Clause 14.5, then the Business Sponsors Board shall use all reasonable endeavours to agree the relevant Separation Plan within 10 Business Days of the matter being referred to it.

14.7 If the Business Sponsors Board does not agree the relevant Separation Plan by the dates specified in Clause 14.6, then the issue shall be escalated to the MSA Management Board which shall use all reasonable endeavours to agree the relevant Separation Plan within 20 Business Days of the matter being referred to it and thereafter shall be escalated in accordance with Schedule 3 (Governance and Service Management) and thereafter in accordance with the dispute resolution procedure set out in Clauses 43.5 to 43.10 (Dispute Resolution), Clause 44 (Arbitration) and Clause 45 (Conduct of Disputes).

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14.8 If a Party serves notice to terminate a Finance Service and/or IT Service in accordance with Clause 10.2 (Termination of Services) and the other Party reasonably considers that a notice period longer than 24 months is required in respect of Separation of the relevant Finance Service and/or IT Service, it shall escalate the issue to the MSA Management Board within 20 Business Days of receipt of the notice and the notice shall not, unless otherwise agreed in writing by the Parties, take effect until the issue has been resolved in accordance with the dispute resolution procedure set out in Clauses 43.5 to 43.10 (Dispute Resolution), Clause 44 (Arbitration) and Clause 45 (Conduct of Disputes).

14.9 Without prejudice to Clauses 13.3 (Service Extensions) and 14.2 (Separation Plans), if at any time during the term of this Agreement either Party envisages that:

(A) any stage of the relevant Separation Plan may not be completed by the date required by the Separation Plan; or

(B) Separation in respect of a Finance Service and/or IT Service may not be achieved by the date a notice served pursuant to Clause 10.2 is due to expire,

it shall notify the other Party immediately and the Separation Project Directors and the TSA Drivers shall meet to discuss any amendments or adjustments to the relevant Separation Plan as may be necessary, including if agreed an extension of the period for Separation of the relevant Service, and otherwise to escalate any issues in accordance with Schedule 3 (Governance and Service Management).

14.10 Each General Separation Plan and Detailed Separation Plan shall (to the extent relevant):

(A) adhere to the Separation Principles in Paragraph 1 of Schedule 6 (Separation); and

(B) shall include a plan for separating each Service.

14.11 The Separation Project Director appointed by each Party shall be:

(A) authorised to agree variations in respect of the Separation Plans; and

(B) generally available to discuss any aspect of the Separation Plans.

14.12 The Parties shall perform their respective obligations set out in each Separation Plan.

Data Migration

14.13 Data extraction and migration shall, unless otherwise agreed by the Parties, be performed as part of the Separation of the IT Services and the relevant Detailed Separation Plans shall:

(A) provide for and address the assistance to be provided by Provider in connection with the extraction and migration of Migration Data from Provider's IT Systems to Recipient's IT Systems; and

(B) detail appropriate timelines in respect of each Party's activities to extract and migrate the Migration Data related to the IT Service. Provider agrees that such timelines shall provide

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for extraction of the relevant Migration Data to allow Recipient a reasonable period in which to migrate the Migration Data onto its IT Systems and perform sufficient testing of the Migration Data on its IT Systems prior to the expiry of the relevant IT Service.

14.14 Recipient may request Provider to provide reasonable assistance and cooperation in relation to the extraction and migration of Migration Data in respect of the Separation of any Service which is not an IT Service prior to the termination or expiry of such Service. If Provider agrees (such agreement not to be unreasonably withheld or delayed) to provide such assistance and cooperation, the timelines to extract and migrate the relevant Migration Data shall be agreed in the General Separation Plan in respect of such Service. If Provider does not agree to provide the assistance and cooperation requested by Recipient, Recipient may refer the matter to the MSA Management Board to determine whether Provider shall provide the assistance and cooperation requested by Recipient in respect of extracting and migrating the relevant Migration Data relating to the Service. It shall not be unreasonable for Provider not to agree to provide assistance and cooperation in connection with the migration of data pursuant to this Clause 14.14 where such assistance and cooperation would require Provider to engage the provision of services or assistance from a Third Party.

14.15 Provider shall in accordance with the relevant Detailed Separation Plan provide reasonable assistance and cooperation:

(A) in relation to the extraction and migration from Provider's IT Systems to Recipient's IT Systems of:

(i) Recipient Data; and

(ii) any other data which relates to Recipient's business and which Recipient is not prohibited from using under the Mails Distribution Agreement,

to the extent such data is not already on Recipient's IT System ("**Migration Data**"); and

(B) including providing information (to the extent reasonably practicable) in relation to:

(i) the Services; and

(ii) the format of the Migration Data which will be migrated to Recipient's IT Systems pursuant to this Clause 14.

14.16 Provider shall, at its own Cost, extract Migration Data from Provider's IT Systems in accordance with the relevant Detailed Separation Plan and Recipient shall bear all other Costs associated with the migration of such Migration Data from Provider's IT System to Recipient's IT System.

14.17 As part of Separation of an IT Service, the Parties will provide each other with information in relation to:

(A) the operation of the Parties' IT Systems and interfaces between the IT Systems; and

(B) the manner in which Recipient uses Provider's IT Systems.

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15. CONTACT CENTRE SERVICES AND OFFICIAL MAIL SERVICES

15.1 The Parties agree that:

(A) notwithstanding paragraph 1.2 of the Contact Centre Agreement, the Contact Centre Agreement shall be terminated with effect from the date of this Agreement; and

(B) notwithstanding any provision to the contrary in any Current Official Mail Services Agreement, the Official Mail Services shall continue to be provided in accordance with the Current Official Mail Services Agreement until the earlier of: (i) the Service End Date in respect of the Official Mail Services; and (ii) the date the New Official Mail Services Agreement is entered into, and each Current Official Mail Services Agreement shall be terminated with effect from the date of the New Official Mail Services Agreement. For the avoidance of doubt, notwithstanding any provision to the contrary in any Current Official Mail Services Agreement, the relevant member of Recipient Group that receives any services from any member of Provider Group pursuant to any Current Official Mail Services Agreement shall not be liable to pay any Costs to the relevant member of Provider Group in connection with the termination of such Current Official Mail Services Agreement pursuant to this Clause 15.1(B).

15.2 The Parties shall use all reasonable endeavours to enter into a written agreement, as soon as reasonably practicable after the date of this Agreement and in any event by 31 March 2013, governing the provision of services equivalent to the services listed at Paragraph 4 of Schedule 1 (Services) by Provider to Recipient ("**New Official Mail Services Agreement**").

16. THIRD PARTY CONSENTS

Obtaining and Maintaining

16.1 If either Party identifies that a Third Party Consent is required, it shall notify the other Party as soon as reasonably practicable and the Parties shall co-operate in good faith to agree whether one or both Parties should approach the relevant Third Party in respect of the Third Party Consent, and the Parties shall:

(A) use all reasonable endeavours to:

(i) obtain, as soon as reasonably practicable, such Third Party Consent; and

(ii) maintain such Third Party Consent until the relevant Service End Date;

(B) keep the other Party fully informed of its progress in obtaining the Third Party Consent;

(C) subject to Clause 16.8, use all reasonable endeavours to provide promptly such assistance in obtaining and maintaining the Third Party Consent as the other Party may reasonably request; and

(D) keep the other Party informed of the terms or conditions of a Third Party Consent with which it is aware that the other Party must comply, and obtain the other Party's consent prior to entering into such terms and conditions.

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16.2 To the extent:

(A) either Party breaches the terms of a Third Party Consent notified to it in accordance with Clause 16.1(D), it shall reimburse the other Party for all Costs, expenses and damages incurred by the other Party in connection with such breach;

(B) an Authorised User causes Provider to breach a Contract (the terms of which have been notified to Recipient (or a member of Recipient Group) or it is reasonable to expect Recipient (or a member of Recipient Group) to be aware), Recipient shall reimburse Provider for all Costs, expenses and damages incurred by Provider in connection with such breach;

(C) Provider or any member of Provider Group causes Recipient to breach a contract entered into by Recipient in respect of which Provider receives the benefit pursuant to Clause 20.12 (Contracts and Consents) (the terms of which have been notified to Provider (or a member of Provider Group) or it is reasonable to expect Provider (or a member of Provider Group) to be aware), Provider shall reimburse Recipient for all Costs, expenses and damages incurred by Recipient in connection with such breach.

16.3 The Cost of obtaining a Third Party Consent shall be shared equally by Provider and Recipient provided that any such Costs are approved in advance in writing by the other Party ("**Third Party Consent Costs**").

16.4 Subject to Clause 16.8, the Cost of maintaining a Third Party Consent, including any Costs incurred in connection with Contracts shall be Third Party Costs payable in accordance with the terms of this Agreement, including Clause 8 (Charges) and Schedule 2 (Charges).

16.5 If a Third Party Consent is refused, terminated or revoked, the Party which receives notice of such refusal, termination or revocation shall notify the other Party in writing as soon as it becomes aware that such Third Party Consent has been refused, terminated or revoked.

16.6 Neither Party will unreasonably do or omit to do anything which would cause any relevant Third Party to refuse to grant or to terminate or revoke any Third Party Consent.

16.7 Provider makes no representation or warranty, whether express or implied, as to whether any Third Party Consent can be obtained or maintained for the purposes of this Agreement. Subject to its obligations in this Clause 16, Provider shall not be in breach of this Agreement (or be otherwise liable to Recipient) for any failure or delay to provide any Service to the extent such failure or delay is caused, or to the extent such failure or delay is contributed to, by the failure to obtain, or the termination or revocation of a Third Party Consent.

Software Licensing Audit

16.8 The Parties shall, within 90 Business Days of the date of this Agreement, identify all software which is accessed by Provider Group and Authorised Users pursuant to the terms, and at the date, of this Agreement and shall audit the nature and quantity of licences in place in respect of such access. If following such audit, it is identified that software licences were required in respect of Provider Group or Authorised Users' access to such software at the date of this Agreement, the Parties shall use reasonable endeavours to procure all necessary software licences and the Parties shall each

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bear a just and equitable proportion (based on proportion of licences required by each Party relative to the aggregate of the software licences required, or as otherwise determined by the MSA Management Board (in accordance with Schedule 3 (Governance and Service Management)) of any Costs incurred in respect of and in connection with such licences.

16.9 Without prejudice to Clause 16.3, any software licences which are required in respect of access to software by Authorised Users after the date of this Agreement which are in addition to the software licences required in respect of access to software by Authorised Users at the date of this Agreement, shall be paid by Recipient as a Third Party Cost in accordance with Schedule 2 (Charges), provided such Third Party Costs are incurred by Provider as licence or other fees in accordance with the applicable Contract and are not a Third Party Consent Cost.

17. LIABILITY

17.1 Notwithstanding any other provision of this Agreement, neither Party limits or excludes its liability for fraud, fraudulent misrepresentation, death or personal injury caused by that Party's negligence or by the negligence of its Personnel, or any other liability to the extent to which it cannot be lawfully limited or excluded.

17.2 Subject to Clause 17.1, neither Party shall be liable to the other Party (or a member of that other Party's Group) (including under any indemnity) or to any third party, whether in contract, in tort (including negligence), under any statute or otherwise under or in connection with this Agreement or the provision of the Services for or in respect of any:

(A) indirect or consequential loss or damage howsoever arising;

(B) loss of anticipated savings, profit, revenue, business, goodwill or contracts (in each case whether such loss is direct or indirect or consequential); or

(C) loss arising from damaged, corrupted or lost data (in each case whether such loss is direct or indirect or consequential), provided that the relevant Party has complied with its obligations set out in Clause 27 (Protection of Data) and, in the case of Provider, provided it has complied with its obligations set out in Clause 19.2 (Event of Force Majeure).

17.3 The exclusions and limits on liability set out in this Clause 17 shall not apply in respect of:

(A) the obligation on Recipient to pay the Annual Charges that have become due;

(B) the obligation on either Party to pay the relevant amounts under Clause 12 (Separation and Recurring Stranded Costs) or Clauses 16.3, 16.4, 16.8, or 16.9 (Third Party Consents);

(C) any liability arising under Clause 18 (Liability in respect of Third Party Providers), Clause 22.8 (Intellectual Property), Clause 26.4(B) (Personnel at Commencement), Clause 29 (Personnel at Service Termination) or Clause 30.1 (Split Arrangements); or

(D) any liability of Provider arising under Clause 17.14 in respect of any fines or monetary financial penalties imposed by a court on Recipient.

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17.4 Save where expressly provided in this Agreement, all conditions, warranties, covenants, representations and undertakings whether express or implied, whether by statute or otherwise, in respect of the obligations hereunder are excluded to the maximum extent permitted by law.

17.5 Provider shall not be in breach of this Agreement (or otherwise be liable to Recipient) for any failure or delay to provide any Service to the extent such failure or delay is caused, or to the extent such failure or delay is contributed to, by a breach of this Agreement by Recipient, Recipient's Third Party providers or any Authorised User or a failure to obtain a Third Party Consent required in connection with Clause 20.12 (Contracts), provided that Provider shall:

(A) give Recipient prompt written notice of any breach of this Agreement by Recipient or any Authorised User of which it becomes aware and which has or is likely to have an effect on the provision of the Services and/or the ability of Provider to perform its obligations under this Agreement; and

(B) despite the breach of this Agreement by Recipient or any Authorised User, use its reasonable endeavours to continue to perform its obligations under this Agreement and to mitigate the adverse consequences (including its own costs) of the breach of this Agreement by Recipient or any Authorised User, without any obligation to incur additional cost or use additional resources.

17.6 Notwithstanding that Provider may be impeded from the provision of a Service or Services as a result of circumstances set out in Clause 17.5, Provider shall be entitled to:

(A) continue to invoice (and Recipient must pay in accordance with Clause 8 (Charges)) the Annual Charges unless the Parties have agreed to amend such Annual Charges as a consequence of Provider not providing the relevant Service or Services (and Recipient may request such an amendment through any relevant meeting provided for under Schedule 3 (Governance and Service Management));

(B) receive an equitable adjustment to the timetable (if any) for the performance of the Services; and

(C) charge Recipient in respect of any additional incremental resources reasonably used or Costs reasonably incurred as a result of carrying out its obligation under Clause 17.5(B), provided, to the extent reasonably practicable, such resources or Costs have been approved by Recipient in advance.

17.7 Recipient shall not be in breach of this Agreement (or be otherwise liable to Provider) to the extent such breach is caused, or to the extent such breach is contributed to, by a breach of this Agreement by Provider, any other member of Provider Group, any Provider Personnel or any Third Party Provider, provided that Recipient shall:

(A) give Provider prompt written notice of any breach of this Agreement by Provider or any other member of Provider Group or any Provider Personnel of which it becomes aware and which has or is likely to have an effect on the ability of Recipient to perform its obligations under this Agreement; and

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(B) despite the breach of this Agreement by Provider or any other member of Provider Group or any Provider Personnel, use its reasonable endeavours to continue to perform its obligations under this Agreement and to mitigate the adverse consequences (including its own Costs) of the breach of this Agreement by Provider or any other member of Provider Group or any Provider Personnel, without any obligation to incur additional cost or use additional resources.

17.8 Subject to Clause 17.9 and Recipient's right to terminate under Clause 11.5 (Term of this Agreement) but notwithstanding any other provision of this Agreement or the description of any of the Services, no member of Provider Group shall, to the extent permitted by law, have any liability (whether in contract, tort or otherwise) in respect of any advice or recommendation, or any of the Tax Services, whatsoever provided by it to Recipient (or any member of Recipient Group), whether before or after the date of this Agreement and, if Recipient (or any member of Recipient Group) shall act on any advice or recommendation, or Tax Services, given directly or indirectly by a member of Provider Group (whether or not in respect of the Services and whether before or after the date of this Agreement)), Recipient hereby acknowledges and agrees (for itself and on behalf of the members of Recipient Group) that it shall do so at its own risk and that no member of Provider Group shall be liable for any loss, damage, Costs or proceedings arising therefrom.

17.9 If Provider provides as part of a Service any advice or recommendation, or any Tax Services, which are fraudulent or negligent or in wilful default of this Agreement, Provider shall reimburse Recipient an amount which is equivalent to a reasonable estimate of the proportion of the Internal Charges which Recipient paid in respect of the relevant part of such Service or Tax Services (as the case may be). Recipient's right to a reimbursement under this Clause 17.9 and its right to terminate the relevant part of such Service or Tax Services under Clause 11.5 (Term of this Agreement) are its sole and exclusive remedies in respect of the provision of such advice, recommendation or Tax Services by Provider.

17.10 Subject to Clause 17.1 and Clause 17.3 and to the maximum extent permitted by law, the maximum aggregate liability of each Party (and its Group) arising under or in relation to this Agreement (whether in contract (including under any indemnity), tort (including negligence), under statute or otherwise) shall, in respect of all claims made in any Contract Year, not exceed one hundred per cent. (100%) of the Internal Charges paid under this Agreement during the Contract Year immediately preceding the date of the event giving rise to the relevant claim (or if such claim is made in the first 12 months of the term of this Agreement, the Internal Charges that have been paid shall be increased by a pro-rata amount to create a 12 month Internal Charge solely for the purposes of calculating the liability cap under this Clause 17.10).

17.11 In assessing whether a Party's limit of liability set out in Clause 17.10 has been met or exceeded, no account shall be taken of amounts recovered or recoverable in respect of the types of liability or losses referred to in Clause 17.3.

17.12 Each Party has a duty to mitigate (and, to the extent applicable, procure that its Personnel and/or members of its Group mitigate) the damages and losses that would otherwise be recoverable from the other Party (or members of Provider Group or Recipient Group, and/or Personnel, as applicable) pursuant to this Agreement (including under any indemnity) by taking appropriate and commercially reasonable actions to reduce or limit the amount of such damages or losses.

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17.13 Provider shall be entitled, without liability, to suspend the provision of any or all Services in order that emergency maintenance work be performed on the IT Systems of Provider or Recipient or any member of their respective Groups, provided that Provider shall provide Recipient with written notice as soon as Provider becomes aware of any emergency maintenance work which it considers will or is reasonably likely to lead to suspension of the provision of any Services in accordance with this Clause 17.13.

17.14 Subject to Clause 17.1 but notwithstanding any other provision of this Agreement, Provider shall not be in breach of this Agreement or otherwise liable to Recipient for any damages, liabilities or Costs incurred or losses suffered by Recipient in connection with any claim that any goods or services have been procured in breach of the Public Contracts Regulations 2006, save where Recipient has suffered or incurred any damages, liabilities, losses or Costs in connection with any such claim in circumstances where Provider, any other member of Provider Group or Royal Mail Holdings plc has expressly overruled Recipient's decision in relation to award of a contract to a specific Third Party or has required Recipient to procure goods or services for Recipient Group's benefit under a contract in Provider's name

18. LIABILITY IN RESPECT OF THIRD PARTY PROVIDERS

18.1 If Recipient suffers a loss as a result of a breach of a Contract by a Third Party Provider, ("**Third Party Loss**") Provider shall, subject to Clauses 18.3 and 18.5, reimburse Recipient an amount which is equivalent to such Third Party Loss to the extent that Provider would have a contractual right to recover the Third Party Loss had such loss been suffered by Provider.

18.2 Provider may, in its sole discretion, elect:

(A) to seek to recover the Third Party Loss from the Third Party Provider; or

(B) not to seek to recover the Third Party Loss from the Third Party Provider. (For the avoidance of doubt, an election by Provider not to seek to recover the Third Party Loss from the Third Party Provider does not relieve Provider of its obligation to reimburse Recipient in accordance with Clause 18.1.)

18.3 Recipient shall provide Provider with a breakdown of the Third Party Loss and shall give all information and assistance reasonably required by Provider in order for Provider to determine whether or not to seek recovery from the Third Party Provider for such Third Party Loss, and/or in support of any negotiations, action or proceedings with the relevant Third Party Provider in respect of recovery of such Third Party Loss.

18.4 If Provider elects to seek to recover the Third Party Loss from the relevant Third Party Provider under Clause 18.2(A), subject to Clause 18.5:

(A) Recipient shall reimburse Provider for all Costs incurred by Provider in respect of such claim, subject to Provider complying with its obligation set out in Clause 18.6(B)(i); and

(B) the amount to be reimbursed to Recipient under Clause 18.1 shall be equivalent to the amount recovered by Provider from the Third Party Provider and shall only be payable after the action against the Third Party Provider is finally concluded either via a binding settlement agreement or a judicial determination from which there is no right of appeal or in

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respect of which the Third Party Provider does not lodge an appeal within six weeks. To the extent an appeal subsequently lodged by the Third Party Provider against a judicial determination is successful, Recipient shall reimburse Provider for any sums payable to the Third Party Provider by Provider as a result of such appeal.

18.5 Where proceedings or an action is taken by Provider in respect of both a Third Party Loss suffered by Recipient and losses suffered by Provider as a result of a breach of a Contract by a Third Party Provider, Recipient and Provider shall:

(A) consult in relation to the conduct of negotiations and proceedings against the relevant Third Party Provider;

(B) share a just and equitable proportion of any Costs incurred in connection with such action; and

(C) share a just and equitable proportion of any sum recovered from the relevant Third Party Provider which shall be in proportion to the respective loss suffered by Provider and Recipient.

In the absence of agreement, the proportion of Costs and sum recovered (as the case may be) shall be determined using the dispute resolution mechanism set out in Clause 43 (Dispute Resolution). Save where Clause 18.2(B) applies, Provider will not settle or compromise any claim without Recipient's consent (such consent not to be unreasonably withheld or delayed).

18.6 Where proceedings or an action taken by Provider relates solely to a Third Party Loss suffered by Recipient:

(A) Recipient shall, at Provider's request and Recipient's Cost, where permitted, assume conduct of any such action or proceedings, including substitution of Provider as a party to any such action or proceedings, provided that Provider shall give Recipient all reasonable assistance required by Recipient in support of any such conduct; and

(B) Provider shall:

(i) save where Clause 18.6(A) applies, keep Recipient fully informed of its progress in conducting such action or proceedings and all Costs incurred and estimates of Costs that Provider expects to incur in conducting such action or proceedings;

(ii) save where Clause 18.6(A) applies, conduct any such action or proceedings, and/or negotiations for the settlement such action or proceedings, as though Provider itself (and/or any member of Provider Group) had suffered the Third Party Loss; and

(iii) not settle or compromise any such action or proceedings without Recipient's prior written consent (such consent not to be unreasonably withheld or delayed).

18.7 Save where Clause 18.6(A) applies, Provider shall have the sole right to bring and control any action or proceedings against any Third Party Provider.

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18.8 The remedies specified in this Clause 18 shall be Recipient's sole and exclusive remedy in respect of any failure, delay or other problem in connection with any Service (or any part thereof) or any other breach of this Agreement caused by the act or omission of a Third Party Provider and Provider shall not be in breach of this Agreement or otherwise liable to Recipient to the extent of such failure, delay or other problem.

19. EVENT OF FORCE MAJEURE

19.1 A Party ("**Affected Party**") shall not be in breach of this Agreement or otherwise liable to the other Party ("**Other Party**") for a delay in performing or failure to comply with its obligations under this Agreement, to the extent that it is prevented, hindered or delayed in performing that obligation by an Event of Force Majeure provided that the Affected Party, to the extent practicable:

(A) gives written notice to the Other Party as soon as reasonably practicable on becoming aware of the Event of Force Majeure, such notice to contain the following information:

(i) details of the Event of Force Majeure that has occurred;

(ii) the date from which the Event of Force Majeure has prevented or hindered the Affected Party in the compliance of its obligations under this Agreement;

(iii) the obligations under this Agreement which are affected; and

(iv) its best estimate of the date upon which it will be able to resume the performance of the affected obligations hereunder; and

(B) provides at reasonable intervals updated information to the Other Party on the status of the Event of Force Majeure and the steps taken to resume full performance of its obligations; and

(C) mitigates the consequences of the Event of Force Majeure;

19.2 Notwithstanding the generality of Clause 19.1 above, Provider agrees to maintain business continuity plans in all material respects equivalent to the scope and standard to which business continuity plans were maintained in the 12 months prior to the date of this Agreement and Provider shall not be able to rely on Clause 19.1 to the extent the failure to comply with this Agreement results from a failure to maintain business continuity plans in all material respects equivalent to the scope and standard to which business continuity plans were maintained in the 12 months prior to the date of this Agreement.

19.3 Notwithstanding anything to the contrary in this Agreement, to the extent a Service that is provided under a Contract is prevented from being provided or is materially affected by an Event of Force Majeure and Provider is not obliged to pay or is not paying any Third Party Costs under the relevant Contract during an Event of Force Majeure, Recipient shall not be obliged to pay the related Third Party Costs for the same period of time as Provider's obligation is suspended under such Contract.

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20. CONTRACTS AND CONSENTS

General

20.1 Provider may appoint a member of its Group or a Third Party Provider to provide all or part of the Services or otherwise perform any of its obligations under this Agreement, from time to time. Provider shall remain responsible for, and for the provision of, all Services and obligations performed by any member of Provider Group to the same extent as if such Services and obligations were performed by Provider's Personnel.

Contracts in Recipient Group's Name

20.2 Save as: (i) agreed in writing by the Parties; (ii) expressly provided in this Clause 20; and (iii) in respect of Tenders which have been published and/or commenced by Provider prior to the date of this Agreement, all contracts entered into on or after the date of this Agreement in respect of the provision of services by a Third Party for the benefit of a member of Recipient Group shall be entered into by the relevant member of Recipient Group.

Outsourcing

20.3 Provider shall discuss and consult with Recipient in respect of its strategy for intended material outsourcings relating to any of the Services at the MSA Management Board.

20.4 If Provider intends to replace a member of its Group which provides all or part of any Service with a Third Party Provider ("**Outsourced Service**"):

(A) Provider shall notify Recipient as soon as reasonably practicable of any planned replacement, and in any event prior to the commencement of the official tendering process for such Outsourced Service;

(B) Provider shall run a procurement process on behalf of Recipient, at Provider's Cost (and such Costs shall include the legal costs incurred in respect of running the procurement process), and shall use all reasonable endeavours to procure the provision of services to Recipient Group equivalent to the Outsourced Service;

(C) unless otherwise agreed in writing by the Parties, Recipient shall enter into a replacement contract with a Third Party in Recipient's name in respect of services equivalent to the Outsourced Service in accordance with the Agreed Procurement Process;

(D) if Recipient enters into a replacement contract in accordance with this Clause 20.4, the relevant Internal Charges shall cease to be payable in accordance with Clause 12.10(A) (Separation and Recurring Stranded Costs);

(E) subject to Clause 20.4(B), each Party shall bear any Separation Costs incurred by it in connection with any outsourcing of the Outsourced Service in accordance with this Clause 20.4; and

(F) Provider's obligation to provide the Outsourced Service shall terminate on the earlier of: (i) the date that the relevant member of Provider Group is replaced by a Third Party Provider;

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and (ii) the date that the Third Party to the replacement contract is obliged to provide the Replacement Services to Recipient and, save in respect of Provider's obligations specified in Clause 20.4(B), Provider shall have no liability under this Agreement as a result of such termination or failure to provide the Outsourced Service.

20.5 Recipient shall pay all charges due to Third Parties in respect of the provision of services to Recipient Group procured pursuant to Clause 20.4 as Third Party Costs in accordance with Schedule 2 (Charges).

Provider Fault

20.6 If:

(A) a Third Party Consent is refused, terminated or revoked as a result of Provider's breach of the terms of a Third Party Consent or a Contract, or if Provider unreasonably withholds or delays its approval to the proposed Cost of Recipient obtaining a Third Party Consent in accordance with Clause 16 (Third Party Consents);

(B) Provider wishes to exercise a termination right for convenience in respect of all or part of a Contract; or

(C) a Contract is terminated by a Third Party Provider for Provider's breach of such Contract,

and as a result of such termination, a Breaking Service or a Dependent Service Element (as applicable) can no longer be provided by Provider and such Breaking Service or Dependent Service Element has not reached its Service End Date:

(i) Provider shall run a procurement process on behalf of Recipient, at Provider's Cost (and such Cost shall include the legal costs incurred in respect of running the procurement process), and shall use all reasonable endeavours, to procure the provision of Replacement Services;

(ii) unless otherwise agreed in writing by the Parties, Recipient shall enter into a replacement contract with a Third Party in Recipient's name in respect of Replacement Services in accordance with the Agreed Procurement Process;

(iii) if Recipient enters into a replacement contract in accordance with this Clause 20.6, the relevant Internal Charges shall cease to be payable in accordance with Clause 12.10(A) (Separation and Recurring Stranded Costs);

(iv) Recipient shall pay all charges due to Third Parties in respect of the provision of the Replacement Services as Third Party Costs in accordance with Schedule 2 (Charges);

(v) subject to Clause 20.6(C)(i), each Party shall bear any Separation Costs incurred by it in connection with the circumstances specified in this Clause 20.6; and

(vi) Provider's obligation to provide any relevant Breaking Service or Dependent Service Element shall terminate on the early of: (i) the date the relevant Contract

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is terminated, or the date of the event giving rise to the requirement for the relevant Third Party Consent, or the date the Third Party Consent is terminated or revoked, (as the case may be); and (ii) the date that the Third Party to the replacement contract is obliged to provide the Replacement Services to Recipient, and Provider shall, save in respect of Provider's obligation specified in Clause 20.6(C)(i), have no liability under this Agreement as a result of such termination or failure to provide such Breaking Service or Dependent Service Element.

Non Fault

20.7 If a Contract is due to expire earlier than the Service End Date for a Service, Provider shall use its reasonable endeavours to extend the relevant Contract for Recipient's benefit and/or procure Replacement Services in accordance with Clause 20.10.

20.8 If Provider wishes to terminate a Contract other than for convenience, Provider shall:

(A) notify Recipient as soon as reasonably practicable of its intention to exercise its right to terminate the relevant Contract, such notice being not less than the amount of notice Provider is required, pursuant to such Contract, to give to such Third Party Provider in order to exercise such right (but, for the avoidance of doubt, the notice given to Recipient and the notice given to the Third Party Provider may run concurrently); and

(B) to the extent practicable, consult with Recipient prior to the exercise of such rights.

20.9 If a Third Party terminates a Contract for reasons other than breach by Provider or a Third Party Consent is refused, terminated or revoked for reasons other than Provider's breach of the terms of such consent or relevant Contract (including if Recipient withholds or delays its approval to the proposed Cost of Provider obtaining a Third Party Consent in accordance with Clause 16 (Third Party Consents)) or other than in accordance with Clause 20.11, Provider shall notify Recipient as soon as reasonably practicable after the relevant Third Party serves notice to terminate the Contract or Third Party Consent, or refuse or revoke such Third Party Consent.

20.10 If a Contract is not extended in accordance with Clause 20.7 or 20.8 or Clause 20.9 applies:

(A) the Parties shall use reasonable endeavours to procure the provision of Replacement Services;

(B) unless otherwise agreed in writing by the Parties, Provider shall run a procurement process on behalf of Recipient in respect of such Replacement Services and Recipient shall enter into a replacement contract with a Third Party in Recipient's name in respect of the Replacement Services in accordance with the Agreed Procurement Process;

(C) if Recipient enters into a replacement contract in accordance with this Clause 20.10, the relevant Internal Charges shall cease to be payable in accordance with Clause 12.11(A) (Separation and Recurring Stranded Costs);

(D) subject to Clause 16.2(A) (Third Party Consents), the Costs of the procurement and any other Costs incurred by the Parties in respect of such Replacement Services (until the relevant Service End Date) which would not have been incurred by the Parties but for the

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relevant circumstance in Clauses 20.7, 20.8 or 20.9 arising, shall be shared by Provider and Recipient on a just and equitable basis, save where such Replacement Services are used exclusively by Recipient Group, in which case Recipient shall bear all such Costs;

(E) each Party shall bear any Separation Costs incurred by it in connection with the circumstances specified in this Clause 20.10; and

(F) Provider's obligation to provide any relevant Breaking Service or Dependent Service Element shall terminate on the earlier of: (i) the date the relevant Contract is terminated, or the date of the event giving rise to the requirement for the relevant Third Party Consent, or the date the Third Party Consent is terminated or revoked, (as the case may be); and (ii) the date that the Third Party to the replacement contract is obliged to provide the Replacement Services to Recipient, and Provider shall, save in respect of its obligations specified in Clauses 20.10(A) and 20.10(B), have no liability under this Agreement as a result of such termination or failure to provide such Breaking Service or Dependent Service Element.

20.11 If Provider agrees to terminate a Contract or to notify a Third Party that it will no longer comply with the terms of a Third Party Consent, at Recipient's request:

(A) Provider's obligation to provide any relevant Breaking Service or Dependent Service Element shall terminate on the date the relevant Contract or Third Party Consent is terminated or revoked and Provider shall have no liability under this Agreement as a result of such termination or failure to provide such Breaking Service or Dependent Service Element;

(B) Recipient shall obtain an alternative arrangement itself (at its own Cost); and

(C) each Party shall bear any Separation Costs incurred by it in connection with the circumstances specified in this Clause 20.11.

Recipient Contracts

20.12 Subject to any relevant Third Party Consents being obtained, Recipient shall provide, or procure the provision of, the benefit of services replacing the Services which were provided pursuant to:

(A) Contracts which are transferred to a member of Recipient Group in accordance with Clause 6.1 (Transferring Assets);

(B) contracts which are entered into by Recipient pursuant to this Clause 20; and

(C) Contracts which are novated in accordance with Clause 30.1 (Split Arrangements) to Recipient Group,

in each case, to the extent Provider Group requires such benefit in order to provide any Service (or part thereof) to an Authorised User.

20.13 Subject to appropriate redaction as reasonably required by Recipient in order to meet its confidentiality obligations, Recipient shall provide Provider with a copy of any contract entered into

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by a member of Recipient Group which is reasonably required by the Provider in order to provide the Services in accordance with this Agreement, save that Recipient shall not be obliged to provide copies of any contracts procured by a member of Provider Group pursuant to the Procurement Service.

Interaction with Recipient Third Party Suppliers

20.14 To the extent that Recipient requests Provider to procure any Replacement Services on its behalf and a member of Recipient Group enters into a contract in respect of such Replacement Services, Provider shall, at Recipient's Cost (if not already charged as part of the Internal Charges), be responsible for the day-to-day interaction with the relevant Third Parties in respect of such replacement contracts and shall notify Recipient of any breaches by such Third Parties of which it is aware and which are likely to be below the Service Level Standards. Recipient shall be responsible for exercising any rights and remedies it may have pursuant to the terms of its contract with the relevant Third Party.

20.15 Save in respect of contracts with Third Parties referred to in Clause 20.14, Recipient shall procure that its Third Party suppliers co-operate with Provider Group to the extent such co-operation is required in connection with the provision of the Services.

Communications with Third Party Providers

20.16 Neither Party shall make a communication to a Third Party Provider which is outside the ordinary course of their relations which relates to:

(A) a Contract or any good or service provided pursuant to a Contract to which the Third Party Provider is a party; or

(B) this Agreement,

without first consulting, and giving reasonable consideration to any concerns expressed by the other Party's relevant TSA Drivers. For the avoidance of doubt, nothing in this Clause 20.16 shall require either Party to consult with the other Party where a communication to a Third Party Provider relates to a Tender issued by that Party.

E-Sourcing System

20.17 Subject to the provisions of Clause 26 (Unauthorised Use), Recipient shall continue to have access to Provider's e-sourcing system for the duration of this Agreement provided that Recipient shall only have a right to access copies of Contracts which directly relate to the receipt of the Services by a member of Recipient Group (which shall include those Contracts which directly relate to the provision of Services to a member of Recipient Group and to the provision of services equivalent to the Services to a member of Provider Group).

21. PROCUREMENT PLAN

21.1 The Parties will comply with their respective obligations in Schedule 8 (Procurement Plan Principles).

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22. INTELLECTUAL PROPERTY

22.1 Save as expressly provided for in this Clause 22, neither Party, their Groups nor any Third Party shall be granted any rights in respect of the Intellectual Property of any other person by this Agreement.

22.2 Recipient hereby grants, or shall procure the grant of, to Provider a non-exclusive, non-transferable, royalty-free licence (without the right to sub-license other than to members of Provider Group, Sub-Contractors of Provider and Third Party Providers) to use any Intellectual Property owned by Recipient Group solely to the extent necessary for the provision of the Services by Provider Group in accordance with and subject to the terms of this Agreement until the relevant Service ceases to be provided.

22.3 Provider hereby grants, or shall procure the grant of, to Recipient a non-exclusive, non-transferable, royalty-free licence (without the right to sub-license other than to members of Recipient Group and Sub-Contractors of Recipient) to use any Intellectual Property owned by Provider Group solely to the extent necessary for the receipt of the Services by Recipient Group in accordance with and subject to the terms of this Agreement until the relevant Service ceases to be provided.

22.4 Subject to Clause 22.6, any Intellectual Property generated by, or on behalf of, Provider in the course of providing the Services shall belong exclusively to Provider or its licensors. If any such Intellectual Property vests in Recipient, a member of Recipient Group or any Recipient Personnel, inadvertently or otherwise, Recipient hereby assigns, to the extent permitted by law, all such Intellectual Property to Provider. To the extent that any such Intellectual Property is not so assigned, Recipient shall promptly assign, or shall procure the prompt assignment of, such Intellectual Property to Provider, for nominal consideration, and, until such assignment, shall hold such Intellectual Property, or shall procure that such Intellectual Property is held, on trust for Provider.

22.5 Intellectual Property developed by Recipient, or on behalf of Recipient by any person other than Provider or any Sub-contractor engaged by Provider, in the course of receipt of the Services shall belong exclusively to Recipient or its licensors. If any such Intellectual Property vests in Provider, a member of Provider Group or any Provider Personnel inadvertently or otherwise, Provider hereby assigns, to the extent permitted by law, all such Intellectual Property to Recipient. To the extent that any such Intellectual Property (save for any such Intellectual Property which vests in Sub-Contractors of Provider) is not so assigned, Provider shall promptly assign, or shall procure the prompt assignment of, such Intellectual Property to Recipient, for nominal consideration, and, until such assignment, shall hold such Intellectual Property, or shall procure that such Intellectual Property is held, on trust for Recipient. If any such Intellectual Property vests in Sub-Contractors of Provider, Provider shall use reasonable endeavours to procure the prompt assignment of such Intellectual Property to Recipient at Recipient's Cost.

22.6 If Recipient commissions Provider to develop, or procure the development of, any Intellectual Property, the terms of such development shall be agreed through the Change Control Procedure. Provider shall assign or procure the assignment of all such Intellectual Property to Recipient in accordance with the terms agreed between the Parties relating to such Change.

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22.7 Provider acknowledges that the Recipient Data is the property of Recipient or relevant member of Recipient Group. All Intellectual Property, confidential information and know-how in or to the Recipient Data shall vest in Recipient or relevant member of Recipient Group.

22.8 Each Party shall indemnify, and keep indemnified, the other Party from and against all claims, Costs (including, without limitation, legal costs and other advisers' fees), damages, losses and liabilities caused by or arising as a result of:

(A) the indemnifying Party's breach of a licence provided under this Clause 22; or

(B) any claim that the use of the indemnifying Party's materials by the other Party and/or its Group in accordance with the respective licence provided under this Clause 22 infringes the Intellectual Property of any third party.

22.9 Clause 22.8 shall not apply to:

(A) any infringement of Intellectual Property which arises from the use of the materials by the other Party in contravention of the indemnifying Party's reasonable instructions; or

(B) any adaptation, modification or enhancement made by the other Party to the materials without the indemnifying Party's approval.

23. CONDUCT OF THIRD PARTY CLAIMS

23.1 Where a Party (the "**Indemnifying Party**") is, pursuant to this Agreement, required to indemnify the other Party (the "**Indemnified Party**") and its Group against any Costs, claims, demands and damages of whatsoever nature incurred by the Indemnified Party and its Group arising out of or in connection with any claim made by a third party against the Indemnified Party or its Group:

(A) the Indemnified Party shall notify the Indemnifying Party promptly in writing of such claim of which it is aware; and

(B) the Indemnifying Party shall have 28 days from the date of such notice to decide whether to conduct any litigation and negotiations for the settlement of the claim. If the Indemnifying Party fails to take a decision within this period, it will be deemed to have decided not to conduct any such litigation or negotiations.

23.2 If the Indemnifying Party decides to conduct any litigation or negotiations, it shall do so at its own expense. The Indemnified Party shall give the Indemnifying Party all reasonable assistance required by the Indemnifying Party in support of any such defence or action and shall not, and shall procure that no member of its Group shall, make any admission or take any other action which might be prejudicial to any proceedings without the express prior written consent of the Indemnifying Party (such consent not to be unreasonably withheld or delayed). The Indemnifying Party will not settle or compromise any claim without the Indemnified Party's consent (such consent not to be unreasonably withheld or delayed).

23.3 If the Indemnifying Party decides not to conduct any litigation or negotiations, the Indemnified Party may conduct any litigation or negotiations itself and the indemnity provided by the Indemnifying

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Party pursuant to this Agreement shall include recovery of any expenses which have been pre-approved in writing arising out of or in connection with any subsequent judgment or settlement.

24. OBLIGATION TO MITIGATE

If, pursuant to Clauses 22.8 (Intellectual Property), 26.4(A) (Unauthorised Use), 28.3(C) (Personnel at Commencement), or 29 (Personnel at Service Termination) a Party is required to indemnify the other Party (the "**Mitigating Party**") and its Group against any Costs, losses, liabilities, claims, demands and damages of whatsoever nature incurred by the Mitigating Party and its Group arising out of or in connection with a breach of such Clause, the Mitigating Party shall, and shall procure that each member of its Group shall, take all reasonable steps to mitigate such Costs, losses, liabilities, claims, demands and damages.

25. ACCESS AND INFORMATION

25.1 Each Party shall (at the other Party's expense) provide such data, information, records and assistance as may be reasonably requested:

(A) by the other Party, the other Party's Personnel or any relevant Third Party Provider for the purpose of performing or receiving the whole or part of the Services; or

(B) by the other Party or the other Party's Personnel, for the purpose of verifying or carrying out an audit of any of the Charges or other Costs payable under this Agreement, provided that any such audit shall only be carried out once per Charging Period and in July,

and (upon request by the other with reasonable notice) afford the other Party and the other Party's Personnel with reasonable access to its Personnel during working hours, save that Provider shall not be required to provide access to Provider Personnel it does not employ other than to the extent that Provider has access to such Provider Personnel under the terms of the relevant Contract.

25.2 The Party requesting the data, information, records and assistance under Clause 25.1 shall:

(A) reimburse the other Party for all reasonable Costs which the other Party incurs in the provision of such data, information, records and assistance pursuant to Clause 25.1; and

(B) if it wishes to appoint an external representative to carry out any audit under Clause 25.1 obtain the prior written consent of the other Party to the appointment of such external representative, such consent not to be unreasonably withheld or delayed.

25.3 If an audit carried out under Clause 25.1(B) reveals that there is a material error in the calculation of any of the Charges or Costs which have been paid or are payable under this Agreement by a Party, such Party may serve a notice to the MSA Management Board giving reasonable details of the relevant information provided pursuant to the audit and the material error. The MSA Management Board shall discuss such information in accordance with Schedule 3 (Governance and Service Management) and determine, acting in good faith, a resolution to rectify the error, which may (if considered appropriate by the MSA Management Board) include a refund of Charges or Costs (including in connection with the provision of data, information, records and assistance or

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an audit pursuant to Clause 25.2) to the Party subject of the error or be accounted for as part of the Annual True Up.

25.4 Each Party undertakes to the other that it will comply with, and shall procure that each member of its Group, its Personnel and any Sub-Contractors, will comply with:

(A) any reasonable security, health and safety and conduct guidelines and other rules and regulations necessary for the provision of or, as the case may be, the receipt of any of the Services; and

(B) the provisions of Clause 33 (Confidentiality).

25.5 Each Party shall, and shall procure that each other member of its Group shall, use its reasonable endeavours to ensure that no computer virus or other contaminant (including, but not limited to, bugs, worms, logic bombs or trojan horses) is introduced by it, any of its Personnel or any of its Sub-Contractors into the IT Systems of the other Party or of any other member of the other Party's Group.

25.6 Each Party shall (to the extent such Party becomes aware), and shall procure that each member of their respective Group shall, notify the other Party of all events causing a material interruption to or material reduction in the quality or availability of the Services relating to or involving its IT Systems or the IT Systems of the other Party.

25.7 To the extent reasonably practicable, Recipient shall, and shall procure that each member of Recipient Group shall, initiate all additions, amendments and deletions of users using the IT Systems of Provider Group in connection with provision of the Services.

26. UNAUTHORISED USE

26.1 Each Party shall, and shall procure that its Personnel shall, not commit any act of Unauthorised Use and each Party shall use reasonable endeavours to ensure that its Sub-Contractors do not commit any act of Unauthorised Use.

26.2 Recipient Sub-Contractors which have access to Provider's IT Systems at the date of this Agreement shall continue to have access to Provider's IT System, which is in all material respects equivalent to the scope and standard of such access provided in the 12 month period immediately prior to the date of this Agreement. Any additional access by Recipient Sub-Contractors which have access to Provider's IT Systems at the date of this Agreement and access by any Recipient Sub-Contractors which do not have access at the date of this Agreement, shall be subject to Provider's prior written consent which shall not be withheld if the relevant Sub-Contractor meets the requirements of Provider Group policies governing access to Provider's IT Systems. All access to Provider's IT Systems by Recipient's Sub-Contractors shall be subject to compliance by the relevant Recipient Sub-Contractor with Provider Group policies governing access by Third Parties to Provider's IT Systems provided Provider provides Recipient with access to or copies of such policies (to the extent Recipient does not already have such access or copies) and shall notify Recipient of any changes to such policies.

26.3 In the event of an act of Unauthorised Use, the Party whose IT Systems were the subject of Unauthorised Use may, without liability to itself, immediately suspend the access of the other Party,

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its Personnel and any of the other Party's Sub-Contractors, if, in its reasonable opinion (based on the information available to it at the time), the Party whose IT Systems were the subject of Unauthorised Use considers it necessary in order to ensure that the Unauthorised Use has ceased and will not recur (a "**Security Suspension**"), provided that:

(A) the Party whose IT Systems are the subject of Unauthorised Use shall inform the other Party as soon as is reasonably practicable of any Security Suspension (and where reasonably practicable, in advance of such suspension being implemented), including the estimated period of that suspension;

(B) the Party whose IT Systems are the subject of Unauthorised Use shall, at the same time as the notice referred to in Clause 26.3(A) above, provide the other Party with reasonable details of the Unauthorised Use, where applicable, for the purposes of enabling the other Party to rectify that breach; and

(C) the Party whose IT Systems are the subject of Unauthorised Use shall reinstate the relevant access as soon as is reasonably practicable once it is satisfied (acting reasonably) that the Unauthorised Use has ceased and will not recur.

26.4 In the event of any breach of Clause 26.1:

(A) the Party in breach of Clause 26.1 agrees to indemnify and keep indemnified the other Party and each other member of that Party's Group against such breach; and

(B) (in the case of malicious Unauthorised Use) the Party in breach of Clause 26.1 shall ensure that the employee who committed the Unauthorised Use will be promptly withdrawn from any role relating to the provision of the Services.

27. PROTECTION OF DATA

27.1 Terms and expressions used in this Clause 27 shall have the meaning assigned to them in the Data Protection Act 1998 unless otherwise stated. In this Clause 27, "Data" means, as the context requires, Recipient Data or Provider Data and "Relevant Personal Data" means, as the context requires:

(A) Personal Data which is Recipient Data or in respect of which a member of the Recipient Group is the data controller, which, in each case, Provider or its Sub-contractors process pursuant to this Agreement; or

(B) Personal Data which is Provider Data or in respect of which a member of the Provider Group is the data controller, which, in each case, Recipient or its Sub-contractors processes pursuant to this Agreement.

27.2 Without prejudice to Clause 27.3:

(A) Provider shall, when it is processing Recipient Data pursuant to this Agreement, only handle and process the Recipient Data in accordance with Recipient's reasonable instructions and shall take appropriate technical and organisational measures against the unauthorised or unlawful processing of Recipient Data and against accidental loss or

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destruction of, or damage to, Recipient Data in accordance with the Service Level Standards; and

(B) Recipient shall when it is processing Provider Data pursuant to this Agreement, take appropriate technical and organisational measures against the unauthorised or unlawful processing of the Provider Data and against accidental loss or destruction of, or damage to, Provider Data.

27.3 Each Party undertakes to the other that it will comply with, and shall procure that each member of its Group, its Personnel and any Sub-Contractors, will comply with all applicable data protection legislation in connection with the performance of its obligations and the exercise of its rights under this Agreement. Each Party undertakes that when it acts as a data processor for the other Party pursuant to this Agreement, it shall, and shall procure that its Personnel and any Sub-Contractors, only process the other Party's Relevant Personal Data in accordance with the other Party's lawful instructions.

27.4 Each Party agrees to, and shall procure that its Personnel and any Sub-Contractors, use reasonable care and skill when it is processing the other Party's Data pursuant to this Agreement. To the extent either Party is required to enter the other Party's Data onto the other Party's IT Systems pursuant to this Agreement, it shall ensure that its Personnel use reasonable care and skill to enter such Data onto the other Party's IT Systems accurately and in a reasonably prompt manner.

27.5 Each Party shall, and shall procure that its Personnel and any Sub-Contractors, shall when processing the other Party's Data pursuant to this Agreement:

(A) promptly notify the other Party in writing if it, or its Personnel or Sub-Contractors, becomes aware of any unauthorised or unlawful processing, loss, corruption or destruction of, or damage to, the other Party's Data which may have an adverse impact on the other Party's business; and

(B) promptly, and at the option of the relevant Party, return to the other Party or delete all the other Party's Relevant Personal Data, and shall procure that its Sub-Contractors return to the other Party or delete the all other Party's Relevant Personal Data, following the termination or expiry of this Agreement other than to the extent that its retention is required by Applicable Law.

27.6 Each Party agrees that when it acts as data processor for the other Party pursuant to this Agreement, it shall not transfer the other Party's Relevant Personal Data outside of the European Economic Area without the other Party's prior written consent. Provider and Recipient hereby consent to the transfer of the other Party's Relevant Personal Data outside of the European Economic Area pursuant to a contract which exists, and in the terms which such contract exists, at the date of this Agreement (as extended from time to time) between the other Party and a Third Party and where a Party transfers the other Party's Relevant Personal Data outside of the European Economic Area pursuant to such a contract, it shall notify the other Party.

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28. PERSONNEL AT COMMENCEMENT

28.1 Provider and Recipient intend that TUPE 2006 shall not apply on or after the commencement of this Agreement in such a way so as to transfer the employment of any person to Provider or a member of Provider Group as a result of the provision of the Services under this agreement.

28.2 The Parties recognise that the staff providing the Services are, as at the date of this Agreement, already in place as employees of Provider.

28.3 If any person (a "**Commencement Transferred Employee**") claims or it is determined that his contract of employment has been transferred to Provider or a member of Provider Group contrary to Clause 28.1 or claims that his employment should have so transferred, then:

(A) Provider or a member of its Group shall notify Recipient within 7 days of the date of either (i) receipt of the Commencement Transferred Employee's claim or (ii) the determination, referred to in Clause 28.3 above;

(B) Provider or the relevant member of Provider Group may terminate the employment of that Commencement Transferred Employee provided that such termination is carried out within 3 months of the date of this Agreement; and

(C) Subject to Provider or relevant member of its Group complying with Clauses 28.3(A) and (B), Recipient shall indemnify Provider against all Liabilities which Provider incurs by virtue of TUPE 2006 and which arise out of or in connection with:

(i) that Commencement Transferred Employee's employment;

(ii) the termination of that Commencement Transferred Employee's employment; and

(iii) any failure to inform and consult representatives of the Commencement Transferred Employee under TUPE 2006.

29. PERSONNEL AT SERVICE TERMINATION

29.1 Provider and Recipient intend that, on or after each Service Cessation Date, TUPE 2006 shall apply in such a way so as to transfer the employment to the Recipient and/or Successor Provider of the Exit Transferred Employees engaged in the Service that has on the relevant Service Cessation Date terminated or expired.

29.2 The Parties agree that the following terms shall apply in respect of each Exit Transferred Employee:

(A) Provider shall be responsible for all emoluments and outgoings (including bonuses, commissions, PAYE, NICs and employer contributions to retirement benefit schemes) which have become due and payable prior to the relevant Service Cessation Date to or in respect of the Exit Transferred Employee.

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(B) Provider shall indemnify the Recipient (on its own behalf and on behalf of the Successor Provider) against all Liabilities which Recipient and/or the Successor Provider incurs by virtue of TUPE 2006 and which arise out of or in connection with:

(i) any failures by the Provider or member of Provider Group to comply with its obligations under Clause 29.2(A);

(ii) any Claim by any Exit Transferred Employee arising from his employment with Provider or member of Provider Group (other than in relation to a resignation pursuant to Regulation 4(9) or 4(11) of TUPE 2006) prior to the relevant Service Cessation Date; or

(iii) any Claim by or on behalf of any Exit Transferred Employee, including by a trade union or staff association recognised by Provider or member of Provider Group in respect of all or any of the Exit Transferred Employees, arising from Provider's or member of Provider Group's failure to comply with any consultation provision under TUPE 2006 save, in each case, to the extent that the Claim arises from a failure by Recipient and/or the Successor Provider to comply with the obligations under Regulation 13(4) of TUPE 2006 or any other act or omission of Recipient and/or the Successor Provider,

save that any Liabilities to which Clause 29.2(C) applies and any Liabilities which arise out of any Claim in respect of which the benefit of insurance is available to Recipient or the Successor Provider shall be excluded from the indemnity given in this Clause 29.2(B).

(C) Recipient shall or shall procure that the Successor Provider shall, on and from the relevant Service Cessation Date perform and discharge all of the obligations in relation to the Exit Transferred Employees which arise on or after the relevant Service Cessation Date including without limitation in relation to all emoluments and outgoings (including bonuses, commissions, PAYE, NICs and employer contributions to retirement benefit schemes) payable to or in respect of the Exit Transferred Employee.

(D) Recipient shall indemnify Provider (on its own behalf and on behalf of any member of the Provider Group) against any liability which arises out of or in connection with:

(i) any Claim by an Exit Transferred Employee arising from his employment with Recipient and/or the Successor Provider on or after the relevant Service Cessation Date;

(ii) any failure by it or the Successor Provider to comply with its or their obligations under Clause 29.2(C);

(iii) a change on or after the relevant Service Cessation Date in respect of the Exit Transferred Employees to any term of employment or working condition (including any term or condition relating to an occupational pension scheme) or any proposal to make such a change including any proposal communicated before the relevant Service Cessation Date in respect of the Exit Transferred Employees directly or indirectly to a Exit Transferred Employee, the Exit Transferred Employees' representatives or a trade union by Recipient or the Successor Provider, or by

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Provider or member of Provider Group, following information received from Recipient and/or the Successor Provider regarding such a proposal;

(iv) the termination of employment of any Exit Transferred Employee taking effect after the relevant Service Cessation Date or any other event, matter or circumstance occurring on or after the relevant Service Cessation Date or any other act or omission by Recipient and/or the Successor Provider;

(v) any claim by any Exit Transferred Employee in connection with the termination of his employment pursuant to Regulations 4(9) or 4(11) of TUPE 2006; and

(vi) Recipient and/or the Successor Provider's failure to comply with its obligations under Regulation 13(4) of TUPE 2006 in respect of any Exit Transferred Employee.

29.3 If on or after a Service Cessation Date any person other than an Exit Transferring Employee or an employee seconded to Recipient from Provider Group (an "**Exit Claiming Employee**") claims or alleges that his contract of employment or any Liabilities in relation to his employment, has transferred by the operation of TUPE 2006 to Recipient or the Successor Provider as a result of the termination of the relevant Service, then:

(A) Recipient shall or shall procure that the relevant Successor Provider shall notify Provider within 7 days of the date of receipt of the Exit Claiming Employee's claim or allegation;

(B) Recipient or the relevant Successor Supplier may terminate the employment of that Exit Claiming Employee provided that such termination is carried out within 3 months of the date of the termination of the relevant Service; and

(C) Subject to Recipient or the relevant Successor Supplier complying with Clauses 29.3(A) and (B), Provider shall indemnify Recipient and the Successor Supplier against all Liabilities which Recipient or the relevant Successor Supplier incurs by virtue of TUPE 2006 and which arise out of or in connection with:

(i) that Exit Claiming Employee's employment;

(ii) the termination of that Exit Claiming Employee's employment; and

(iii) any failure to inform and consult representatives of the Exit Claiming Employee under TUPE 2006.

29.4 The Parties acknowledge and agree that it would not be just and equitable for any claim to be made by Recipient and/or the Successor Provider in respect of any failure to provide Employee Liability Information and Recipient agrees that if it and/or the Successor Provider should bring such a claim it will indemnify Provider (on its own behalf and on behalf of each member of the Provider Group) in respect of its losses, liabilities, damages, costs, claims and expenses arising from or in connection with such a claim.

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30. SPLIT ARRANGEMENTS

30.1 If Provider, Recipient and a Third Party agree to novate any Contracts, the Parties shall enter into a novation agreement with the relevant Third Party substantially in the form set out in Schedule 9 (Form of Novation Agreement), and such other arrangements as shall be necessary or required to effect the novation of the relevant Contract to Recipient.

30.2 Notwithstanding any provision of a novation agreement entered into pursuant to Clause 30.1, Recipient acknowledges and agrees that Provider shall not be liable to Recipient for any Costs or damages incurred or losses suffered by Recipient in connection with any claim that any goods or services were procured in breach of the Public Contracts Regulations 2006 prior to the Novation Effective Date.

30.3 If the apportionment of liability pursuant to the terms of a novation agreement entered into pursuant to Clause 30.1 contradicts the exclusion of liability in Clause 30.2, the apportionment of liability specified in the relevant novation agreement shall not apply solely to the extent that it contradicts the exclusion of liability in Clause 30.2.

31. ASSIGNMENT

Neither of the Parties shall assign, or purport to assign, its rights or novate or otherwise transfer any right, obligation, benefit or interest afforded to it by or derived by it from this Agreement either in whole or in part, to any person without the prior written consent of the other Party.

32. AGREEMENTS TO AGREE

Where any provision contained in this Agreement relates to a document, procedure, process or any other matter which is to be determined or otherwise agreed by Provider and Recipient following the execution of this Agreement (an "**Agreement to Agree**"), Provider and Recipient each agree that they shall act:

(A) reasonably and in good faith in seeking to conclude each Agreement to Agree;

(B) as soon as reasonably practicable or, where timescales are stipulated in this Agreement, within those timescales; and

(C) in such manner and form as required by the relevant Clause, Schedule or Annexure (as applicable).

33. CONFIDENTIALITY

33.1 Each Party to this Agreement shall treat as strictly confidential all Confidential Information.

33.2 Either Party may disclose information which would otherwise be confidential if and to the extent:

(A) required by Applicable Law or for the purposes of judicial proceedings or to a tax authority in connection with the tax affairs of the disclosing party;

(B) that the information is disclosed on a strictly confidential basis to the professional advisers, auditors and/or bankers of that Party;

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(C) that the information has come into the public domain through no fault of that Party;

(D) that the other Party has given prior written approval to the disclosure, such approval not to be unreasonably withheld or delayed;

(E) required to enable that Party to enforce its rights under this Agreement;

(F) necessary for the provision or receipt of the Services;

(G) that disclosure by either Party to their Group is reasonably required for the provision or receipt of the Services from time to time; or

(H) that disclosure is by Recipient to a Successor Provider, or potential Successor Provider, for the re-tendering or transfer of the Services and Recipient has given prior written approval to the disclosure, such approval not to be unreasonably withheld or delayed;

provided that (except in the case of disclosure to a Tax authority):

(i) any such information disclosed pursuant to Clauses 33.2(A), 33.2(B), 33.2(F), 33.2(G) or 33.2(H) shall (to the extent permitted by Applicable Law) be disclosed only after notice to the other Party; and

(ii) the person to whom disclosure is made is subject to confidentiality obligations broadly equivalent to those set out in this Clause 33.

33.3 In addition to the provisions of Clause 33.2, the Parties may disclose Confidential Information:

(A) to any Personnel of Provider or Third Party Provider to the extent reasonably necessary to enable the Services to be provided;

(B) to any person to the extent reasonably necessary for Provider to obtain any Third Party Consent; and

(C) to a Third Party that has, in Provider's reasonable judgement, a prospect of participating in a Transaction subject to Provider giving prior written notice to Recipient of such disclosure, and

in each case, provided such persons are subject to confidentiality obligations broadly equivalent to those set out in this Clause 33.

34. NOTICES

34.1 Any notice or other communication given or made under or in connection with the matters contemplated by this Agreement shall be in writing.

34.2 Any such notice or other communication shall be addressed as provided in Clause 34.3 and, if so addressed, shall be deemed to have been duly given or made as follows:

(A) if sent by personal delivery, upon delivery at the address of the relevant Party;

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(B) if sent by first class post, two Business Days after the date of posting;

(C) if sent by fax, when sent,

provided that if, in accordance with the above provisions, any such notice or other communication would otherwise be deemed to be given or made after 5:00 p.m. on any Business Day, such notice or other communication shall be deemed to be given or made at the start of working hours on the next Business Day.

34.3 The relevant addressee, address and fax number of each Party for the purposes of this Agreement, subject to Clause 34.4, are:

Name of Party	**Address**	**Email**
For Recipient		
For the attn. of Company Secretary	148 Old Street, London EC1V 9HQ	alwen.lyons GRO
Copy to Legal and Compliance Director	148 Old Street, London EC1V 9HQ	susan.crichton GRO
For Provider		
For the attn. of Company Secretary	100 Victoria Embankment, London, EC4Y 0HQ	jon.millidge GRO
Copy to General Counsel	100 Victoria Embankment, London, EC4Y 0HQ	neil.harnby GRO

34.4 Either Party may notify the other Party of a change to its name, relevant addressee and address for the purposes of Clause 34.3 provided that such notification shall only be effective on:

(A) the date specified in the notification as the date on which the change is to take place; or

(B) if no date is specified or the date specified is less than five Business Days after the date on which notice is given, the date falling five Business Days after notice of any such change has been given.

34.5 For the avoidance of doubt, the Parties agree that the provisions of this Clause 34 shall not apply in relation to the service of any writ, summons, order, judgment or other document relating to or in connection with any Disputes.

35. COUNTERPARTS

This Agreement may be executed in any number of counterparts, and by the Parties to it on separate counterparts, but shall not be effective until each Party has executed at least one

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counterpart. Each counterpart shall constitute an original of this Agreement, but all the counterparts shall together constitute but one and the same instrument.

36. RIGHTS OF THIRD PARTIES

36.1 The Parties to this Agreement do not intend that any term of this Agreement shall be enforceable by virtue of the Contracts (Rights of Third Parties) Act 1999, by any person who is not a Party.

36.2 This Agreement may be varied in any way and at any time by written agreement of the Parties without the consent of other members of either Party's Group.

36.3 The Parties agree that:

(A) in relation to Recipient and Provider and their respective Groups, each Party shall procure that no claim is brought by any member of its Group other than the Parties;

(B) any losses of any member of Provider Group arising under or in connection with this Agreement shall be deemed to be losses of Provider and shall, if such losses would have been claimable by Provider had they been suffered directly by Provider, be claimable by Provider hereunder subject to the application of any exclusions and limitations of liability under this Agreement that would have applied to such losses had they been suffered by Provider directly. In no event may Provider claim twice in respect of the same loss arising under or in connection with this Agreement; and

(C) any losses of any member of Recipient Group arising under or in connection with this Agreement shall be deemed to be losses of Recipient and shall, if such losses would have been claimable by Recipient had they been suffered directly by Recipient, be claimable by Recipient hereunder subject to the application of any exclusions and limitations of liability under this Agreement that would have applied to such losses had they been suffered by Recipient directly. In no event may Recipient claim twice in respect of the same loss arising under or in connection with this Agreement.

37. SEVERABILITY

If any term or provision or any part thereof (in this Clause 37 called the "**offending provision**") contained in this Agreement is or shall be declared or become unenforceable, invalid or illegal for any reason whatsoever, the other terms and provisions of this Agreement shall remain in full force and effect as if the same had been executed without the offending provision appearing therein and the Parties shall agree a replacement provision or part in place of such offending provision, such provision or part to have an equivalent economic and commercial effect to the offending provision or part.

38. NO PARTNERSHIP

Nothing in this Agreement and no action taken by either of the Parties pursuant to this Agreement shall constitute a partnership, association, joint venture or other co-operative entity between the Parties.

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39. FURTHER ASSURANCE

Each Party shall do and execute all such further acts and things as are reasonably required to give full effect to the rights given and the transactions contemplated by this Agreement.

40. WAIVER

The waiver by either Party of a breach or default of any of the provisions of this Agreement by the other Party shall not be construed as a waiver of any succeeding breach of the same or other provisions nor shall any delay or omission on the part of either Party to exercise or avail itself of any right, power or privilege that it has or may have provided by law or under this Agreement operate as a waiver of any breach or default by either Party.

41. ENTIRE AGREEMENT

41.1 This Agreement, together with any agreement concluded by the Parties pursuant to Clause 42 (Variation), constitutes the whole and only agreement between the Parties relating to its subject matter and supersedes and excludes all prior agreements or arrangements in that regard made between them. Except as required by statute, no terms shall be implied (whether by custom, usage or otherwise) into this Agreement. Except as the same are repeated in this Agreement, each Party acknowledges that it has not relied upon and shall have no right of action or remedy in respect of any draft agreement, any express or implied warranty, promise, assurance, arrangement, representation or statement, whether or not in writing, relating to the subject matter of this Agreement made or given by any person at any time.

41.2 Each Party waives all rights and remedies which, but for this Clause 41, might otherwise be available to it in respect of any such representation, warranty, collateral contract or other assurance.

41.3 Nothing in this Clause 41 limits or excludes any liability for fraud.

42. VARIATION

Save as otherwise provided in this Agreement, the terms of this Agreement may not be varied except in writing and signed by or on behalf of each of Provider and Recipient (whether through the Change Control Procedure or otherwise).

43. DISPUTE RESOLUTION

43.1 In the event that a dispute or difference arises between the Parties out of or in relation to this Agreement that the Parties are not able to resolve by agreement informally (a "**Dispute**"), such Dispute shall in the first instance be resolved by the written agreement of the Separation Project Directors.

43.2 If within 15 Business Days of having been referred to the Separation Project Directors, the Dispute has not been resolved in writing, or if either Separation Project Director deem that the Dispute falls outside their remit and/or authority, then it shall be referred to the Business Sponsors Board.

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43.3 If within 15 Business Days of having been referred to the Business Sponsors Board, the Dispute has not been resolved in writing then it shall be referred to the MSA Management Board.

43.4 If within 15 Business Days of being referred to the MSA Management Board the Dispute has not been resolved in writing then it shall be referred to the CEOs of the Parties.

43.5 If within 15 Business Days of being referred to the CEOs of the Parties, the Dispute has not been resolved, the Parties shall attempt to settle the Dispute by mediation in accordance with the Centre for Effective Dispute Resolution ("**CEDR**") Model Mediation Procedure. Unless otherwise agreed between the Parties, the mediator will be nominated by CEDR. To initiate the mediation a Party must give notice in writing (an "**ADR Notice**") to the other Party requesting a mediation. A copy of the ADR Notice shall be sent to CEDR by the Party requesting a mediation.

43.6 The mediation shall start not later than 10 Business Days after the date of the ADR Notice.

43.7 No Party may commence any arbitration in accordance with the provisions of Clause 44 (Arbitration) in relation to any Dispute arising out of this Agreement until it has attempted to settle the Dispute by mediation and either the mediation has terminated or the other Party has failed to participate in the mediation, provided that the right to issue proceedings is not prejudiced by a delay.

43.8 In the event the mediation fails then the Dispute shall be settled through the operation of Clause 44.1 (Arbitration).

43.9 The timeframes set out in this Clause 43 can be extended or shortened by the written agreement of the Parties.

43.10 Where a Dispute is referred by a Party's representative to a Third Party for resolution in accordance with this Clause 43, the representative referring the Dispute shall also at the same time as such referral provide to such Third Party to whom the referral is made details of the Dispute and discussions and the proposals made by each Party in relation to the Dispute.

44. ARBITRATION

44.1 All Disputes arising out of or in connection with this Agreement shall be finally settled under the rules of Arbitration of the International Chamber of Commerce ("**ICC**") by arbitrators appointed in accordance with the said rules.

44.2 The tribunal shall consist of three arbitrators to be appointed in accordance with the rules of the ICC.

44.3 The place of arbitration shall be London.

44.4 The Parties agree that in so far as any provision contained in the ICC Rules relates to the nationality of any arbitrator(s) (including, for the avoidance of doubt, Articles 9(1) and 9(5) of the current version of the ICC Rules), that provision, or relevant part of that provision, is to be excluded. In so far as any other provision contained in the ICC Rules is incompatible with applicable English law, that provision or relevant part of that provision is also to be excluded.

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44.5 The language of the arbitration shall be English.

44.6 This Agreement shall be governed by and construed in accordance with English law. Any matter, claim or dispute arising out of or in connection with this Agreement, whether contractual or non-contractual, is to be governed by and determined in accordance with English law.

45. CONDUCT OF DISPUTES

45.1 All negotiations pursuant to Clause 43 (Dispute Resolution) shall be conducted in confidence and without prejudice to the rights of the Parties in any future proceedings.

45.2 Notwithstanding any other provision in Clause 43 (Dispute Resolution), Clause 44 (Arbitration), and this Clause 45 and the good faith intention of the Parties to fully utilise the Dispute Resolution Procedures, nothing herein shall prevent a Party from taking steps to preserve or enforce its rights including by way of interlocutory or other interim or immediate relief in a court of competent jurisdiction.

45.3 Work and actions to be carried out in accordance with this Agreement (including the provision of Services) shall not cease or be delayed by the Dispute Resolution Procedures.

46. GOVERNANCE

The Parties agree that they shall implement, staff and give effect to the personnel appointments, management structures and committee and proceedings set out in this Agreement (and in particular Schedule 3 (Governance and Service Management)) for the duration of this Agreement.

47. COSTS AND EXPENSES

Except as stated in this Agreement or otherwise agreed between the Parties, each Party shall pay its own Costs in relation to the negotiation, preparation, execution and carrying into effect of this Agreement.

48. GOVERNING LAW

48.1 This Agreement and any non-contractual obligations arising out of or in connection with it shall be governed by English law. Subject to the Dispute Resolution Procedures, the Parties agree that the courts of England are to have jurisdiction to settle any dispute arising out of or in connection with this Agreement and any proceeding, suit or action arising out of or in connection with this Agreement may be brought in the English courts.

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SIGNED by the Parties on the date that first appears in this Agreement.

SIGNED by)
MATTHEW LESTER)
duly authorised for and on)
behalf of)
ROYAL MAIL GROUP LIMITED)

GRO

SIGNED by)
CHRIS DAY)
duly authorised for and on)
behalf of)
POST OFFICE LIMITED)

GRO

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Schedule 1

SERVICES

1. This Schedule 1 sets out the following Services:

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2. Unless stated otherwise in this Schedule 1, all policies and processes referred to in this Schedule 1 shall be the current policies and processes of the relevant Party as at the date of this Agreement. Subject to Schedule 5 (Change Control), these policies and processes may change from time to time.

3. Unless stated otherwise in this Schedule 1, the terms "Group", "Royal Mail" and "RM" shall mean Provider and the terms "POL" and "Post Office" shall mean Recipient.

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Section A: Finance Services

(i) NAME OF SERVICE: FINANCE – INTERNAL AUDIT AND RISK MANAGEMENT	
FIN01	Internal Audit and Risk Management
Description of Service	A. Provider shall provide the following Group independent assurance and risk management services: a) independent assurance of high level risks, priority processes and projects within Recipient, including execution of the annual audit plan; b) risk management: providing support to the development and maintenance of risk management in Recipient e.g. Recipient and directorate risk registers; c) critical business processes: provide support to the development and facilitation of the critical business process assurance exercise; and d) other: checking Recipient's compliance with Group policy, data analytics, forensic audit, business continuity assurance, risk and audit training as required. B. Delivery of independent assurance and risk management plan. Measure: number of assignments published from the plan agreed by Provider's Audit Risk Committee and Recipient. C. Delivery within budget. Measure: man-days charged to assignment compared to planned man-days. D. Provider to provide 500 man-days (on an annual basis) of work covering the agreed Recipient work plan for 2012/13, the scheduled routine work, and risk management support and ad hoc assurance activity,

	as required by Recipient. E. Provider to provide support as Recipient establishes its own internal audit function, including access to specialist advice and resources; and delivery of Recipient's audit files and historical data to the extent that such audit files and historical data are held manually or can be produced using standard reports only. F. Provider to continue to provide current 'Speak Up' employee disclosure line together with all associated support (including provision of management information ("**MI**")). G. Provider to provide support relating to transition to the new Recipient specific employee disclosure line, including delivery of historical MI to the extent that such historical MI is held manually or can be produced using standard reports only.
Service End Date	31/03/2013
(ii) NAME OF SERVICE: FINANCE – CHIEF ACCOUNTANT	
FIN02	Chief Accountant: Pensions Accounting
Description of Service	A. Pensions accounting provided at Group level for Recipient as follows: a) pensions accounting provided at Group level for Provider's operating units: "Letters" and "Parcel Force Worldwide" and Recipient; b) prepare journals for Recipient covering notional interest charge; incremental adjustment as payroll system and settlement rate differ; and support functions balance sheet impact allocation to operating units; c) at half year and year end, take deficit numbers provided by actuary, and allocate to operating

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	units based on historical headcount; d) reconcile long term liability held in operating units to explain movements; e) provide disclosure notes for statutory accounts; and f) calculate Recipient's pension protection levy, taking into account the size of the pension deficit, risk assessment, Dun & Bradstreet rating and number of employees. B. Prepare and arrange input of journals on a monthly basis. C. Complete journal accurately and submit for processing in line with Group finance processing timescales.
FIN03	Chief Accountant: Consolidation
Description of Service	A. Consolidation: (a) Group consolidation of Recipient's accounts into Group accounts; (b) consolidation of Recipient's subsidiaries into Recipient's accounts; and (c) provide annual tax pack information for provisions and accruals. B. Prepare consolidated management accounts on a monthly basis. C. Submit consolidated management accounts to Recipient finance in line with published Group finance deadlines. D. Prepare tax packs for provisions and accruals in line with published timescales.

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FIN04	Chief Accountant: Completing Accounts
Description of Service	A. Completion and submission of Recipient's accounts to Recipient finance for onward submission to Companies House. B. Provide annual consolidated accounts for Recipient within 7 weeks of year end.
(iii) NAME OF SERVICE: FINANCE – FACILITIES MANAGEMENT	
FIN05	Facilities Management Finance: Royal Mail Engineering and Construction and Utilities
Description of Service	A. Process and settle Royal Mail Engineering and Construction application for payment for jobs carried out across whole Group for planned maintenance, reactive maintenance, fees, waste, office management, furniture repair and cleaning. For shared buildings, user-business is not identified. For electricity, gas and catering, journal costs to user-businesses cost centres. B. Facilities management finance to validate and process the Royal Mail Engineering and Construction application for payment (including Recipient's elements), in accordance with the agreed timescales set out in the ROMEC contract. C. Facilities management finance to ensure that all payments to Royal Mail Engineering and Construction are made in accordance with the timescales set out in the ROMEC contract. D. At period-end, facilities management finance to journal the invoiced electricity, gas and catering charges to the nominated Recipient cost centre by end of day +1. E. At period-end, facilities management finance to provide Recipient with electricity, gas and catering accruals by end of day +1.

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FIN06	Facilities Management Finance: General
Description of Service	A. Facilities management finance: a) for non-facilities management products (including print, street furniture, fittings and wheeled equipment) journal to user-business cost centres. For facilities management helpdesk related jobs, charge to user-business based on prior year actuals; b) central requisitioning team prepare requisitions and coding for service entry sheets and CPC (Corporate Purchasing Card) purchases; and c) variance analysis against budget and prior year for facilities management leadership team, plus monthly inter-business charging, quarterly forecasting process, provision of strategic plan and annual budget which is based on strategic plan overlaid with known changes from planned property moves. B. For non-facilities management Royal Mail Engineering and Construction charges, facilities management finance to circulate the charges to the nominated Recipient individuals for checking and provide a date by which the charges need to be received back by facilities management finance. C. Facilities management finance to reflect responses received from Recipient in the AfP (Application for Payment) return to Royal Mail Engineering and Construction and journal costs to Recipient on receipt of the invoice from Royal Mail Engineering and Construction.
(iv) NAME OF SERVICE: FINANCE – PROCESSING	
FIN07	Finance Processing: Customer Accounts
Description of Service	A. Customer accounts processing bills for external customers for Recipient.

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	B. All billing requests to be processed within 2 Business Days of receipt. C. Invoices issued to customers in line with Provider's standard system processes.
FIN08	Finance Processing: Payment Processing
Description of Service	A. Payment processing. B. Manage receipts and reconcile bank accounts for Recipient. C. All receipts banked on day of receipt or next Business Day, and cleared to normal banking timescales. D. Subject to Recipient having sufficient funds, bank accounts funded in line with Group policy and reconciled on a weekly basis. E. Probity sign-off of bank balances completed by day 10 after period end. F. Minimise the number and value of 'uncleared' items in Recipient's general ledger banking codes beyond 7 days.
FIN09	Finance Processing: Credit Management Centre
Description of Service	A. Provider's credit management centre shall manage billing and provide reporting in respect Recipient's clients, including: a) chasing debt; b) referring bad debts to Provider's Third Party Provider of litigation services; and c) handling billing enquiries from Recipient's customers. Recipient's customers are split into

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	Recipient's clients and cash carrying customers for monitoring purposes. B. Chase debt in line with Recipient's policy and processes. C. Handle all queries within 2 Business Days of receipt, escalating to Recipient as required.
FIN10	Finance Processing: Accounts Payable
Description of Service	Accounts payable: *A.* Invoices will be paid in line with Group policy and in accordance with the reasonable payment terms set out in the contracts which have been entered into by a member of Recipient Group provided those payment terms have been approved in writing (including by email) by Provider. Where Provider approval has been provided the payment terms shall be deemed to be reasonable. Without prejudice to Clause 20.13, Recipient shall provide Provider with a copy of any contract entered into by a member of Recipient Group which is reasonably required by Provider in order for Provider to pay the relevant invoices. B. Subject to Recipient having sufficient funds, bank accounts funded in line with Group policy and reconciled monthly. C. Probity sign-off of bank and trade creditor balances completed by day 10 after period end. D. Accounts payable manage payments to vendors (using cheques, BACS and CHAPS) and reconcile bank accounts. E. Upload invoices to finance system ES-FS, deal with queries and perform invoice matching for Post Office shops and business expenses. F. Pay vehicle parts and spares by matching with M4 vehicle workshop system for the period during which

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	the M4 vehicle workshop system is provided in accordance with Section N (IT Services). G. Manage payment bank accounts and payment bank reconciliations.
FIN11	Finance Processing: Financial Accounting Services
Description of Service	A. Financial accounting services provided to Recipient as follows: a) maintain general ledger for Recipient and oversee inter business accounting; b) maintain asset register for Recipient; c) maintain master data for Recipient on corporate systems; and d) issue corporate purchasing cards, reporting on usage and upload spend onto finance systems. B. Journal vouchers processed accurately within 2 Business Days of receipt. C. Ledgers closed in line with Group finance timescales – as at the date of this Agreement, being on day 1 and day 3 after period end. D. Assets loaded onto asset register within 5 Business Days of receipt of appropriate information from Recipient. E. Master data requests processed within 2 Business Days of when the requests are raised. F. CPC Amex and Visa files loaded into finance system (ES-FS) within current accounting period.
FIN13	Finance Processing: Central Finance Functions

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Description of Service	A. Provide financial decision support on shared enterprise-wide systems. B. Variance analysis against budget and prior year carried out, plus monthly inter-business charging, quarterly forecasting process, provision of strategic plan and annual budget based on strategic plan.
(v) NAME OF SERVICE: FINANCE – TREASURY AND TAXATION – CORPORATION TAX	
FIN12	Corporation Tax
	A. The following tax services shall be provided by Provider to Recipient: a) preparing corporation tax returns and related compliance submitted in line with regulations for financial years up to March 2013 on the basis of comprehensive and timely input and data received from Recipient, and the determination, submission and finalisation of all claims, surrenders, consents and elections of Recipient for these years. Recipient may review the returns before submission and will inform Provider in advance (and by no later than 8 months after the year end) if it intends to use external advisors (at Recipient's cost) to review returns prior to submission; b) HMRC corporation tax correspondence on Recipient's issues for financial years up to March 2013; c) support for tax accounting for financial years up to March 2013 and statutory accounts tax disclosures for years up to March 2013; d) support for corporation tax instalment payments (if any) for financial years up to March 2013 and re consortium relief issues with First Rate Exchange Services Limited; e) preparation of capital allowance and capital gains computations as well as the capital goods scheme adjustment for financial years up to March 2013. This includes, to the extent

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	necessary, processing of Recipient's property and fixed asset data (via the TAAP (Tax Analysis of Accommodation Projects) process) for financial years up to March 2013 to the extent Provider has such data available to it.
Service End Date	This Service shall be provided for the financial years up to March 2013, and will end by 31/03/2014.
(vi) NAME OF SERVICE: FINANCE – TREASURY AND TAXATION – VAT	
FIN14	VAT
Description of Service	A. Provider shall undertake VAT filings and associated computations for Recipient as part of Royal Mail Holdings plc or other VAT Group including Recipient and other members of the current VAT Group submitted in line with regulations subject to comprehensive and timely input and data from Recipient received and management of VAT aspects of HMRC relationship with the VAT Group.
Service End Date	This Service shall continue until the end of the month next following the end of the VAT prescribed accounting period in which Recipient ceases to be a member of the same VAT group as Provider or until such other date as agreed in writing by the Parties (acting reasonably taking into account the annual adjustment falling to be made under regulation 107 of the VAT Regulations 1995 in respect of the longer period (for the purposes of such regulation) in which Recipient ceases to be a member of the same VAT group as Provider).
(vii) NAME OF SERVICE: FINANCE – TREASURY AND TAXATION – EMPLOYMENT TAX	
FIN15	Employment tax
Description of Service	A. Provider shall provide employment tax and related support including: a) PAYE Settlement Agreement – compiling the necessary information, agreeing the items to be included with HMRC, calculating the liability and submitting the return to HMRC (which may

	include a separate return for Recipient); b) Benefits/Payroll – providing support based on changes in tax legislation, policy, working practices, initiatives and new/existing issues raised by Recipient; c) Dispensation – maintaining the version of the PAYE dispensation for the Group used as at the date of this Agreement (a separate one may be needed for Recipient) and amend and agree with HMRC where necessary; d) HMRC contact – being the first port of call on all issues raised by HMRC, other than day to day matters; e) P35, P11d & Class1A NIC – providing input on items to include and compilation and submission of these returns; f) Agreements with HMRC – maintaining and refreshing agreements as necessary; g) Agents – supporting Recipient and liaising with HMRC on status and remuneration aspects; h) Inputting on CIS (Construction Industry Scheme) issues as required; and i) General – providing support, guidance and training on all employment tax aspects.
Service End Date	31/03/2014
(viii) NAME OF SERVICE: FINANCE – TREASURY AND TAXATION – STAMP DUTY LAND TAX	
FIN16	Stamp Duty Land Tax

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Description of Service	A. Provider shall provide periodic high level review over Recipient's controls for Stamp Duty Land Tax filing processes.
Service End Date	31/03/2013
(ix) NAME OF SERVICE: FINANCE – TREASURY AND TAXATION – TREASURY	
FIN17	Treasury
Description of Service	A. Treasury: a) Recipient will participate in foreign currency transactions and commodity purchase arrangements if agreed beyond March 2012 and Recipient will provide clear forecasts of amounts to be hedged, for which incremental costs will be charged; b) foreign currency transactions and commodity purchase arrangements will be based upon forecasts from Recipient of exact currency hedge requirements over the coming month. Group Treasury will either place hedges with Provider or external hedges for Recipient and pass back the incremental cost/saving to Recipient on maturity; c) foreign currency transactions and commodity purchase arrangements transactions effected up to at least March 2012 which may extend up to the year ending March 2015 for which Recipient's commitments have been included will continue to be settled via Fuel Services/Property Management Services as appropriate following the termination of this part of Service FIN17(A)(c) under this Agreement. Where Recipient volumes have been included in derivatives, and the supply of the underlying asset to Recipient has been terminated, the derivatives will continue to be accounted for in connection with normal settlement procedures (usually monthly); and d) Subject to Schedule 5 (Change Control), if Recipient wishes new foreign currency transactions

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	and commodity purchase arrangements to be placed beyond April 2012 these must be agreed with Provider in advance.
Service End Date	Service terminates on 3 months' written notice by either Party.
(x) NAME OF SERVICE: FINANCE – TREASURY AND TAXATION – TREASURY (INSURANCE)	
FIN18	Treasury (Insurance)
Description of Service	A. Provider shall provide insurance within existing policies and participation in current broker contract (until 30 June 2012) as part of Provider Group cover and access to Postcap Guernsey Limited (Royal Mail owned insurance company) with charges at market rates. The insurance contract expires on 30 September 2012. Without prejudice to Clause 20.7 of this Agreement, any renewal of insurance or participation in the broker contract post this date will be at the discretion of Provider and Postcap Guernsey Limited dependent on acceptable terms and charges and full disclosure of information to Insurers, Provider and Postcap Guernsey Limited. B. The insurance services comprise: a) management of the relationship with brokers, external insurers, internal stakeholders and the Group's captive insurance company; b) management of the renewal process which involves the collation of renewal data from all of Recipient's business units/stakeholders and presenting this to brokers and insurers; c) responding to insurance related queries and issues from Recipient ranging from contractual insurance requirements through to property, liability, D&O and crime insurance questions; and d) the management of major loss claims to include liaising with Provider's or Recipient's internal or

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	external loss adjusters, lawyers and business stakeholders, as appropriate.
Service End Date	30/09/2012; or, if the Parties agree to renew the insurance contract on a joint basis and subject to Applicable Law, such later date that the Parties may agree in writing.
(xi) NAME OF SERVICE: FINANCE – TREASURY AND TAXATION – TREASURY DISCLOSURES	
FIN19	Treasury disclosures
Description of Service	A. Provider will support appropriate treasury disclosures in statutory accounts for the financial years up to March 2013 including those required by FRS 25, 26 and 29 (or equivalent international standards IAS 32 and 39 and IFRS 7) for the appropriate financial instruments.
Service End Date	This Service will be provided for financial years up to March 2013, to end by 31/03/2014.
(xii) NAME OF SERVICE: FINANCE – TREASURY AND TAXATION – HR SUPPORT	
FIN20	HR Support
Description of Service	A. Provider will provide support to Provider's HR services with regard to the Personal Accident Benefit Scheme.
Service End Date	31/03/2013.
(xiii) NAME OF SERVICE: FINANCE – TREASURY AND TAXATION – MEDICAL INSURANCE ARRANGEMENTS	
FIN21	Medical insurance arrangements

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Description of Service	A. Provider will allow Recipient to participate in AXA (or other medical insurance) arrangements organised by Provider with charges made as appropriate for Third Party Costs attributable to the share of relevant employees of Recipient.
Service End Date	31/03/2013 or, if the Parties agree to renew the insurance contract on a joint basis and subject to Applicable Law, such later date that the Parties may agree.

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Section B : Facilities Management Services

(xiv) NAME OF SERVICE: FACILITIES MANAGEMENT	
FCM01	Field Operations
Description of Service	A. Provider shall deliver strategic and tactical facilities management and buildings services to ensure there is business continuity for Recipient, specifically including: a) ensuring a safe and compliant estate; b) ensuring business continuity; c) management of the overall reactive maintenance process within facilities management; d) delivering a strategic, customer focused and proactive facilities management service; e) leading stakeholder engagement and relationship management process; f) working with procurement and contracts teams to drive continuous improvement of facilities, management category procurement and contract management; and g) driving supplier performance through cross business collaborative supplier performance management techniques. B. Subject to paragraph C below of FCM01, the field services AFM (Area Facilities Manager) service and

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	contract management service for specific Recipient facilities management contracts will cease in accordance with Section M (Services to Cease) of this Schedule 1. C. In the event that the three new area facilities managers and one facilities management contract manager roles identified in relation to the field service AFM service and contract management service for the facilities management contracts within FCM01 which are exclusive to Recipient are not filled, and Provider's relevant employees are not transferred onto the Recipient's payroll before 1 April 2012, that service will continue until such time as they are filled.
Service End Date	31/03/2014
FCM02	Energy, Environment and Technical
Description of Service	A. Provider shall define and deliver carbon reduction initiatives, technical design and compliance authority to Recipient, specifically including: a) risk mitigation; b) duty holder responsibility of Recipient's staff; c) management of contractor to ensure safe and compliant estate; d) effective supplier performance management to drive contractor performance; e) networking opportunities to drive best practice and innovation; f) energy management engagement and training; and g) effective cost and spend management.

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Service End Date	31/03/2014
FCM03	Policy, Regulation and Compliance
Description of Service	A. Provider shall provide to Recipient health, safety and legal compliance across property and facilities management services, subject matter experts and providing advice to Group property and facilities management, specifically including: a) legislation monitoring and review, resulting in the development and/or amendment of policies and standards, process and guidance development, review and deployment; b) monitoring and audit of employee and supplier safety performance; c) leading the response to enforcement interventions concerning premises, contractor and fire related issues; d) leading business continuity planning for facilities management; and e) leading facilities management risk management process.
Service End Date	31/03/2014
FCM05	Projects on shared property and Planning
Description of Service	A. Provider shall construct the facilities management capex and opex programmes plan. Provider shall deliver the plan to target, including providing the following specific activities: a) project and programme management;

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	b) managing the business planning process – lead role within facilities management; c) managing and deploying the annual building condition survey programme; d) effectively managing Recipient's supplier performance to drive contractor performance; and e) effectively managing cost and spend.
Service End Date	31/03/2014
FCM06	Projects on Recipient Owned Property
Description of Service	A. Provider shall perform maintenance projects for Recipient standalone estate. B. Provider shall manage and deploy the annual building condition survey programme for Recipient standalone estate. C. Provider shall provide project and programme management.
Service End Date	31/03/2014
(xv) NAME OF SERVICE: FACILITIES MANAGEMENT – CHARGES	
FCM07	Facilities Management Third Party Supplier and Royal Mail Engineering and Construction
Description of Service	A. Provider will procure, manage and make bill payments for facilities management services that Recipient receives from third party suppliers in accordance with Provider's policy. B. Provider shall manage the Royal Mail Engineering and Construction contract.

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	C. Provider shall provide, or manage the provision of, the following products and associated services: a) daily cleaning; b) window cleaning; c) reactive maintenance (via Provider's facilities management help desk); d) building fabric and BES (Building Engineering Services) maintenance; e) electronic security (ARC, Intruder Alarms , CCTV and access controls) – reactive and planned; f) planned maintenance routines (PMRs); g) building condition surveys; h) building hazard risk assessments; i) project maintenance; j) utilities – Provider shall negotiate the contracts for gas, electric, heating oil and water; k) catering services (provided by Quadrant) - Provider shall negotiate the price of this service; l) general trade, confidential waste and recycling; m) landscaping and grounds maintenance; n) pest control services;

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	o) washroom services; p) furniture and fittings; q) NPI (non-planned improvements); r) FLF (first line fix); s) churn; t) annual checks on asbestos; and u) fire risk assessments. D. Provider shall provide to Recipient the carbon reduction programme. OUT OF SCOPE Provider is not required to provide services in respect of: a) Recipient's capex / "Staying in Business" Projects, being small capital improvement projects that are operationally driven by Recipient, as opposed to being part of the maintenance and compliance of the estate. b) Recipient's equipment, being equipment such as counter chairs and leaflet dispensers which is linked to Recipient's operations rather than being related to the services described in this Section B (Facilities Management Services).
Service End Date	31/03/2014

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Section C : Fuel Services

(xvi) NAME OF SERVICE: FUEL	
FLT01	Fuel supply
Description of Service	A. Provider shall provide fuel at Recipient's 7 bunkered sites, provide fuel keys for Recipient to fuel up at Royal Mail sites and provide fuel cards for Recipient to use on forecourts and provide timeplan administration services. B. Provider shall provide equipment repairs and maintenance services to ensure that Provider is able to meet all fuel requirements for all of Provider's depots including forecourt fuelling.
Service End Date	31/03/2014

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Section D: Fleet Support Services

(xvii) NAME OF SERVICE: FLEET SUPPORT	
FLT02	Vehicle excise licensing
Description of Service	A. Provider shall undertake steps necessary (including arranging for the renewal of licences) to tax Recipient's vehicle fleet (including Recipient's mobile post offices) once per year using pre-printed paperwork from DVLA . B. Provider shall carry out the initial registration on brand new vehicles in Recipient's vehicle fleet (including Recipient's mobile post offices) via a Vehicle Registration Office and undertake steps necessary to tax these new vehicles (including arranging and administering the necessary paperwork).
Service End Date	31/03/2014
FLT03	Intra business reports/KPIs (Key Performance Indicators)
Description of Service	A. Production of various MI reports from existing system including in respect of road traffic collisions, vehicle maintenance, fuel and driver training. B. Production of bespoke customer MI, monthly datapack and backing reports.
Service End Date	31/03/2014
FLT04	Notice of impending prosecutions for driving offences

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Description of Service	A. Administration of notice of impending prosecutions received by Recipient plus administration of driver assessor training resource for Recipient's supply chain and mobile post offices, including weekly report production and posting to any Post Office supply chain depot and/or the Fleet central support team in Salford.
Service End Date	31/03/2014
FLT05	Administration of M4 fleet management database system
Description of Service	A. Amendment of the M4 database each time a vehicle is introduced, moved, disposed of etc. for all of Recipient's vehicle fleet (including Recipient's mobile post offices). B. Access to M4 database for Recipient's security field engineers ("**SFEs**") to enable them to capture work orders in relation to repairs to all Recipient vehicles including mobile post offices.
Service End Date	31/03/2014
FLT06	Vehicle disposals
Description of Service	A. Administration of vehicle disposal of Recipient's vehicles at the end of their life including Recipient's mobile post offices.
Service End Date	31/03/2014
FLT07	Vehicle paperwork admin

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Description of Service	A. Maintain a hard copy file for each vehicle containing a copy of MOT, plating certificates, type approval etc. in Recipient's vehicle fleet (including Recipient's mobile post offices).
Service End Date	31/03/2014
FLT08	Vehicle procurement/supporting admin
Description of Service	A. Supplier management: heavy vehicle supplier, light vehicle supplier, tracking systems supplier, security vehicle conversion/coachbuilder supplier(s). B. Managing supplier performance issues and modifications to spec and other issues. The management of each tender process takes up to a year to complete and therefore is an ongoing process involving five suppliers. C. Provider will provide appropriate management to the relevant Recipient stakeholders and Recipient finance business partners during the agreed procurement activity. D. Provider shall provide the relevant SRM (Supplier Relationship Management) strategy/actions/plans to the relevant suppliers for Recipient that Provider is managing (in-line with the Group procurement SRM strategy). E. Provider will provide the services described in FLT08 (Vehicle procurement/supporting admin) in accordance with Recipient's processes and governance with respect to Recipient sourcing council, GIC (Group Investment Committee), and any other governance to be agreed between the parties. F. Provider shall provide subject matter experts to be a source of knowledge and expertise for Recipient stakeholders on any suppliers managed by Group procurement. G. Provider shall provide status updates on Recipient's activities on a monthly basis to the Group

	procurement planning and performance or best practice team. H. Each of Provider and Recipient's nominated representatives shall review operational service levels each month or as agreed by both parties. I. Provider shall provide vehicle life history to Recipient to inform Recipient's vehicle replacement planning. J. Provider shall manage the end to end process for Recipient's vehicle requisitions. K. Provider shall manage the provision of vehicle orders and delivery schedules with suppliers and Recipient.
Service End Date	31/03/2014
FLT09	Specialist Vehicle Services time
Description of Service	A. Where a Recipient vehicle is at any of Provider's vehicle service centres, Provider shall continue, upon Recipient's request, to provide access (where practical within Provider's production plan) to Recipient's SFEs to undertake specialist maintenance work on Recipient's vehicles (including the provision of reactive repairs, planned modifications and vehicle training sessions for Recipient's SFE staff). Such access shall be in accordance with the RM site's 'contractor' rules provided that Provider has provided a copy of such rules to Recipient. Provider will continue to provide existing access profiles to the M4 fleet system in order for Recipient's SFEs to create and manage work orders of all vehicular work performed.
Service End Date	31/03/2014
FLT10	Central Postal Control

Description of Service	A. Co-ordination of breakdown recovery response for Recipient's vehicle fleet (including mobile post offices), including out of hours support. Provider shall determine whether roadside repair or recovery is required.
Service End Date	31/03/2014
FLT11	Parts & Warranty (Standard fleet)
Description of Service	A. Supply and provision of standard parts. B. Management of claims for standard parts to manufacturers for Recipient's vehicle fleet (including Recipient's mobile post offices) under warranty.
Service End Date	31/03/2014
FLT12	Road Traffic Collision management
Description of Service	A. Administration and legal management of all road traffic collisions involving any of Recipient's vehicle fleet (including Recipient's mobile post offices).
Service End Date	31/03/2014
FLT13	Maintenance provision
Description of Service	A. Provision of all aspects of vehicle maintenance, service and inspection for Recipient's vehicle fleet (including Recipient's mobile post offices). Management of third party specialists including body repair specialists. B. Maintenance of legally required records and maintenance planning in line with Recipient's operators

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	licence undertakings in respect of Recipient's vehicle fleet (including Recipient's mobile post office).
Service End Date	31/03/2014
FLT14	Provider Fleet Policy – info share on legally driven market changes
Description of Service	A. Provider to continue to provide advice to Recipient as to the impacts of legally driven vehicle modifications and legislation and cascade fleet policy changes to Recipient.
Service End Date	31/03/2014
FLT15	Parts & Warranty (Specialist fleet)
Description of Service	A. Supply and provision of specialist parts. B. Management of claims for specialist parts to manufacturers for Recipient's vehicle fleet (including Recipient's mobile post offices) under warranty.
Service End Date	31/03/2014

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Section E: Company Secretary Services

(xviii) NAME OF SERVICE: COMPANY SECRETARY	
COS01	Freedom of Information Act and Data Protection Act
Description of Service	A. Data Protection: Provider shall provide an end-to-end administrative service for managing data protection subject access requests and complaints relating to Recipient as provided as at the date of this Agreement, including tracking tool and MI. Provider shall process the receipt and logging of DPA requests. B. Freedom of Information: Provider shall provide end-to-end FOIA services on same basis as Provider provides to Recipient as at the date of this Agreement including provision of appeals panel (whose decision shall be binding on Recipient) until such time as Recipient establishes its own panel, and existing administrative support, including the Provider publication scheme to provide the public access/gateway to include Recipient related information. Provider shall continue to provide the tracking tools and all related MI as Provider provides to Recipient as at the date of this Agreement and process the receipt of FOIA requests.
Service End Date	30/09/2012
COS02	Archive Service
Description of Service	A. Provider shall: a) continue to manage the relationship with the British Postal Museum and Archive ("**BPMA**") in order to comply with the requirements of the Public Records Act;

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	b) own relationship with the National Archive relating to the Public Records Act; and c) through the BPMA provide day to day management of the supplier of long term document storage.
Service End Date	30/09/2012

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Section F : HR Services

(xix) NAME OF SERVICE: HR	
HRS01	Advice and support
Description of Service	A. Provider shall provide timely provision of bullying and harassment investigators from within Provider to investigate complex sex and/or race harassment claims within required timescales as per Provider's policy.
Service End Date	31/03/2013
HRS03	Administration of PaLMS (Performance and Learning Management System)
Description of Service	A. Provider shall provide: a) PaLMS support covering user technical support provided through the PaLMS helpline such as resolving incorrect alignment to line manager or problems with user access to correct records; b) assistance on reporting data held from PaLMS; and c) Recipient with access to PaLMS.
Service End Date	30/06/2012
HRS04	Corporate Responsibility and Engagement

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Description of Service	Provider shall provide: A. Claims management services to Recipient being the management of all personal injury claims received from members of the general public and Recipient's employees, including: a) the facilitation of claims handled by Provider's external lawyers; b) the investigation of claims assigned to Provider's internal team; c) the assessment, negotiation and settlement of all claims handled internally; d) the management and collation of all accidents and incident reports and investigations; and e) forwarding the details of all incidents and reportable injuries involving third parties (e.g. members of the public) to Recipient to enable Recipient to report as required to the Health & Safety Executive under RIDDOR regulations (Reporting of Injuries, Diseases and Dangerous Occurrences Regulations 1995) within legal timescales.
Service End Date	31/03/2013
HRC01	Reward: Pensions
Description of Service	A. Provision of pension scheme management including in respect of scheme changes and the structure of the scheme, the policies associated with the scheme and pension queries at senior and executive management level, including REMSEPP (Royal Mail Senior Executive Pension Plan) advice.
Service End Date	31/03/2014
HRC02	Reward: Benefits and Colleague Shares

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Description of Service	A. Provider shall design the contractual and voluntary benefits for Recipient's employees and provide ongoing contract management for all levels of Recipient's employees which includes but is not limited to: a) the AXA PPP healthcare scheme, lease plan 'Perk Cars' (both of which are contractual benefits for senior managers (including band 3a and 4 in Recipient only); b) childcare vouchers, Bike2 Work, gym membership discounts (which is voluntary for all of Recipient's employees); and c) long service awards. B. Provider shall design Recipient's senior employee's pay packages including bonus schemes and administration (for Remco, SLP (Senior Leadership Population) and Recipient's senior managers). C. Provider shall manage the contract with BMI Healthcare for the annual health assessments for Recipient's senior management (being Remco and SLP). D. Provider shall manage the "Colleague Share Scheme" until the end of the scheme. The "Colleague Share Scheme" is a ghost share scheme that all of Recipient's employees have an opportunity to join. The "Colleague Share Scheme" is part of the overall benefits package and pays dividend and longer term bonuses periodically.
Service End Date	31/03/2013
HRC03	Employee assistance and wellbeing
Description of Service	Provider shall provide: A. Management of the 24 hour bullying and harassment helpline via a Third Party Provider (as at the date

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	of this Agreement, ATOS) B. HELP employee assistance helpline which is provided via a Third Party Provider (as at the date of this Agreement, ATOS) and available to all employees 24 hours per day. The HELP employee assistance helpline provides an access route to the Rowland Hill Fund. C. Health, wellbeing and attendance services being the central management of Group occupational health contracts and delivery of occupational health and wellbeing services to Recipient (including the services provided by ATOS).
Service End Date	31/03/2013

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Section G: Storage and Print Management Services

(xx) NAME OF SERVICE: PRINT MANAGEMENT	
IRD01	Print Management Services
Description of Service	Provider shall provide the print management services set out below: A. Management of the print services that were provided by iRed and/or Provider to Recipient during the 12 month period prior to the date of this Agreement including but not limited to those outlined below . The Service Level Standards shall continue to apply to all print management services, including in respect of print jobs dispatched, jobs and proofs provided according to the specification, schedule and maintenance of job folders. B. Creation and distribution of SMS, email, barcode only and printed payout letters. Provider shall maintain a secure web portal and SFTP (Secure File Transfer Protocol) for secure transmission of payout files. C. Provision of the secure printing services (e.g Post Office postal orders and payslips). D. Provision of the current EA – (environment agency) print services including planning for next season's licences and renewal letters, incorporating all literature amends to approval, attendance at monthly service reviews and delivery of daily MI and Service Level Standard information. Provider shall maintain an integrated system to receive and convert data into a usable format for mailing. E. Production of single trip pouches for remittances.

	F. Provision of direct mail – on demand campaigns. G. Provision of point of sale materials – including DL slips, A0 posters including multiple fold items, perforated, crash numbered etc. H. Provision of stationery – including compliment slips, letterheads and envelopes. I. Production of NCR forms (being multiple part paper forms) – which are utilised by Recipient's supply chain CViT units in the event of scanner failures.
Service End Date	This service shall terminate on the earlier of: (i) 30/06/2012; or (ii) the date a Third Party is obliged pursuant to a written agreement, to provide services that are the same or substantially similar to the print management services that are described in this Service (IRD01) to Recipient.
(xxi) NAME OF SERVICE: STORAGE	
IRD02	Storage Services
Description of Service	A. Provider shall provide Iron Mountain document storage and archiving services.
Service End Date	This service shall terminate on the earlier of: (i) 31/07/2012; or (ii) the date a Third Party is obliged pursuant to a written agreement, to provide services that are the same or substantially similar to the storage services that are described in this Service

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	(IRD02) to Recipient.

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Section H: Procurement Services

(xxii) NAME OF SERVICE: PROCUREMENT	
PCT01	Category Layer
Description of Service	A. Provider shall provide procurement processes in line with Recipient's business requirements. This includes full management of the process from investment committee approval to contract signature. B. Provider shall manage any changes to contracts, including managing the process of sign-off and renegotiation of mid contract changes. C. Provider will focus on category-specific procurement, which includes property and utilities, business services, Group IT and telecoms, vehicles, assets, logistics, facilities management and tactical sourcing. D. Provider shall manage all of Recipient's suppliers, with the exception of the core 13 strategic contracts (which shall be reviewed on a 6 monthly basis) in respect of the following suppliers: BT Wholesale (from 2012), Fujitsu, HP, Logica, WH Smith, ISA Retail Services, Bank Of Ireland, J P Morgan Europe Ltd, Cogent inc, Ingenico (UK) LTD, Wincor Nixdorf Limited, Barclays and Qmatic. Contract award or amendment for the "Strategic Contracts" is still subject to the agreed Delegated Authority process in place as at the date of this Agreement, under which the current RMG CPO has the delegated authority, rather than the POL Procurement Director. E. Provider will undertake the entire sourcing process for Recipient unless Recipient decides to run the procurement process itself. F. Provider will provide appropriate management to the relevant Recipient stakeholders and Recipient finance business partners during the agreed procurement activity. G. Provider shall provide the relevant SRM (Supplier Relationship Management) strategy, actions and

		plans to the relevant suppliers for Recipient that Provider is managing (in-line with the Group procurement SRM strategy).
	H.	Provider will ensure that eSourcing is up to date and accurate.
	I.	Provider will provide the services described in Section H (Procurement Services) in accordance with Recipient's processes and governance with respect to Recipient sourcing council, GIC (Group Investment Committee), and any other governance to be agreed between the Parties.
	J.	Provider shall provide subject matter experts to be a source of knowledge and expertise for Recipient stakeholders on any suppliers managed by Group procurement.
	K.	Provider shall provide status updates on Recipient's activities on a monthly basis to the Group procurement planning and performance or best practice team.
	L.	Provider shall provide support in the up skilling programme of Recipient, in line with Group procurement training, to enable Recipient to operate its procurement needs autonomously.
	M.	Provider shall provide resourcing according to the pre-agreed worklist and manage any amendments through a change control process.
	N.	Provider shall provide a response to Recipient within 7 Business Days of Recipient's request, for additional procurement resource to be provided by Provider (including the cost of such additional procurement resource). If accepted by Group procurement, Recipient shall confirm within 7 Business Days whether or not it wishes to proceed with its request for additional procurement resources at the agreed cost. Requests by Recipient for additional procurement resource will be provided by Provider in accordance with Schedule 5 (Change Control).
	O.	Each of Provider and Recipient's nominated representatives shall review operational service levels each

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	month or as agreed by both Parties.
Service End Date	31/03/2014
PCT02	Procurement Service Centre
Description of Service	A. Provider shall provide customer and supplier support for requisitions and transition to purchase orders. B. Provider shall provide low value sourcing for one time vendors. C. Provider shall provide procurement processes in line with Recipient's business requirements for all activity that falls outside of the scope of the service described in Category Layer (PCT01) or POL's strategic suppliers (being, as at the date of this Agreement, BT Wholesale (from 2012), Fujitsu, HP, Logica, WH Smith, ISA Retail Services, Bank Of Ireland, J P Morgan Europe Ltd, Cogent inc, Ingenico (UK) LTD, Wincor Nixdorf Limited, Barclays and Qmatic). D. Provider shall provide management and maintenance of the SAP SRM (R2P) system, e.g. on-boarding and exiting of suppliers and delegated approvals process. Note: The R2P feeds into the governance process and levels of authority therefore need to ensure correct governance is applied and adhered to under procurement process. E. Provider will ensure that eSourcing is up to date and accurate.
Service End Date	31/03/2014
PCT03	Planning Performance & Governance or Best Practice
Description of Service	A. Provider shall manage and maintain the shared eSourcing systems that exist as at the date of this Agreement.

	B. Provider shall ensure that the shared eSourcing system that exists as at the date of this Agreement is up to date and accurate including Recipient's contracts database. C. Provider shall provide support in the up skilling programme of Recipient, in line with Group procurement training, to enable Recipient to operate its procurement needs autonomously. D. Provider shall ensure that Recipient is included in all Group procurement subscriptions. E. Provider shall ensure that its development of governance and processes considers Recipient's requirements and manages impact to a mutually agreeable solution. F. Provider shall ensure that SOPs (Standard Operating Procedures) are up to date, accurate and accessible.
Service End Date	31/03/2014

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Section I: Property Management Services

(xxiii) NAME OF SERVICE: PROPERTY MANAGEMENT	
PRP01	Property Accounting Services
Description of Service	A. Provider shall manage Recipient's property portfolio data on the SAP real estate module as follows: a) process updates from external estates consultants; b) maintain control processes; c) produce agreed suite of reporting including review; d) produce ad hoc reports as agreed; and e) measure and report KPIs. B. Provider shall provide property accounting services for Recipient as follows: a) bill, receive and account for income and control debt; b) pay rents, service charges and rates; c) maintain control processes; d) manage, resolve and advise on any accounting policy issues;

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	e) produce agreed reporting; f) facilitate review meetings with consultants; and g) measure and report KPIs.
Service End Date	31/03/2014
PRP03	Estate Management Contract
Description of Service	A. Royal Mail estates management and rating consultants shall provide a day-to-day estates management service for Recipient. Provider shall process estate data changes and make recommendations for amounts due to be paid on behalf of Royal Mail finance, which performs property accounting on behalf of Recipient, therefore enabling both data management and property accounting services. B. These services and standards are defined under the external estates management contract between Provider and BNP Paribas, Sanderson Weatherall, Osborne King and J&E Shepherd (the "**Estates Management Contract**") and performance managed with inputs from both Parties. C. Separate estates management contracts for Recipient and Provider will be put in place when the Estates Management Contract expires. Recipient undertakes to specify in its new estate management contract that supplier(s) will work to the same data and transaction processing process model specified in the Estates Management Contract for the period during which Provider provides property accounting services for Recipient.
Service End Date	30/09/2012
PRP04	Rating Contract

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Description of Service	A. Royal Mail estates management and rating consultants shall provide a day-to-day estates management service for Recipient. Provider shall process estate data changes and make recommendations for amounts due to be paid on behalf of Royal Mail finance, which performs property accounting on behalf of Recipient, therefore enabling both data management and property accounting services. B. These services and standards are defined under the Rating Contract between Provider and DTZ and performance managed with inputs from both Parties.
Service End Date	31/03/2014
PRP05	Estates
Description of Service	Provider shall ensure that a panel of 26 estates consultants are available to Recipient to call off for project related work including in respect of lease regears. Recipient shall order and pay the estate consultants directly but Recipient shall receive the benefit from Provider contract rates.
Service End Date	07/12/2012

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Section J: Physical Security Services

(xxiv) NAME OF SERVICE: PHYSICAL SECURITY	
SEC01	Physical Security
Description of Service	A. Provider shall provide transactional intelligence services, i.e. Equifax checks, national security clearance checks, Inland Revenue checks, PNC (Police National Computer) checks and debarment checks. B. In respect of changes in legislation, Provider shall update Provider's criminal investigation policy and standards and notify Recipient of any updates that it makes to its criminal investigation policy and standards. C. Provider shall provide advice on how to construct an investigation training course and provide copies of existing course material. D. Provider shall provide up to two forensic examinations of computers a year. E. Provider shall notify Recipient of changes in the national security strategy, provide departmental security officer, update the security policy framework in accordance with such changes, apply government security standards (IT, vetting, business continuity, security), provide an annual report to government covering security policy framework, CPNI (Critical Physical National Infrastructure), updating the counter-terrorism policy, threat reporting/alert states, CBRNE, (Chemical, Biological, Radiological, Nuclear and high yield Explosive) vetting for prospective employees, input into insurance for kidnap and/or extortion.
Service End Date	30/09/2012

Section K: Information Security Services

(xxv) NAME OF SERVICE: INFORMATION SECURITY	
SEC02	Information Security (1)
Description of Service	A. Provider shall notify Recipient of any training that may be required or is recommended by Provider in respect of any changes in Provider's information security policies which are applicable to Recipient. Recipient shall carry out any training required or recommended by Provider for Recipient's staff in respect of such changes to Provider's information security policies provided that Provider makes available to Recipient Provider's existing resources and delivery channels for training (excluding Provider's personnel). Provider will not audit or otherwise monitor Recipient's training methods, content, delivery, effectiveness or efficiencies however measured. B. Provider shall continue to interpret the implications of changes in government legislation using reasonable efforts and notify Recipient of the changes Recipient is required to make to Recipient's processes as Provider has undertaken in the 12 month period prior to the date of this Agreement. C. Provider shall manage the following contracts: Qualys – vulnerability scanning, QinetiQ – penetration testing, Portcullis – penetration testing, The Security Company – information security awareness training. D. Provider shall continue to manage the sensitive waste contract with Reisswolf in respect of the waste that is collected from both Crown Post offices and Recipient's administration buildings as Provider has undertaken in the 12 month period prior to the date of this Agreement.
Service End Date	31/10/2012

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SEC03	Information Security (2)
Description of Service	A. Provider shall acquire data under Provider's P6 data acquisition process (process owned by information security, policy owned by HR). B. Provider shall provide incident management on shared infrastructure. C. Provider shall continue to facilitate the provision of all information security related administration activities via its Third Party Providers as it has undertaken during the 12 month period prior to the date of this Agreement including network administration, monitoring, reporting, vulnerability management and network firewall policy change authorisation (periodic meeting shall be established to apprise Recipient information security of significant security related changes implemented in the previous period and planned for the next). D. Provider shall manage Group contracts with specific information security and data protection input in respect of CSC, BT, Capgemini and Steria. E. Provider shall provide services in respect of security architecture for Group projects. F. Provider shall provide the following corporate desktop services laptop security (hard disk encryption), end point security, antivirus, filesafe – secure data transfer service and digital certificate authority for the period during which such IT services are provided in accordance with Section N (IT Services). G. Provider shall notify Recipient of any changes in Provider's information security policies which are applicable to Recipient.
Service End Date	31/03/2014

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Section L: Contact Centre Services

(xxvi) NAME OF SERVICE: CONTACT CENTRE	
CON01	Contact Centre
Definitions	In this schedule, unless the contrary intention appears: "**Contact Centre Service Level**" means each of the service levels set out in paragraphs 11 to 15 (inclusive) and "**Contact Centre Service Levels**" means all such service levels; "**Contact Centre Services**" means the services set out in paragraphs 1 and 2; "**Incident**" means an incident where Provider does not respond to or process a query, complaint or request on the day that such query, complaint or request is received by Provider.
Description of Service and Reporting	**1. Existing Contact Centre Services** Provider shall provide Recipient with the following services: A. Post office external helpdesk ("**POEX**") services, being the management of all customer or prospective customer queries, and lower level complaints (being complaints received from any member of the general public) relating to Recipient, Recipient's products and services and any other matters as may be advised by the Recipient from time to time and lead generation for Recipient's products and services from customers and prospective customers ("**POEX Services**"); B. Network business support centre ("**NBSC**") services, being the management of all enquiries from postmasters, sub postmasters and their staff, relating to the Recipient's products and services and any

	matters relating to the support of the provision of Recipient's products and services ("**NBSC Services**"); C. NBSC customer relations services, being the management and resolution of branch complaints relating to any aspect of the Recipient's business ("**NBSC Customer Relations**"); D. POEX customer care unit ("**CCU**") services, being the management and resolution of all customer complaints relating to any aspect of the Recipient's business, including escalation of high profile complaints within the Recipient and transfer of complaints to appropriate helpdesks as required ("**CCU Services**"); E. Management of rod fishing licence telesales ("**Fishing Licence Services**"); F. Management of social media enquiries made through all social media including Twitter, Facebook, etc; G. Provision of the services set out in paragraphs 1A, 1D and 1E above in the Welsh language, as required by law ("**Welsh Language Services**"); H. Management and support services, being the provision of such management information, recruitment, training, coaching, IT, telephony and all other support services as are necessary to support the efficient provision and development of the services described in paragraphs 1A to 1G above.
	2. Additional Contact Centre Services Subject to Schedule 5 (Change Control) (except as expressed to the contrary in Paragraph 2(B), Section L (xxvi) of this Schedule 1 (Services)), if, in any Contract Year, Recipient requests that Provider provide to Recipient Group any or all of the additional Contact Centre Services set out in this Paragraph 2(i) to Paragraph 2(viii) and: A. the Costs budgeted for the provision of the Contact Centre Services in respect of that Contract Year ("**Contact Centre Services Budget**") has been reached or exceeded, Recipient shall pay the amount

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	referred to in Paragraph 13(C) of Schedule 2 (Charges); or B. the Contact Centre Services Budget has not been reached, Recipient shall not be liable to pay for such additional Contact Centre Services to the extent the Contact Centre Services Budget has not been reached and Paragraph 12 of Schedule 5 (Change Control) shall not apply in respect of such amount, then Provider shall provide: (i) Intelligent call routing and monitoring of NBSC Services (for the avoidance of doubt by product and service branch type) being the prioritisation of in-bound calls based on the type of call and branch making the call. (ii) Information set out in the Recipient's quality framework to assess Provider's provision of the Contact Centre Services to branches. (iii) Management information in respect of NBSC grade of service and the average wait to Answer on a weekly basis. (iv) Information in respect of Provider's Incident resolution process against the Contact Centre Service Level described in the first row of the table set out in paragraph 15. (v) A monthly consolidated network report for NBSC Services to include performance and proposed service improvements. (vi) Reporting to Recipient of those branches that are not conforming to process and procedures. (vii) Nursery management to proactively engage all new branches on an agreed regular basis to support/coach them through any issues that may have required them to contact NBSC. (viii) Short term care team which would analyse the inbound call data & target branches that are regularly

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	contacting NBSC for direct support/training/coaching. The Contact Centre Services shall be provided by Provider principally via telephone, email, textphone, social media – twitter, facebook etc. and whitemail. Provider will be responsible for the provision and maintenance of all technology and telecoms applications necessary for the provision of the Contact Centre Services, including the Knowledge Base and Siebel applications. Provider shall procure the provision of maintenance and support services for the Remedy system (being the support platform for NBSC Services) until such system is replaced by an alternative system as agreed between the Parties.			
	3. Contact Centre Availability The contract centres will be open during the following hours ("**Contact Centre Hours**"):			
	Customer Service			
Product	**Monday to Friday (excluding bank holidays)**	**Saturday**	**Sunday**	**Bank Holidays**[1]
POEX Services	08:15 – 18:00	08:30 – 14:00	CLOSED	CLOSED

[1] Where a bank or public holiday covers all the countries of the United Kingdom, the centres will operate to the bank holiday hours detailed above. Where a bank or public holiday covers only a region or country of the United Kingdom, the centres will operate on a normal Monday – Friday basis, but Provider may adjust staffing to reflect any expected charge in calls from the relevant region or country.

NBSC Services	08:00 – 18:00 (except Wednesday, where the contact centre will be open 08:00 – 20:00)	08:00 – 14:00	CLOSED	CLOSED
NBSC Voice Mail Box	00:00 – 23:59	00:00 – 23:59	00:00 – 23:59	00:00 – 23:59
NBSC Customer Relations	08:00 – 18:00	CLOSED	CLOSED	CLOSED
CCU Services	08:15 – 18:00	CLOSED	CLOSED	CLOSED
Fishing Licence Services	1st March – 30th September 08:30-20:00 1st October – 28th February 08:30 – 18:00	1st March – 30th September 08:30-20:00 1st October – 28th February 08:30 – 18:00	1st March – 30th September 08:30 – 20:00 1st October – 28th February CLOSED	CLOSED with the exception of Good Friday & Easter Monday when service will be available as on a normal Friday
Welsh Speaking Services	08:30 – 18:00	08:30 – 14:00	CLOSED	CLOSED
	4. Reporting Provider will provide reporting on a weekly and monthly basis on the Contact Centre Services to Recipient, in a format provided by the Recipient. The reports will set out the following in respect of the previous week and month: (i) Provider's performance against the Contact Centre Service Levels; (ii) such other commercial information as is required by the Recipient to understand the business and performance of the Contact Centre Services to the Recipient's reasonable satisfaction; and			

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	(iii) any additional information as required by the Recipient from time to time (together, the "**Service Performance Reports**"). Provider shall deliver the Service Performance Reports to Recipient at the following times: (i) each weekly report shall be delivered to the person designated by the Recipient by close of business on the Tuesday following the end of the relevant week; and (ii) each monthly report shall be delivered to the person designated by the Recipient by 10am on 5th Business Day following the end of the relevant Month. [2]

[2] Monthly/Month shall be each of Recipient's business period of which there are 12 in each business year. The business periods are of the following lengths:

- Period 1 – 5 Weeks from the commencement of 1 April.
- Period 2 – 4 Weeks from the end of Period 1.
- Period 3 - 4 Weeks from the end of Period 2.
- Period 4 – 5 Weeks from the end of Period 3.
- Period 5 – 4 Weeks from the end of Period 4.
- Period 6 – 4 Weeks from the end of Period 5.
- Period 7 – 5 Weeks from the end of Period 6.
- Period 8 – 4 Weeks from the end of Period 7.

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	Additional Reporting (i) The Recipient shall have the right to request any further information it may reasonably require to determine whether it considers such Service Performance Reports to be true and accurate (and the Provider shall use its reasonable endeavours to furnish the Recipient with such information within a reasonable period of time, being no greater than 10 Business Days from Recipient's original request). (ii) If such additional reporting is of a form that would be reasonably expected to be generated in the normal course of a contact centre's business (being telephony services), then the Provider shall provide the additional reporting at no extra cost to the Recipient, and in a reasonable timeframe. If such reports are not part of the existing operational suite, then the provision of the additional reporting shall be subject to the Change Control Procedure. **5. Analysis and Corrective Actions** (i) The Provider will provide analysis of the reporting to include any failure by Provider to meet any Contact Centre Service Level, as well as any exceptional activity, plus corrective action plans that Provider shall undertake to return any Contact Centre Service where there has been as failure of any Contact Centre Service Levels to the point where such Contact Centre Service Levels are met. The Recipient has the right in its absolute discretion to request that the Provider's proposed action plans be amended and

- Period 9 – 4 Weeks from the end of Period 8.
- Period 10 – 5 Weeks from the end of Period 9.
- Period 11 – 4 Weeks from the end of Period 10.
- Period 12 – 4 Weeks from the end of Period 11.

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	Provider shall amend its action plans in accordance with Recipient's reasonable requests. (ii) The Provider will work in partnership with the Recipient to develop a problem management framework that will identify recurring Contact Centre Service Level failures to be tracked, highlighted and addressed. (iii) If requested by Recipient, Provider will additionally be required to provide real-time reporting (as agreed between Recipient and Provider's Customer Data and Analysis Team), where the Recipient requires Provider on foot of any incident or unplanned activity that may have, or may possibly have, an effect on the Provider's ability to achieve the Contact Centre Service Levels. **6. Monthly Operational and Financial Review** The Recipient and the Provider will meet within 2 weeks of the end of each Month to review Provider's operational and financial performance against the Contact Centre Service Levels for the previous Month and to discuss and plan future activity. These meetings will be held either face to face or by telephone. Senior management from Provider shall attend this meeting. **7. Forecasting Meeting** The Recipient and the Provider will agree on a monthly basis a forecast of calls that the contact centres are expected to receive for the Month beginning 3 Months from the end of the Month in which the meeting is held. The Provider will provide its forecast of calls for the relevant Month, and at the meeting, the Parties will agree the volumes of calls against which the Provider will be required to staff the contact centres in order to achieve the Contact Centre Service Levels. The Parties will, at such meeting, also discuss any changes to forecasts in the Months following the Month in which the meeting is held and the Provider agrees to use all reasonable endeavours to staff the centres accordingly to meet the Contact Centre Service Levels. Where Provider reasonably believes that Provider may not be able to meet any Contact Centre Service Levels in the forthcoming Months Provider will clearly articulate to Recipient within a timely period, of no less than 4 weeks prior to the date Provider believes it may not be able to meet such Contact Centre Service Levels, the reasons for this shortfall;

	what preventative actions are being taken by Provider and when Provider will be able to meet the Contact Centre Service Levels. Provider shall promptly notify Recipient if Provider reasonably believes that the volume of calls received and/or made by the contact centres will, or are likely to exceed, the volume of calls forecasted for that day by 10%. Provider shall, if requested by Recipient, promptly provide data to Recipient to identify the reasons for exceeding the volume of calls forecasted. **8. Ad hoc Meetings** The Recipient and the Provider will meet or discuss by phone at any time where it is deemed by either party to be necessary to the proper provision of the Contact Centre Services. **9. Service Interruptions** (i) Where the Provider identifies any problems, it will contact and inform the Recipient as soon as possible. A full communication (setting out the details of such problems) must also be issued by Provider to Recipient as soon as possible, but no more than 12 hours after the identification of such problem, such communication to include an overview of the cause and implications of the problem, as well as a remedial action plan. (ii) The contact point at the Recipient will be the Recipient's live service desk. Provider shall notify any and all problems to Recipient by phone on GRO then followed up by an e-mail to Recipient's duty manager. (iii) Where the Recipient identifies a problem, Recipient may contact the Provider's operations, who will then resolve the relevant problem and feed back action plans within an agreed time to Recipient. (iv) For the purposes of this paragraph 9, a "problem" is defined as an issue that arises that would either: a) have a significant impact on Provider's provision of any Contact Centre Services; or b) an issue that is likely to have future/sustained impact on Provider's provision of any Contact Centre Services.

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	10. Primary Channel at the Recipient (i) The primary point of communication with the Recipient will be the Recipient's service management team ("**SMT**"). The Provider shall include SMT in any communication with other Recipient departments. (ii) Formal or informal discussions (as agreed with Recipient's internal reporting team) at levels above Recipient's service management relationship manager or the Provider's senior relationship manager are permissible. The Provider shall agree to jointly scope with Recipient via the Change Control Procedure: (i) Call recording functionality to enhance customer service agent quality; (ii) Additional service requests as a result of the network transformation programme such as extended hours of opening; (iii) Increased operational work load as a result of FooG (Front Office of Government) or any other business acquisitions; (iv) Accommodation for TAM (Telephone Account Managed) team; and (v) Continuation/roll out of the social media programme.						
Contact Centre Service Levels	**11. Service Availability** This service level shall apply to POEX Services, NBSC Services, NBSC Customer Relations, CCU Services, Fishing Licence Services and Welsh Speaking Service.						
Metric	**Service Level**						

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Time during the Contact Centre Hours that the centres are Available, when systems are within the Provider's control	**>=99%**						
	12. "**Available**" means that a customer is able to contact the relevant contact centre and transact their business whichever channel they use, such transaction to be provided in accordance with the relevant Contact Centre Service Level. **13. Email Service Level** Provider shall Answer emails Received 2 Business Days after the date such email is Received. For the purposes of this service level: "**Received**" means that the email has arrived in Provider's domain. "**Answer**" means that the customer has received a response from Provider other than an initial automated acknowledgement. • This service level will not apply on days where the volume of inbound calls for all contact centres in a day is greater than 5% of the agreed forecasting for such day as signed off by Recipient and Provider monthly in accordance with paragraph 7. • This service level is measured Monthly. **14. NBSC Scorecard Service Levels** The service levels set out in the table below shall, unless an asterisk (*) appears, apply in respect of each of the NBSC Services, POEX Services and CCU Services. Where an asterisk (*) appears, that metric shall not apply to that Contact Centre Service.						
Metric	**Service level**						

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	NBSC Services	**POEX Services**	**CCU Services**
Average speed of answer	30 seconds from the first ring	*	*
Actual grade of service ("**GoS**")	70% <= 30 seconds from the first ring	80% <= 20 seconds from the first ring	*
Data integrity, being the accuracy and quality of information captured on the systems used to provide the Contact Centre Services. This service level is determined in accordance with the quality framework agreed between the Parties.	*	95%	90%
Abandonment	5% of all calls which a contact centre receives are abandoned by a customer before such call is answered by Provider.	5% of all calls which a contact centre receives are abandoned by a customer before such call is answered by Provider.	5% of all calls which a contact centre receives are abandoned by a customer before such call is answered by Provider.
Incidents resolved <24 hours from the date each incident occurs.	95%	*	*

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Incidents resolved <48 hours from the date each incident occurs.	3%	*	*
Complaints resolved by Provider is less than 10 Business Days from Provider's receipt of each complaint	95%	*	95%
Recipient quality, being Provider's performance of the Contact Centre Services for the previous month (as agreed between Provider and Recipient) in accordance with Recipient's quality framework.	90%	95%	95%
Rewarding skills, being Provider's assessment of Provider's performance of the Contact Centre Services for the previous month in accordance with Provider's policies and procedures.	70%	70%	70%

- In addition to reporting each of the service levels in the table set out above in this paragraph 14 to Recipient, Provider shall report the NSBC Scorecard Service Level, being the sum of the weighted average (where the weighted averages are determined by Recipient) of each of the above service levels in the table set out above in this paragraph 14. However, GoS will still be reported as part of the wider contact centre performance reporting.

- The service levels will not include inbound calls received on the days where the volume of inbound calls for all contact centres during such day is greater than 5% of the agreed forecasting for such day as signed off by Recipient and Provider monthly in accordance with paragraph 7.

- The NSBC Scorecard Service Level is measured Monthly.

15. Complaints

The Provider will, at all times, in delivering the Contact Centre Services adhere to the Recipient's complaint handling policy, which outlines Recipient's approach to complaint handling and includes the three stage process,

	complaints model and the definition of a complaint. The service levels (except in respect of the customer handling experience satisfaction survey) set out in the table below shall apply in respect of NBSC Customer Relations Services and CCU Services.
Metric	**Service level**
Complaints properly closed within 10 Business Days of Provider's receipt of each complaint.	95%
Quality checking, being the accuracy and quality of information captured on the systems used to provide the Contact Centre Services.	80%
Customer handling experience satisfaction survey, which shall consist of a random sample of complaints received by Provider each month. The sample shall comprise of approximately 10% of complaints received by Provider during that month. This service level is determined by the external third party that undertakes such survey.	80% (this does not apply to NBSC customer relations services)
All complaints shall be logged on the day of receipt.	100%
An acknowledgement is issued to the customer that submitted the complaint on the day of receipt by Provider where	100%

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resolution cannot be provided by Provider within 3 Business Days of receipt by Provider.	
	16. Failure Reporting and Recovery Planning (i) If any Contact Centre Service Levels are not achieved in any particular week, the Provider will provide to Recipient supported reasons for the failure to achieve such Contact Centre Service Levels, including information around short term activities that are being undertaken by Provider to address these failures. (ii) If any Contact Centre Service Levels are not achieved in any particular Month, the Provider will provide supported reasons for the failure to achieve such Contact Centre Service Levels, and will provide the Recipient with robust and detailed recovery plans within 5 Business Days from the beginning of the following Month. (iii) If Provider fails to meet a Contact Centre Service Level as a result of the Recipient's error, then Recipient's service management will take responsibility for getting a resolution statement back to Provider within the same Business Day. If resolution is not achievable within the same Business Day, Recipient's service management will provide a robust timeline of resolution to allow informed responses to be provided by Provider to the customers. **17. The Recipient Customer Experience Programme** The Provider agrees to develop its agent and other quality programmes, and any other activity affecting the customer experience, to reflect and be complementary to the customer experience directions provided by the Recipient as part of Recipient's customer experience strategy.

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	18. Planned Maintenance In all instances, any planned maintenance or change implementation for any element of the Contact Centre Service(s) likely to affect the Provider's performance against the Contact Centre Service Levels shall be scheduled to take place during periods of zero or low activity and shall be agreed with the Recipient in advance of each activity.
Service End Date	31/03/2014

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Section M: Services to Cease

If any part of the services set out in this Section M (Services to Cease) is also set out in any Section A (Finance Services) to Section L (Contact Centre Services) and Section N (IT Services), such part shall continue to be provided by Provider in accordance with Section A (Finance Services) to Section L (Contact Centre Services) and Section N (IT Services).

(xxvii) NAME OF SERVICE: SERVICES TO CEASE			
STC01	Services to Cease		
Description of Service	**Ref**	**Workstream**	**Description of services to cease**
	1	Company secretary	Company secretarial work
	2	Company secretary	Group policy / Co sec support
	3	Company secretary	Information management
	4	Company secretary	Chairman's & CEO's office
	5	Company secretary	Welsh Language
	6	Company secretary	Secretary Wide Charges
	7	Commercial	Strategy
	8	Facilities management	Transformation

	9	Facilities management	Field Services AFM (Area Field Manager) Service and Contract Management Service for specific Recipient FM contracts.
	10	Communications	Director of Communications
	11	Communications	Press Office
	12	Communications	Public Relations
	13	Communications	Parliamentary Affairs
	14	Communications	Regional
	15	Communications	Office manager / admin support
	16	Finance	Intercompany interest paid to RMG
	17	Finance	Finance Central – (interest paid received in relation to FX in accounts worldwide)
	18	Finance	VAT Compliance project
	19	Finance	Investment ratings project
	20	Finance	Adjustments/ reconciling accounting differences
	21	Finance	Central overheads

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	22	Finance	Accounts worldwide
	23	Finance	Finance Services Management support
	24	Fleet	Vehicle tech specs, vehicle modifications, vehicle technical issues etc.
	25	Fleet	Vehicle R&D
	26	HR Centre	HR Director
	27	HR Centre	HR Talent (Remco recruitment, contracts and exit processes for top management)
	28	HR Centre	HR Graduates
	29	HR Centre	Business Partner
	30	HR Centre	Director of IR (primarily legal advice)
	31	Communications	Director of CR (ad hoc health and safety legal advice)
	32	Communications	Social Inclusion
	33	HR Centre	Projects
	34	HR Services	Director

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	35	HR Services	Reward and Recognition (salary benchmarking and surveys)
	36	HR Services	Other
	37	HR Services	Income
	38	HR Services	Reconciliation
	39	HR Services	Recruitment Services
	40	HR Services	Other (Collection & Delivery / Coton House) (pay as you go room & accommodation bookings only)
	41	Legal	General Counsel
	42	Legal	Corporate & Privatisation
	43	Legal	Strategic Procurement
	44	Legal	POL Legal
	45	Legal	Commercial
	46	Legal	Business Development & Technology
	47	Legal	Operations & Modernisation (includes employment, pensions, dispute resolution)

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	48	Legal	Property
	49	Legal	Criminal Law
	50	Procurement	Strategic layer – undertake non-category layer procurement
	51	Procurement	China sourcing
	52	Property	One-off costs on legacy Property projects
	53	Property	Valuation fees
	54	Property	Alignment reduction
	55	Property	Estimate for costs for vacant Rental Units formerly occupied by POL (GP/RMEsL owned)
	56	Property	Reconciling difference
	57	Property	Share of Rowland Hill House
	58	Property	Share of 100 VE
	59	Regulation & Compliance	Regulation
	60	Regulation & Compliance	LRIC (Long Running Incremental Costs)

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	61	Regulation & Compliance	Accounts separation
	62	Regulation & Compliance	USO (Universal Service)
	63	Regulation & Compliance	PC4 (Price Control 4 Review)
	64	Regulation & Compliance	Postcomm
	65	Regulation & Compliance	Ofcom
	66	Regulation & Compliance	Compliance
Service End Date	31/03/2012		

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Section N: IT Services

1. IT Services and Applications

(a) Provider shall provide to Recipient:

(i) access to, and use of, the applications; and

(ii) the IT services,

that Provider provided to Recipient during the 12 month period prior to the date of this Agreement, including the CSC Services and Telecommunications Services.

(b) To the extent that Provider was, during the 12 month period prior to the date of this Agreement, PCI compliant in respect of the IT Services, Provider shall ensure that it continues to be PCI compliant in respect of the IT Services.

(c) The Parties acknowledge and agree that the bundles of IT Services set out in Paragraph 4 of this Section N (IT Services) are indicative. The Parties will, during the development of each of the High Level Finance and IT Separation Plan and the Detailed Separation Plan pursuant to Clause 14 (Separation Plans), review and discuss whether or not the bundles of the IT Services set out in Paragraph 4 of this Section N (IT Services) are appropriate in respect of each of the Party's respective IT Separation strategies and if agreed, the Parties shall change the bundles of IT Services.

(d) The Parties acknowledge and agree that Provider may from time to time replace the Third Party Providers who provide the IT Services as at the date of this Agreement, including the CSC Services and the Telecommunications Services, with new Third Party Providers.

(e) Subject to all provisions of this Agreement, the Parties acknowledge and agree that Provider may from time to time amend, extend, re-negotiate or terminate any Contract, or enter into a replacement Contract, with any Third Party Provider who provides the IT Services as at the date of this Agreement, including the CSC Services and the Telecommunications Services.

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2. CSC Services

Provider shall:

(a) provide the services that are provided by:

(i) CSC Business Systems Limited ("**CSC**") pursuant to the contract TEC02005 dated 1st June 2003 between CSC and Provider ("**CSC Contract**"); and

(ii) other Third Party Providers in connection with the services that are described in the CSC Contract; and

(b) provide access to, and use of, those applications to Recipient which are provided pursuant to the CSC Contract,

(together, the "**CSC Services**").

3. Telecommunications Services

Provider shall:

(a) provide all of the services that are provided by BT Global Services ("**BT**") pursuant to the contracts C-0098-2009 and MA-040—2007 dated 4th January 2007 and 18th November 2007 respectively (together, the "**BT Contracts**") ("**Telecommunications Services**"); and

(b) provide access to, and use of, those applications which are provided pursuant to the BT Contracts.

4. IT Services

(xxviii) NAME OF SERVICE: IT - RMG INFRASTRUCTURE	
ITS (I001)	RMG Infrastructure
Description of Service	RMG Infrastructure that supports POL IT Services.

(xxix) NAME OF SERVICE: IT - IT DESKTOP AND PRINTING SERVICES	
ITS (I002)	IT Desktop and Printing Services
Description of Service	PC and printing services including the provision of the services as provided under the CSC Contract.

(xxx) NAME OF SERVICE: IT - TECHNOLOGY TOOLS	
ITS (I003)	Technology Tools
Description of Service	Tools, which are used by the IS community within POL, to support architecture, project life cycles and service delivery. These tools include: (a) Architecture Tools; (b) Project Life Cycle Support Tools; and

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	(c) Service Delivery Tools.

(xxxi) NAME OF SERVICE: IT - NETWORK SERVICES V4	
ITS (I004)	Network Services V4
Description of Service	Voice and data services provided by the prime network supplier (BT).

(xxxii) NAME OF SERVICE: IT - PROJECTS SUPPORT	
ITS (I005)	Projects Support
Description of Service	IT that supports current and future projects.

(xxxiii) NAME OF SERVICE: IT - COMMERCIAL	
ITS (I006)	Commercial
Description of Service	IT that supports commercial and marketing applications.

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(xxxiv) NAME OF SERVICE: IT - COMMUNICATIONS	
ITS (I007)	Communications
Description of Service	The information screens which are placed around the RMG estate which includes RMG sites (including Delivery Offices) as well as Post Office counters locations (Crown Offices) and administrative buildings.

(xxxv) NAME OF SERVICE: IT - E-BUSINESS	
ITS (I008)	E-business
Description of Service	Provision, development and support of Recipient's web and e-Business services which are provided via Provider's e-Business platform and as such web and e-Business services are provided pursuant to the contracts C-0091-2010 and C-0059-2010 between Provider and Capgemini UK Plc dated 4th June 2010 and 15th February 2010 respectively.

(xxxvi) NAME OF SERVICE: IT - FINANCE SYSTEMS	
ITS (I009)	Finance systems
Description of Service	IT that supports finance.

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(xxxvii) NAME OF SERVICE: IT - SUPPLY CHAIN AND FLEET	
ITS (I010)	Supply Chain and Fleet
Description of Service	IT that supports Supply Chain and Fleet.

(xxxviii) NAME OF SERVICE: IT - HR	
ITS (I011)	HR
Description of Service	IT that supports HR.

(xxxix) NAME OF SERVICE: IT - LEGAL/COMPANY SECRETARY/REGULATION	
ITS (I012)	Legal/Company Secretary/Regulation
Description of Service	IT that supports the Legal, Company Secretary and Regulation functions.

(xl) NAME OF SERVICE: IT - PROPERTY AND FACILITIES	
ITS (I013)	Property and facilities

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Description of Service	IT that supports property and facilities management.

(xli) NAME OF SERVICE: IT - SERVICE DESK	
ITS (I014)	Service Desk
Description of Service	IT that supports the service desk function.

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4. The following Official Mail Services are currently provided by Provider to Recipient as at the date of this Agreement:

OFM1	Official Mail
Description of Service	A. Access for Recipient and their nominated agents to the Post Office Online Business Account ("**OBA**") which enables delivery of Recipient's related mail ("**Official Mail**"). This includes: a) Recipient's staff payslips; b) customer mail; and c) marketing material e.g. booklets and pamphlets. B. Posting of Official Mail via OBA or SAP (using a variety of different postage products) from a number of different locations, including: a) Recipient administration sites (including cash centres); b) the bureau de change operation in Hemel Hempstead (this is charged via OBA but with a bulk posting charging structure); c) third party mailing houses/marketing companies posting on behalf of Recipient e.g. travel, van, home insurance marketing; d) third party suppliers mailing on behalf of Recipient (e.g.: Hewlett Packard post out Post Office Card Account statements and customer correspondence using the OBA account); and e) Swindon Stock Centre which currently uses Royal Mail standard services, Royal Mail Relay (for

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	which daily quality of service management information is provided) and Parcelforce services (for which a contract manager and weekly quality of service management information is provided). C. The following pouch services in respect of Official Mail through SAP: a) bespoke Chesterfield Brown Pouch Service, which is the monthly collection of brown pouches from POL branches for delivery to P&BA in Chesterfield; and b) bespoke Cheque Clearing Pouch Service, which is the daily collection (excluding Friday and Sunday) of pouches from Recipient branches for delivery to IPSL Northampton. D. Daily collection and delivery to the Passport Offices (via Royal Mail Special Delivery) of passport check and send pouches from those Recipient branches where this service is offered. E. Sameday Courier Service from IPSL Northampton to three locations (Swansea, Shepperton and Camberley). F. Access to a Royal Mail account handler to assist Recipient with any queries in respect of the Official Mail services.
Service End Date	Subject to Clause 15.1 (B) of this Agreement, 31/03/2013

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Schedule 2
CHARGES

Part A Budgetary Round – Annual Charges

1. Subject to Paragraph 4 of this Schedule 2 (Charges), the Annual Charges to be paid by Recipient for the forthcoming Charging Period shall be discussed and agreed by Provider and Recipient during the customary budgetary round discussions between the Parties commencing in November each year ("**Budgetary Round Period**") such that the Annual Charges are agreed, and in the absence of agreement are determined in accordance with Paragraph 4 or Paragraph 5 of this Schedule 2 (Charges), prior to the commencement of the forthcoming Charging Period.

2. Notwithstanding any other provision in this Agreement (including any Paragraphs in this Schedule 2 (Charges)), where any Costs incurred by Provider are reflected or incorporated into the Annual Charges then Recipient shall not be obliged to pay twice for such Costs.

3. When the Parties are calculating the Annual Charges in respect of the forthcoming Charging Period in accordance with Paragraph 1 of this Schedule 2 (Charges), the Annual Charges shall be equal to the aggregate of the following amounts, in each case, to the extent they are applicable in respect of the forthcoming Charging Period:

    a. the Internal Charges that Provider Group will incur in respect of all of the Services that Provider expects to provide to members of Recipient Group for the forthcoming Charging Period (including any Post-Signing Services), provided that:

        i. the Internal Charges for each Service (excluding those Services that are extended pursuant to Clause 13.1 or Clause 13.4 (Service Extensions)) shall be calculated on the basis of the Service End Date in respect of the relevant Service provided that the Internal Charges for the Services shall be, notwithstanding that a Service End Date for a Service occurs prior to the expiry of a Quarter, calculated as if the relevant Service would be provided for all of the relevant Quarter;

        ii. the Internal Charges shall include the Internal Charge for each Service that is extended pursuant to Clause 13.1 or Clause 13.4 (Service Extensions), calculated on the basis of the period by which such Service is extended pursuant to Clause 13.1 or Clause 13.4 (Service Extensions);

        iii. subject to Clause 12.7(A) (Separation and Recurring Stranded Costs) and Paragraphs 3(a)(iv) and 3(a)(vi) of this Schedule 2 (Charges), the Internal Charges shall not include the Internal Charges in respect of any Service (or part thereof) that has terminated or expired in accordance with this Agreement prior to the commencement of the forthcoming Charging Period;

        iv. the Internal Charges shall take into account Recipient's obligation to continue paying the Internal Charges or Recipient's right to cease paying the Internal Charges in accordance with Clause 12.7(A), Clause 12.9(A),

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Clause 12.10(A) or Clause 12.11(A) (Separation and Recurring Stranded Costs) (as the case may be);

v. if Clause 13.6 (Service Extensions) is applicable, the Internal Charges shall include a relevant increase to the Internal Charges for the applicable IT Services as determined in accordance with Clause 13.6 (Service Extensions);

vi. to the extent that a Service has not expired and is not terminated but Recipient elects or requires to receive a reduced specification, standard, scope or level of that Service or other change to that Service or elects not to receive all or part of that Service prior to its Service End Date then (save as otherwise specifically provided in this Agreement), the Internal Charges shall not take into account any such reduced specification, standard, scope or level of that Service or other change to that Service in respect of that Service unless otherwise agreed in writing by Provider;

vii. the Internal Charges shall not include any Costs that Provider estimates Provider Group will no longer incur in respect of Provider's Personnel that provide any Service (or part thereof) and that are expected to transfer from Provider Group to Recipient Group during the forthcoming Charging Period or have transferred from Provider to Recipient prior to the commencement of the forthcoming Charging Period; plus

b. the amount estimated by Provider of the Third Party Costs payable in respect of all of the Services that Provider expects to provide to members of Recipient Group for the forthcoming Charging Period, including the Cost of maintaining any Third Party Consents ("**Estimated Third Party Costs**").

4. If, in accordance with Paragraph 1 of this Schedule 2 (Charges), the Annual Charges are not agreed in writing by the Parties by 31 January each year, the issue shall be escalated to the Parties' respective CFOs. If the CFOs do not agree the Annual Charges by 14 February each year, the issue shall be escalated to the CEOs of the Parties.

5. If the Annual Charges have not been agreed in accordance with Paragraph 4 of this Schedule 2 (Charges) on or before 1 March immediately prior to the forthcoming Charging Period, the Parties agree that the Annual Charges for the forthcoming Charging Period shall be an amount equal to:

a. A multiplied by B where:

"**A**" is the aggregate Internal Charges for the Charging Period preceding the Charging Period in which the Budgetary Round Period is in respect of, provided that A shall be adjusted in respect of the matters described in Paragraphs (3.a)(i) to (3.a)(vi) (inclusive) of this Schedule 2 (Charges); and

"**B**" is the Retail Price Index (all items) published by the Office for National Statistics (RPI), or any index substituted by such Office, for the 12 months immediately preceding the beginning of that Budgetary Round Period;

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plus

b. the Estimated Third Party Costs.

Part B Third Party Costs

6. Subject to Paragraph 8 of this Schedule 2 (Charges), Provider shall from the date of this Agreement charge or invoice (as applicable) Recipient for any Third Party Costs (which shall not include any margin or mark-up on the Third Party Costs invoiced by the relevant Third Party to Provider) incurred in respect of the provision of the Services in accordance with Clause 8.9 (Charging Mechanics Pre Transaction Date) or Clause 8.12 (Charging Mechanics Post Transaction Date), as applicable. Such Third Party Costs shall include any Third Party Costs that have not been included as part of the Annual Charges for the Charging Period from 1 April 2011 up to and including 31 March 2012.

7. Provider shall only charge or invoice (as applicable) Recipient for any Third Party Costs that are payable or to be paid by Provider, or a member of Provider Group, to a Third Party in respect of or relating to the provision of a Service or Replacement Service (as applicable) and any other Costs that are payable or to be paid by Provider, or a member of Provider Group which Recipient is liable to pay Provider in accordance with this Agreement.

8. To the extent any Third Party Costs are not charged or invoiced monthly in arrears in accordance with Clause 8.9 (Charging Mechanics Pre Transaction Date) or Clause 8.12 (Charging Mechanics Post Transaction Date) (as applicable), such Third Party Costs shall be included within the scope of the Annual True Up in accordance with Paragraph 10 of this Schedule 2 (Charges).

Part C Recipient Contract

9. Recipient shall procure that if a member of Recipient Group has entered into a contract in its own name with a Third Party ("**Recipient Contract Third Party**") procuring any services equivalent to the relevant Services or any Replacement Service ("**Recipient Contract**"), a copy of the relevant payment provisions is provided to Provider and that all invoices that are issued pursuant to each Recipient Contract are sent for settlement to Provider by the Recipient Contract Third Party.

Part D Annual True Up

10. By 6 April 2012 and thereafter within 5 Business Days of the end of each Charging Period, the Parties shall review the following Costs and Charges in respect of the period prior to 31 March 2012 and thereafter in respect of each immediately preceding Charging Period:

    a. the actual Third Party Costs incurred by Provider ("**Actual Third Party Costs**");

    b. all Charges and Costs payable pursuant to the Change Control Procedure;

    c. the actual Costs incurred by Provider in the provision of any additional Contact Centre Services requested by Recipient pursuant to Paragraph 2, Section L

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(xxvi) of Schedule 1 (Services) to the extent such Costs exceed the Costs budgeted for the provision of Contact Centre Services as part of the annual Budgetary Round Period and which were not incurred in accordance with the Change Control Procedure;

d. In Flight Exit Costs incurred by Provider and Recipient;

e. the Recurring Stranded Costs;

f. the Incremental Recurring Stranded Costs;

g. Third Party Consent Costs incurred by the Parties;

h. the Opex Costs and Amortised Capex Costs in respect of Clause 5.1 (In Flight Projects);

i. the Opex Costs and Amortised Capex Costs in respect of Clauses 5.3 and 5.7 (In Flight Projects);

j. the Costs which are incurred in respect of Clause 5.10 (In Flight Projects);

k. in respect of Clauses 12.7(B), 12.9(B) and 12.11(B) (Separation and Recurring Stranded Costs), the: (i) Third Party Costs; (ii) increased Costs payable or to be paid by Provider, or a member of Provider Group, to a Third Party in accordance with a Contract as a result of a change to volume discounts in respect of goods and/or services provided by that Third Party to Provider or a member of Provider Group which arise as a result of the relevant Service terminating; and (iii) termination fees or payments payable to a Third Party Provider and incurred by a member of Provider Group in accordance with the terms of any Contracts which relate to the Service which is terminated, in each case, which are actually incurred by Provider and which Provider would not have incurred but for termination of the Service prior to the Service End Date;

l. the increased Internal Charges referred to in Clause 13.2(B) (Service Extensions) where such increased Internal Charges have not been included within the Internal Charges that are calculated in accordance with Paragraph 3(a) of this Schedule 2 (Charges);

m. the Costs which are incurred in respect of Clause 16.8 (Third Party Consents);

n. the Costs which are incurred in respect of Clause 17.6(C) (Liability);

o. the Costs which are incurred in respect of Clause 20.10(D) (Contracts and Consents);

p. the Costs which are incurred in respect of Clause 20.14 (Contracts and Consents);

q. the Costs which are incurred in respect of Clause 22.5 (Intellectual Property);

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r. Costs which Provider Group incurred but which were not taken into account during the immediately preceding Budgetary Round Period in accordance with Paragraph 3(a)(vii) of this Schedule 2 (Charges), in respect of Provider Personnel that provided a Service (or part thereof) during the immediately preceding Charging Period in respect of any period after the date on which the Parties expected such Provider Personnel to transfer from Provider Group to Recipient Group;

s. Costs which it was estimated during the immediately preceding Budgetary Round Period Provider Group would incur in respect of Provider Personnel that were to provide Services (or part thereof) during the immediately preceding Charging Period, in respect of any period after the date on which such Provider Personnel actually transferred from Provider Group to Recipient Group; and

t. any other Costs (save for the Internal Charges) that a Party is liable to pay the other Party in accordance with this Agreement.

11. Provider shall provide Recipient with access to its data, information and records in respect of the amounts set out below in Paragraphs 11(a) to (r) of this Schedule 2 (Charges) ("**Provider Records**") and assistance in accordance with Clause 25.1 (Access and Information).

a. the Actual Third Party Costs;

b. the Opex Costs and Amortised Capex Costs in respect of Clause 5.1 (In Flight Projects);

c. the Opex Costs and Amortised Capex Costs in respect of Clauses 5.3 and 5.7 (In Flight Projects);

d. the Costs which are incurred in respect of Clause 5.10 (In Flight Projects);

e. in respect of Clauses 12.7(B), 12.9(B) and 12.11(B) (Separation and Recurring Stranded Costs), the: (i) Third Party Costs; (ii) increased Costs payable or to be paid by Provider, or a member of Provider Group, to a Third Party in accordance with a Contract as a result of a change to volume discounts in respect of goods and/or services provided by that Third Party to Provider or a member of Provider Group which arise as a result of the relevant Service terminating; and (iii) termination fees or payments payable to a Third Party Provider and incurred by a member of Provider Group in accordance with the terms of any Contracts which relate to the Service which is terminated, in each case, which are actually incurred by Provider and which Provider would not have incurred but for termination of the Service prior to the Service End Date;

f. the increased Internal Charges referred to in Clause 13.2(B) (Service Extensions) where such increased Internal Charges have not been included within the Internal Charges that are calculated in accordance with Paragraph 3(a) of this Schedule 2 (Charges);

g. the Costs which are incurred in respect of Clause 16.8 (Third Party Consents);

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h. the Costs which are incurred in respect of Clause 17.6(C) (Liability);

i. the Costs which are incurred in respect of Clause 20.10(D) (Contracts and Consents);

j. the Costs which are incurred in respect of Clause 20.14 (Contracts and Consents);

k. the Costs which are incurred in respect of Clause 22.5 (Intellectual Property); and

l. all Charges and Costs payable pursuant to the Change Control Procedure;

m. the actual Costs incurred by Provider in the provision of any additional Contact Centre Services requested by Recipient pursuant to Paragraph 2, Section L (xxvi) of Schedule 1 (Services) to the extent such Costs exceed the Costs budgeted for the provision of Contact Centre Services as part of the annual Budgetary Round Period and which were not incurred in accordance with the Change Control Procedure;

n. Provider's In Flight Exit Costs;

o. the Recurring Stranded Costs;

p. Third Party Consent Costs incurred by Provider;

q. Costs which Provider Group incurred but which were not taken into account during the immediately preceding Budgetary Round Period in accordance with Paragraph 3(a)(vii) of this Schedule 2 (Charges), in respect of Provider Personnel that provided a Service (or part thereof) during the immediately preceding Charging Period in respect of any period after the date on which the Parties expected such Provider Personnel to transfer from Provider Group to Recipient Group; and

r. Costs which it was estimated during the immediately preceding Budgetary Round Period Provider Group would incur in respect of Provider Personnel that were to provide Services (or part thereof) during the immediately preceding Charging Period, in respect of any period after the date on which such Provider Personnel actually transferred from Provider Group to Recipient Group.

12. Recipient shall provide Provider access to its data, information and records in respect of Recipient's In Flight Exit Costs, Third Party Consent Costs and the Costs in respect of Clause 20.10(D) (Contracts and Consents), in each case which are incurred by Recipient ("**Recipient Records**") and assistance in accordance with Clause 25.1 (Access and Information).

13. Subject to Paragraph 15 of this Schedule 2 (Charges), Recipient shall pay to Provider, in accordance with Clause 8 (Charges), an amount equal to the aggregate of the following amounts (to the extent that any such amount has not been invoiced to, or paid for by, Recipient as part of the Annual Charges or otherwise under this Agreement):

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a. if the Actual Third Party Costs exceed the Estimated Third Party Costs, an amount equal to the difference between the two figures;

b. any Third Party Costs incurred in respect of the provision of the Post-Signing Services up to 31 March 2012 (excluding any such Third Party Costs that have been included as part of the Annual Charges for the Charging Period from 1 April 2011 up to and including 31 March 2012 or for which Recipient has been invoiced prior to the Annual True Up);

c. the actual Costs incurred by Provider in the provision of any additional Contact Centre Services requested by Recipient pursuant to Paragraph 2, Section L (xxvi) of Schedule 1 (Services) to the extent such Costs exceed the Costs budgeted for the provision of Contact Centre Services as part of the annual Budgetary Round Period and which were not incurred in accordance with the Change Control Procedure;

d. Recipient's proportion of the Opex Costs and Amortised Capex Costs in respect of Clause 5.1 (In Flight Projects);

e. Recipient's proportion of the Opex Costs and Amortised Capex Costs in respect of Clauses 5.3 and 5.7 (In Flight Projects);

f. Recipient's proportion of the Costs which are incurred in respect of Clause 5.10 (In Flight Projects);

g. if Clause 12.4 (Separation and Recurring Stranded Costs) applies, Recipient's share of the Recurring Stranded Costs in excess of the Annual Stranded Costs Cap in the relevant Charging Period;

h. in respect of Clauses 12.7(B) and 12.9(B) (Separation and Recurring Stranded Costs), the: (i) Third Party Costs; (ii) increased Costs payable or to be paid by Provider, or a member of Provider Group, to a Third Party in accordance with a Contract as a result of a change to volume discounts in respect of goods and/or services provided by that Third Party to Provider or a member of Provider Group which arise as a result of the relevant Service terminating; and (iii) termination fees or payments (exclusive of Recoverable VAT) payable to a Third Party Provider and incurred by a member of Provider Group in accordance with the terms of any Contracts which relate to the Service which is terminated, in each case, which are actually incurred by Provider and which Provider would not have incurred but for termination of the Service prior to the Service End Date;

i. in respect of Clause 12.11(B) (Separation and Recurring Stranded Costs), the: (i) Third Party Costs; (ii) increased Costs payable or to be paid by Provider, or a member of Provider Group, to a Third Party in accordance with a Contract as a result of a change to volume discounts in respect of goods and/or services provided by that Third Party to Provider or a member of Provider Group which arise as a result of the relevant Service terminating; and (iii) termination fees or payments (exclusive of Recoverable VAT) payable to a Third Party Provider and incurred by a member of Provider Group in accordance with the terms of any

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Contracts which relate to the Service which is terminated, in each case, which are actually incurred by Provider and which Provider would not have incurred but for termination of the Service prior to the Service End Date, divided in half;

j. Recipient's proportion of the Costs which are incurred by Provider in respect of Clause 16.8 (Third Party Consents);

k. Recipient's proportion of the Costs of procurement and any other Costs incurred by Provider in respect of, and in accordance with, Clause 20.10(D) (Contracts and Consents);

l. the Costs which are incurred by Provider in respect of Clause 22.5 (Intellectual Property);

m. the Costs which are incurred in respect of Clause 22.5 (Intellectual Property);

n. all Charges and Costs payable by Recipient pursuant to the Change Control Procedure;

o. Provider's In Flight Exit Costs in accordance with Clause 5.10(B) (In Flight Projects);

p. Third Party Consent Costs which Provider has incurred divided in half;

q. Costs which Provider Group incurred but which were not taken into account during the immediately preceding Budgetary Round Period in accordance with Paragraph 3(a)(vii) of this Schedule 2 (Charges), in respect of Provider Personnel that provided a Service (or part thereof) during the immediately preceding Charging Period in respect of any period after the date on which the Parties expected such Provider Personnel to transfer from Provider Group to Recipient Group. (The following is an example of the application of this Paragraph13(q): if as part of a Budgetary Round Period the Parties estimate the Internal Charges in respect of Provider Personnel that provided a Service (or part thereof) on the basis of a transfer of such Provider Personnel that was expected to occur on 1 October of the relevant Charging Period but such transfer does not occur until 1 December, the actual Costs incurred by the relevant member of Provider Group in respect of the provision of any Service (or part thereof) by such Provider Personnel for the period 1 October to 31 November shall be included in the calculation of the Aggregate Recipient Charge); and

r. any other Costs (save for the Internal Charges) incurred by Provider and owed by Recipient in accordance with this Agreement,

(together "**Aggregate Recipient Charge**").

14. Subject to Paragraph 15 of this Schedule 2 (Charges), Provider shall pay to Recipient an amount equal to the aggregate of the following amounts (to the extent that any such amount has not been invoiced to, or paid for by, Provider under this Agreement):

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a. if the Actual Third Party Costs are less than the Estimated Third Party Costs, an amount equal to the difference between the two amounts;

b. all Costs payable by Provider pursuant to the Change Control Procedure;

c. Recipient's In Flight Exit Costs in accordance with Clause 5.11(B) (In Flight Projects);

d. in respect of Clause 12.11(B) (Separation and Recurring Stranded Costs), the: (i) Third Party Costs; (ii) increased Costs payable or to be paid by Provider, or a member of Provider Group, to a Third Party in accordance with a Contract as a result of a change to volume discounts in respect of goods and/or services provided by that Third Party to Provider or a member of Provider Group which arise as a result of the relevant Service terminating; and (iii) termination fees or payments (exclusive of Recoverable VAT) payable to a Third Party Provider and incurred by a member of Provider Group in accordance with the terms of any Contracts which relate to the Service which is terminated, in each case, which are actually incurred by Provider and which Provider would not have incurred but for termination of the Service prior to the Service End Date, divided in half;

e. Provider's proportion of the Costs of procurement and any other Costs incurred by Recipient in respect of Clause 20.10(D) (Contracts and Consents);

f. Third Party Consent Costs which Recipient has incurred divided in half;

g. Provider's proportion of the Costs which are incurred by Recipient in respect of Clause 16.8 (Third Party Consents);

h. Costs which it was estimated during the immediately preceding Budgetary Round Period Provider Group would incur in respect of Provider Personnel that were to provide Services (or part thereof) during the immediately preceding Charging Period in respect of any period after the date on which such Provider Personnel actually transferred from Provider Group to Recipient Group. (The following is an example of the application of this Paragraph 14(h): if as part of a Budgetary Round Period the Parties estimate the Internal Charges in respect of Provider Personnel that provided a Service (or part thereof) on the basis of a transfer of such Provider Personnel that was expected to occur on 1 October of the relevant Charging Period but such transfer occurred on 1 June, the Internal Charges in respect of such Provider Personnel for the period 1 June to 30 September shall be included in the calculation of the Aggregate Provider Charge; and

i. any other Costs incurred by Recipient and owed by Provider in accordance with this Agreement,

(together "**Aggregate Provider Charge**").

15. The Parties agree to set-off the Aggregate Recipient Charge and the Aggregate Provider Charge, such that if the:

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a. Aggregate Recipient Charge exceeds the Aggregate Provider Charge, Recipient shall pay to Provider the amount by which the Aggregate Recipient Charge exceeds the Aggregate Provider Charge; or

b. Aggregate Provider Charge exceeds the Aggregate Recipient Charge, Provider shall pay to Recipient the amount by which the Aggregate Provider Charge exceeds the Aggregate Recipient Charge,

in each case, in accordance with Clause 8.9 (Charging Mechanics Pre Transaction Date) and Clause 8.13 (Charging Mechanics Post Transaction Date), as applicable, ("**Annual True Up**").

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Schedule 3
GOVERNANCE AND SERVICE MANAGEMENT

1. Introduction and purpose of governance

1.1 This Schedule 3 (Governance and Service Management) sets out the agreed management responsibilities of each Party with respect to the Services and provides an overview of the governance structure, including the governing bodies and reporting mechanism to be set up and implemented by the Parties in order to manage and implement this Agreement (the "**Governance Structure**").

1.2 The overall purpose of the Governance Structure is to provide effective management of this Agreement and to develop the on-going operation and ultimate migration of the Services. Further, the Governance Structure is intended to:

(A) manage the migration of the Services;

(B) assist the Parties in mitigating the costs of Separation;

(C) enable the Parties to work together to promote the achievement of their respective business cases and plans;

(D) maintain ultimate control of all Changes;

(E) provide general oversight of the Services and the Contracts;

(F) provide a clear route for reporting, risk management and issue escalation and resolution; and

(G) assist with promoting joint continuous improvement actions to the Services.

2. Establishment of Governance Structure

2.1 The Parties shall establish the Governance Structure in accordance with this Schedule 3 (Governance and Service Management).

2.2 Each Party shall each appoint persons of appropriate skill and experience to each of the positions, fora and boards set out in this Schedule 3 (Governance and Service Management).

2.3 Decisions by each persons, fora and boards shall be made by agreement and not by vote. If agreement cannot be reached, the escalation procedures set out in Clause 43 (Dispute Resolution) of this Agreement shall apply.

2.4 Each Party shall provide adequate resources to allow for the successful functioning of the Governance Structure.

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3. TSA Drivers

3.1 Each of the Parties shall appoint a representative in respect of each of the Services (each a "**TSA Driver**", together the "**TSA Drivers**").

3.2 The initial TSA Driver for Provider in respect of each Service is listed in the "RMG" column next to the relevant Service and the initial TSA Driver for Recipient in respect of each Service is listed in the "POL" column next to the relevant Service.

Service	RMG	POL
CONTACT CENTRE SERVICES	John Abrahams	Mark McLean
ESTATE MANAGEMENT SERVICES	Peter Warren	Tim Wells
FACILTIES MANAGEMENT – CHARGES	Peter Warren	Tim Wells
FACILTIES MANAGEMENT SERVICES	Geoff Knott	Tim Wells
FINANCE – FACILITIES MANAGEMENT	Geoff Knott	Tim Wells
FINANCE – INTERNAL AUDIT AND RISK MANAGEMENT	Mike Smith	Kam Bassra
FINANCE – CHIEF ACCOUNTANT SERVICES	Mike Smith	Kam Bassra
FINANCE – TREASURY AND TAXATION	Mike Smith	Kam Bassra
FINANCE – PROCESSING SERVICES	Mike Smith	Kam Bassra
FUEL	Richard Wiggins	Gillian Joyce
FLEET SUPPORT SERVICES	Richard Wiggins	Gillian Joyce
FREEDOM OF INFORMATION ACT AND DATA PROTECTION ACT SERVICES	Rebecca Radford	Hugh Flemington
HR SERVICES	Simon Facer	Natalie Wilkins

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OFFICIAL MAIL SERVICES	Louise Anderson	Sue Stewart
PROCUREMENT	Corin McGrath	Robert Copeland
PROPERTY CHARGES	Peter Warren	Tim Wells
SECURITY	Roger Duckworth/ Vincent Hughes	John Bigley/ Richard Barber
STORAGE AND PRINT MANAGEMENT SERVICES	Phil Bigland/ Rajesh Shah	Andrew Masson

3.3 Either Party may change the identity of any one of its TSA Drivers by giving not less than 5 Business Days' written notice of the proposed replacement to the other Party.

3.4 The TSA Drivers shall have responsibility for the day to day management of the arrangements contemplated by this Agreement where they relate to their Service and such other specific duties as may be conferred by the Separation Project Director.

3.5 The TSA Drivers shall take appropriate actions that they identify as required to be taken in connection with the day to day management of their Service under the Agreement.

3.6 Meetings in respect of each Service, between the two relevant TSA Drivers, shall take place on a face-to-face basis at least fortnightly, unless otherwise agreed by those TSA Drivers.

3.7 At such meetings the TSA Drivers shall discuss those matters set out within their remit in the table below.

TSA Driver meetings	
Frequency of meetings	At least fortnightly and otherwise as required
Remit	• Review performance of relevant Service. • Discuss and identify any 'stalemate' issues for escalation to the Separation Project Directors. • Discuss the progress of the Separation of the relevant Service. • Prepare a joint written report on the Separation of the relevant Service to submit to the Separation Project Directors.

3.8 In the event the TSA Drivers fail to resolve an issue raised at such a meeting then they shall immediately facilitate the escalation of the issue to the Separation Project Director.

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4. Separation Project Director

4.1 The initial Separation Project Director for Provider shall be Nigel O'Donoghue and the initial Separation Project Director for Recipient shall be Harry Clarke.

4.2 Either Party may change the identity of its Separation Project Director by giving not less than 5 Business Days' written notice of its proposed replacement to the other Party.

4.3 Meetings between the Separation Project Directors shall take place on a face-to-face basis at least weekly, unless otherwise agreed by the Separation Project Directors.

4.4 At such meetings the Separation Project Directors shall discuss those matters set out within their remit in the table below.

Separation Project Director meetings	
Frequency of meetings	At least weekly and otherwise as required
Remit	• Review performance of all Services under the Agreement. • Resolve any 'stalemate' issues between TSA Drivers. • Develop and document Change Control Requests. • Agree Change Control Requests and consider the Change Report. • Discuss and identify 'stalemate' issues between Separation Project Directors. • Prepare stalemate issues for speedy escalation to the Business Sponsors Board. • Agree the Separation Plans in accordance with Clause 14 (Separation Plans). • Discuss progress of migration and Separation Plans. • Review the joint written reports on the Separation prepared by the TSA Drivers. • Discuss and identify any amendments or adjustments to the Separation Plans as may be necessary and agree amendments to the Separation Plans in accordance with Paragraph 2 of Schedule 6 (Separation).

4.5 The Separation Project Directors shall use reasonable endeavours to resolve any issues which arise between them. If the Separation Project Directors do not resolve any issue, the issue shall be escalated to the next meeting of the Business Sponsors. If

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either Separation Project Director considers it necessary, the relevant Separation Project Director may, on an ad hoc basis, escalate the issue to the Business Sponsors Board prior to the Business Sponsors Board next meeting.

4.6 The Separation Project Directors shall attend each MSA Management Board meeting to report on the progress of migration and the Separation Plans.

5. Business Sponsors Board

5.1 The initial Business Sponsor for Provider shall be Jon Millidge and the initial Business Sponsor for Recipient shall be Mike Young.

5.2 Either Party may change the identity of its Business Sponsor by giving not less than 5 Business Days' written notice of its proposed replacement to the other Party.

5.3 Meetings between the Business Sponsors shall take place on a face-to-face basis at least monthly, unless otherwise agreed by the Parties.

5.4 At such meetings the Business Sponsors shall discuss those matters set out within their remit in the table below.

Business Sponsor Board	
Frequency of meetings	At least monthly and otherwise as required
Remit	• Review performance of all Services under the Agreement. • Discuss and resolve 'stalemate' issues escalated to it by the Separation Project Directors. • Agree and enumerate Change Control Requests. • Discuss and identify 'stalemate' issues between the Business Sponsors. • Prepare stalemate issues for speedy escalation to the MSA Management Board. • If Clause 14.6 (Separation Plans) applies, agree the Separation Plans in accordance with Clause 14.6 (Separation Plans).

5.5 The Business Sponsors shall use reasonable endeavours to resolve any issues which arise between them. If the Business Sponsors do not resolve any issue, the issue shall be escalated to the next meeting of the MSA Management Board. If either Business Sponsor considers it necessary, the relevant Business Sponsor may, on an ad hoc basis, escalate the issue to the MSA Management Board prior to MSA Management Board's next meeting.

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6. MSA Management Board

6.1 The MSA Management Board shall be composed of Recipient's Chief Operating Officer and Provider's Company Secretary and each Party's:

(A) Chief Information Officer;

(B) Chief Financial Officer;

(C) Recipient Head of Facilities Management and Property or Provider Property Director; and

(D) Director of Communications/Communications Director.

6.2 Either Party may change the identity of its members of the MSA Management Board by giving not less than 5 Business Days' written notice of that board member's proposed replacement to the other Party.

6.3 Meetings between the MSA Management Board shall be held quarterly, unless a matter is escalated to the MSA Management Board by the Business Sponsors, in which case the MSA Management Board shall meet within 6 Business Days of any such escalation.

6.4 A meeting shall not occur unless at least five nominees from each Party are present.

6.5 At such meetings the MSA Management Board shall discuss those matters set out within their remit in the table below.

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MSA Management Board meetings	
Frequency of meetings	Quarterly and otherwise as required
Remit	• Review performance of all Services under the Agreement. • Resolve any 'stalemate' issues escalated to it by the Business Sponsors. • Agree Change Control Requests and consider the Change Report. • Receive report from Separation Project Directors on the progress of migration and Separation Plans. • Consider requests for extensions to a Service term, or the Long Stop Date, made by a Party pursuant to Clause 13.5 (Service Extensions) and, if it is agreed by the MSA Management Board to grant an extension and agree the duration of the extension. • If Recipient refers a dispute referred to in accordance with Clause 5.5 (In Flight Projects), determine whether Recipient is obliged to participate in a Project in respect of a Mandatory Operational Change. • Consider and determine whether the notice to terminate the provision or receipt of all or any (or any part) of the Finance Services and/or IT Services referred to in Clause 10.2 (Termination of Services) may be served. • If Recipient refers its request for termination of all (or any part) of a Service under Clause 10.5 (Termination of Services), discuss, consider and determine whether or not Recipient's request for termination should be granted. If Recipient's request is granted, the MSA Management Board shall determine whether the notice period set out in Recipient's notice or such other period shall apply. • If Clause 13.6 (Service Extensions) applies, determine the level of any increase to the Internal Charges for the relevant IT Services to reflect market rates. Such increase shall not be more than 130% of the then current Internal Charges for any such IT Services. • If Clause 14.7 (Separation Plans) applies, agree the Separation Plan in accordance with Clause 14.7 (Separation Plans). • Determine, if required, each Party's just and equitable proportion of any Costs incurred in respect of and in connection

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	with the software licences referred to in Clause 16.8 (Third Party Consents). • Discuss and consult on Provider's strategy for intended material outsourcings relating to any of the Services in accordance with Clause 20.3 (Contracts and Consents). • Discuss information and material errors arising from an audit under Clause 25.3 (Access and Information) and determine a resolution to rectify any such error.

6.6 In the event that the MSA Management Board cannot resolve an issue it shall escalate the matter to the next meeting CEO's of the Parties. If a Party considers it necessary, that Party may, on an ad hoc basis, escalate the issue to the Parties' CEOs prior to the CEOs' next meeting.

7. CEOs' Meeting

7.1 Meetings between the Parties' CEOs shall be held half-yearly at the same time as the regular meeting between the CEOs in relation to the Mails Distribution Agreement.

CEO's meetings	
Frequency of meetings	Half-yearly and otherwise as required
Members	Recipient and Provider Chief Executive Officers
Remit	Review overall performance of the Parties' obligations pursuant to this Agreement and consider any issues escalated to them by the MSA Management Board.

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Schedule 4
PERFORMANCE

Service Performance Management and Reporting

1. At the Business Sponsors Board meetings, the appointees of the Parties will review each Party's performance of this Agreement for the previous month. In the event that either Party has failed to perform any of its obligations under this Agreement, that Party will propose an action plan for steps to remedy the situation in accordance with its obligations under this Agreement.

2. Without prejudice to Provider's other obligations under this Agreement:

   (A) for any material Service Failure that occurs in three consecutive months; and

   (B) at Recipient's reasonable request and if agreed by the MSA Management Board, for any material Service Failure,

   Provider shall perform an analysis to identify the root cause of such material Service Failure. If Provider concludes that a commercially reasonable Change would remove the likelihood of a subsequent material Service Failure as a result of the same root cause, or if Recipient requests that Provider do so, Provider shall initiate a proposal for such Change pursuant to the Change Control Procedure.

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Schedule 5
CHANGE CONTROL

General

1. Without prejudice to Clauses 5.3 to 5.7 (Mandatory Change Projects), this Schedule 5 (Change Control) sets out the process that shall apply to the processing and approval or rejection (where applicable) of all Changes and Mandatory Changes.

2. The Parties shall:

   (A) unless otherwise agreed in writing, endeavour to schedule all approved Changes or Mandatory Changes (as applicable) so as not to unreasonably interrupt each other's business operations; and

   (B) together review (through the appropriate governance bodies) the progress of the approved Changes or Mandatory Changes (as applicable).

3. Any dispute in relation to a Change and/or Mandatory Change (as applicable) shall be a Dispute and referred for resolution through the Dispute Resolution Procedures.

Change Requests and Reports

4. Either Party may submit a request that a Change or a Mandatory Change (as applicable) is made and such a request shall be developed and documented by the Separation Project Directors in accordance with Paragraph 4.4 of Schedule 3 (Governance and Service Management) as a change control request in a form to be agreed between Provider and Recipient ("**Change Control Request**"). Each Change Control Request must contain:

   (A) a Change Control Request serial number;

   (B) the originator and date of the request for the relevant Change or Mandatory Change (as applicable);

   (C) the reason for the relevant Change or Mandatory Change (as applicable);

   (D) full details of the relevant Change or Mandatory Change (as applicable);

   (E) a timetable for implementing the relevant Change or Mandatory Change (as applicable);

   (F) the Costs of assessing and implementing such Change or Mandatory Change (as applicable); and

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(G) provision for signature by each of Provider and Recipient for acceptance of the Change Control Request.

5. Provider shall provide Recipient with a written assessment and evaluation of the impact of the proposed Change or Mandatory Change (as applicable) ("**Change Report**") as soon as reasonably practicable following the development and documentation of a Change Control Request by the Separation Project Directors in accordance with Paragraph 4.4 of Schedule 3 (Governance and Service Management) but no less than 10 Business Days of the date of the Change Control Request. The Change Report shall include a description of the proposed Change or Mandatory Change (as applicable) and an impact analysis considering the effects of the proposed Change or Mandatory Change (as applicable) having regard to any impact on:

(A) the scope of the Agreement and the Services;

(B) the Charges;

(C) the resources of Recipient and Provider;

(D) any relevant Third Party agreements;

(E) Recipient's and Provider's IT Systems; and

(F) any other matter reasonably considered by Provider to be relevant.

Agreed Change

6. The Parties shall consider the Change Control Request and the Change Report in accordance with Schedule 3 (Governance and Service Management). No Change shall be implemented without the execution of the Change Control Request (unless otherwise specified in this Agreement).

7. If the Parties agree to a Change the Parties shall promptly amend this Agreement and such other documentation as is necessary to give effect to any agreed Change in accordance with the Change Report.

Mandatory Change

8. At any time a Party may issue a Change Control Request to the other stating that a Mandatory Change is necessary, upon receipt of such a notification the Parties shall agree changes to the Service effecting the Mandatory Change in accordance with Schedule 3 (Governance and Service Management).

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9. If no such change is agreed within 10 Business Days of receipt of a Change Control Request issued pursuant to Paragraph 8 of this Schedule 5 (Change Control), then the Parties shall utilise the Dispute Resolution Procedures.

10. Notwithstanding Paragraph 9 of this Schedule 5 (Change Control):

(A) Recipient shall not refuse the implementation of a Mandatory Change; or

(B) Provider shall not be required to perform any obligation under this Agreement, (and shall therefore not be in breach of this Agreement if it fails to perform an obligation) to the extent that performing such obligation would constitute a breach by Provider, or any member of the Provider Group, of Applicable Law or a term of a Contract (as such term exists at the date of this Agreement) or would materially adversely affect the implementation of a Mandatory Operational Change.

11. In respect of Mandatory Operational Changes, Provider shall ensure that the relevant Change Control Request shall, to the extent reasonably practicable, contain a list of all the alterations that shall be made in relation to any Services affected by the Mandatory Operational Change.

Costs of Change

12. Subject to Paragraphs 13 to 15 of this Schedule 5 (Change Control), the Costs incurred in assessing and implementing any Change shall be borne by the Party requesting the Change.

13. To the extent that any Change is required pursuant to Paragraph 2 of Schedule 4 (Performance), Provider shall bear the Costs incurred by Provider in assessing and implementing such Change.

14. To the extent that a Change is not being implemented as a result of a change to services provided to members of Provider Group which are equivalent to the Services and the Change increases the Cost to Provider of providing the Services, Recipient shall bear the increase in the Cost (if any) incurred by Provider in providing the Services.

15. To the extent that a Change is being implementing as a result of a change to services provided to members of Provider Group which are equivalent to the Services and the Change increases the Cost to Provider of providing the Services, then Recipient shall bear a just and equitable proportion of the increase in the Cost (if any) to Provider in providing the Services. Such proportion shall be determined based on the proportion of Recipient Group's anticipated use of a Service relating to such Change as it relates to the overall anticipated use by Provider Group and Recipient Group (taken together) of the relevant Service and the service provided to members of Provider Group which are

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equivalent to the Services and the period of time that Recipient is receiving a Service in relation to such Change.

16. If Provider is implementing any Mandatory Change to the Services, Recipient shall bear a just and equitable proportion of: (i) the Costs of assessing and/or implementing such Mandatory Change; and (ii) any increase in the Costs (if any) incurred by Provider in providing the Services as a result of the Change. Such proportions shall be determined based on the proportion of Recipient Group's use of the Mandatory Change as it relates to the overall anticipated use by Provider Group and Recipient Group (taken together) of such Mandatory Change and the period of time that Recipient is receiving a Service in relation to such Mandatory Change.

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Schedule 6
SEPARATION

Separation Principles

1. The General Separation Plan and each Detailed Separation Plan shall provide for and address:

   (A) a plan and timetable (with a view for the migration to occur as soon as reasonably possible having regard to the intentions of the Parties to mitigate Separation Costs and Recurring Stranded Costs as far as reasonably possible) for Provider's and Recipient's migration away from or termination of the applicable Services provided under this Agreement;

   (B) the respective responsibilities of the Parties, members of Provider Group, members of Recipient Group, each Party's Personnel and/or any Third Party Providers (each a "**Relevant Person**");

   (C) a date upon which it is agreed in writing that the Service will cease to be provided in accordance with this Agreement;

   (D) the procurement implications applicable to the relevant Separation Plan and the impact on the Procurement Plan;

   (E) an analysis of the Separation Costs, Recurring Stranded Costs and any other Costs which are or are likely to be incurred in relation to any Separation in relation to or termination of the applicable Services;

   (F) details (to the extent reasonably practicable) of any relevant Third Party Consents that are identified in accordance with Clause 16.1 (Third Party Consents);

   (G) details (to the extent reasonably practicable) regarding the separation and sharing of data connected to the Service;

   (H) safeguards to ensure minimal disruption to the respective Parties' ongoing business relationships with Third Parties during implementation of the relevant Separation Plan; and

   (I) the respective responsibilities of each Relevant Person in carrying out the relevant Separation Plan.

2. Each TSA Driver in respect of a Service shall have primary responsibility for co-ordination of the relevant Separation Plan for that Service. The TSA Drivers shall meet at regular intervals (and at least fortnightly) to discuss progress of the separation of the relevant Service and to submit to the Separation Project Directors a joint written report on the separation of the relevant Service and any amendments or adjustments to any

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relevant Separation Plan for that Service as may be necessary. The Separation Project Directors shall be authorised to agree variations to the Separation Plan.

3. Without prejudice to Clauses 13.3 (Service Extensions) and 14.2 (Separation Plans), if at any time during the term of this Agreement either Party envisages that any stage of the relevant Separation Plan may not be completed by the date required by the Separation Plan, it shall notify the other Party immediately and the Separation Project Directors shall meet to discuss any amendments or adjustments to the relevant Separation Plan as may be necessary and escalate any issues in accordance with Schedule 3 (Governance and Service Management).

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Schedule 7
RECURRING STRANDED COSTS

Function	Recurring Stranded Costs
Commercial	0.1
Communications	-
Company Secretary	0.6
Contact Centres	0.6
Facilities Management	0.6
Finance	0.4
Fleet	0.0
HR Services	1.3
HR Centre	1.0
iRed	0.9
IT	1.2
Legal	0.2
Official Mail	-
Procurement	0.9
Property	1.5
Reg. & Compliance	1.7
Security	0.3
TOTAL STRANDED COST	**11.3**

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Schedule 8
PROCUREMENT PLAN PRINCIPLES

1. Recipient shall as soon as practicable and in any event before the Long Stop Date establish (in consultation with Provider) and operate a fully functioning and stand alone procurement function ("**Procurement Function**").

2. Recipient shall provide staff and properly trained personnel ("**Procurement Staff**") to run and operate the Procurement Function.

3. The Procurement Staff shall be adequately trained in Applicable Law as it affects the procurement and the Procurement Function and the process of procuring goods and services (including services to replace the Services) for Recipient independently of Provider.

4. Subject to Clause 20.17 (E-Sourcing System), Provider and Recipient shall work together to develop a contract replacement plan which shall identify the Contracts that will terminate or expire or require Provider to provide Breaking Services and which will require Recipient to procure the replacement of goods, contracts and services.

5. Recipient shall as soon as practicable and in any event within 3 months of the date of this Agreement produce a plan (the "**Procurement Plan**") for the procurement of goods contract and services, by Recipient which incorporates the relevant Separation Plan.

6. Recipient shall be responsible for any Costs that are incurred by Recipient in connection with the establishment, staffing and operation of Recipient's Procurement Function.

7. The Procurement Plan will identify the system requirements in order for the Procurement Function to use the Recipient's IT Systems and the date from which the Procurement Function will operate on the Recipient's IT Systems. Recipient shall, at Recipient's cost, provide training to Provider's Personnel who require additional training so as to be able to properly operate Recipient's IT Systems.

8. Subject to Paragraph 9 of this Schedule 8 (Procurement Plan Principles), Provider and Recipient will work together to develop a plan for the orderly transition of procurement arrangements from Provider to Recipient's Procurement Function in respect of goods, contracts and services to be procured and contracted by Recipient. Each Party shall bear its own Costs incurred in respect of such transition.

9. Any and all legal support provided for any procurements run by Provider on behalf of Recipient shall be engaged and managed by Recipient.

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Schedule 9

FORM OF NOVATION AGREEMENT

THIS NOVATION AGREEMENT is made the day of

BETWEEN:

1. [**ROYAL MAIL GROUP LIMITED** a company registered in England and Wales whose registered office is at 100 Victoria Embankment, London, EC4Y 0HQ with the registered number 04138203]/[Relevant Member of Provider Group] ("**Provider**"); and

2. [**POST OFFICE LIMITED** a company registered in England and Wales whose registered office is at 148 Old Street, London, EC1V 9HQ with the registered number 02154540]/[Relevant Member of Recipient Group] ("**Recipient**"),

   AND

3. [Insert Third Party Recipient Company Name] a company registered in England and Wales whose registered office is at [address] with the registered number [number] ("**Third Party Provider**").

WHEREAS:

A. [Pursuant to an agreement between Provider and Third Party Provider dated [•], Third Party Provider has agreed to provide or to procure the provision of certain services to Provider Group from which members of Recipient Group benefit.

B. As at the date of this agreement certain [service contract(s)] (as detailed in Exhibit 1) are in place between Provider and Third Party Provider (the "**Contract(s)**").

C. Provider wishes to be released and discharged from the Contract(s) and Third Party Provider has agreed to release and discharge Provider from the Contract(s) subject to Recipient undertaking to perform the Contract(s) and be bound by their terms in place of Provider.

NOW IT IS AGREED as follows:-

1. INTERPRETATION

1.1 In this agreement:

Novation Effective Date	has the meaning specified in Clause 6;
Provider Group	means Provider and any company controlled by Provider;
Recipient Group	means Recipient and any company controlled by Recipient; and

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Transfer Date means [•].

1.2 In this agreement, unless otherwise specified:

(A) references to Clauses, sub-clauses, paragraphs and sub-paragraphs are to clauses, sub-clauses, paragraphs and sub-paragraphs of this agreement; and

(B) headings to clauses and schedules are for convenience only and do not affect the interpretation of this agreement.

2. RECIPIENT UNDERTAKING

With effect from the Novation Effective Date and in consideration of the undertakings given by Third Party Provider in Clause 3, Recipient hereby undertakes to observe, perform, discharge and be bound by the Contract(s) as if Recipient were a party to the Contract(s) in the place of Provider. Notwithstanding this undertaking, nothing in this agreement shall:

(A) require Recipient to perform any obligation created by or arising under the Contract(s) falling due for performance, or which should have been performed, before the Novation Effective Date or to pay for any product ordered, or delivered or supplied to Provider or any service ordered or performed by Provider before the Novation Effective Date;

(B) make Recipient liable for any act, neglect, default or omission in respect of the Contract(s) committed by Provider or occurring before the Novation Effective Date; or

(C) impose any obligation on Recipient for or in respect of any product ordered, delivered or supplied by Provider or any service ordered or performed by Provider before the Novation Effective Date.

3. THIRD PARTY PROVIDER'S UNDERTAKING AND RELEASE OF PROVIDER

3.1 With effect from the Novation Effective Date and in consideration of the undertakings given by Recipient in Clause 2 and Provider in Clause 4, Third Party Provider hereby:

(A) subject to Clause 3.2 below, releases and discharges Provider from all obligations to observe, perform, discharge and be bound by the Contract(s);

(B) accepts Recipient's undertaking to observe, perform, discharge and be bound by the Contract(s) (such undertaking being set out in Clause 2); and

(C) agrees to observe, perform, discharge and be bound by the Contract(s) as if Recipient were a party to the Contract(s) in the place of Provider.

3.2 Notwithstanding the provisions of sub-clause 3.1(A), nothing in this agreement shall affect or prejudice any claim or demand whatsoever which Third Party Provider may

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have against Provider in relation to the Contract(s) and arising out of matters prior to the Novation Effective Date.

4. PROVIDER'S UNDERTAKING AND RELEASE OF THIRD PARTY PROVIDER

With effect from the Novation Effective Date and in consideration of the undertakings given by Third Party Provider in Clause 3, Provider hereby releases and discharges Third Party Provider from all obligations to observe, perform, discharge and be bound by the Contract(s). Notwithstanding this undertaking and release, nothing in this agreement shall affect or prejudice any claim or demand whatsoever which Provider may have against Third Party Provider in relation to the Contract(s) and arising out of matters prior to the Novation Effective Date.

5. NOTICES

For the purposes of all provisions in the Contract(s) concerning the service of notices, the address of Recipient is its registered office as shown above.

6. NOVATION EFFECTIVE DATE

The parties agree that the terms of this agreement will become effective on the [date on which this novation agreement is signed by each of the parties thereto] (the "**Novation Effective Date**").

7. COUNTERPARTS

7.1 This agreement may be executed in any number of counterparts, and by the parties on separate counterparts, but shall not be effective until each party has executed at least one counterpart.

7.2 Each counterpart shall constitute an original of this agreement, but all the counterparts shall together constitute but one and the same instrument.

8. GOVERNING LAW AND JURISDICTION

This agreement is governed by, and shall be construed in accordance with, English law and the courts of England are to have exclusive jurisdiction to settle any dispute arising out of or in connection with this agreement.

9. FURTHER ASSURANCE

Each of the parties agrees to perform (or to procure the performance of) all such acts and things, and execute and deliver (or procure the execution and delivery of) such further documents as may be necessary or desirable to give effect to this agreement and the matters and transactions contemplated herein.

.....

For and on behalf of [Royal Mail Limited]

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.....
For and on behalf of [Post Office Limited]

.....
For and on behalf of [Third Party Provider]

Exhibit 1

List of contracts

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Annexure 1

IN FLIGHT PROJECTS

POL Master Data Management

eBusiness

Project Maple (Pensions)

Transformation Outsourcing (CSCO and ITST&S)

Finance Systems Transformation

e-Enabling Sales & Service

UEX Infrastructure Management

Proofpoint email archiving

Intranet replacement

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Annexure 2

CONTACT CENTRE AGREEMENT

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Inter-business Agreement

Between

Post Office Limited

And

Royal Mail Limited

for the provision of

Contact Centre Services

Post Office Service Delivery Team
SLA 2011/2012

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1. Overview

1.1 Objective of this Agreement

The purpose of this Agreement is to clearly outline the contact centre services (**"Services"**) to be provided by Royal Mail (**"RML"**) to Post Office (**"PO"**) and its customers, and the basis on which such services will be provided.

This agreement replaces all previous agreements in place for the provision by RML of the Services.

1.2 Duration

This Agreement will commence on Monday 4th April 2011 & will remain in force until the contract is terminated in writing by either Party subject to a three month notice period, or as mutually agreed between the Parties.

1.3 Definitions

The following definitions will apply in this Agreement:

PO	Post Office
RML	Royal Mail Letters
Day / Daily	The period from 00:01 hours to 24:00 hours
Week / Weekly	The Post Office business week from Monday to Sunday
Month / Monthly	The Post Office business period of which there are 12 in each business year. The business periods are of the following lengths: • Period 1 – 5 Weeks • Period 2 – 4 Weeks • Period 3 – 4 Weeks • Period 4 – 5 Weeks • Period 5 – 4 Weeks • Period 6 – 4 Weeks • Period 7 – 5 Weeks • Period 8 – 4 Weeks • Period 9 – 4 Weeks • Period 10 – 5 Weeks • Period 11 – 4 Weeks

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	• Period 12 – 4 Weeks
Services	The contact centre services provided by RML as described in section 2
CCN	Change Control Notice

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2. Services

RML will provide the following contact centre services:

2.1 POEX – Post Office External Helpdesk

2.1.1 Management of all customer service queries; identification of potential lead generation on all viable contacts; lower level complaints, relating to PO, PO products and services and any other matters as may be advised by PO from time to time.

2.2 NBSC - Network Business Support Centre

2.2.1 Management of all enquiries from Post Office branches and their staff, relating to PO products and services; management and resolution of branch complaints and any matters relating to the support of provision of those PO products and services.

2.3 POEX Customer Care Unit (CCU)

2.3.1 Management and resolution of all non regulated customer complaints relating to any aspect of PO's business, including escalation of high profile complaints within PO and transfer of complaints to appropriate helpdesks as required. This process will fall in line with recognised Post Office management processes. as defined at section ##

2.4 Fishing Licence

2.4.1 Management of enquiries regarding, and sales of, rod fishing licences.

2.5 Welsh Speaking Service

2.5.1 Provision of all the above Services in the Welsh language as required by law. (Excluding NBSC)

2.6 Data Collection and Validation

2.6.1 Collection and validation of customer and prospect. data to support additional marketing programmes. Post Office will recognise any potential service or billable impact.

2.7 Management and Support

2.7.1 RML will provide such account management information, recruitment, training, coaching, IT, telephony and all other support services as are

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necessary to support the efficient provision and development of the above services.

2.8 Specifics of Services

2.8.1 The specifics of the services provided under each of the headings in this Section 2 will be those services which were provided at any point in the three months prior to the date of signature of this agreement as documented in contact centre management information provisioning report provided weekly/monthly. Data is provided by CNN and owned by Post Office.

2.9 Changes to Services

2.9.1 PO may, as its business imperatives require, request a change to the Services, and, subject to the Change Control process, RML will not unreasonably refuse to make any such changes.

2.10 Service Channels

2.10.1 Service will principally be provided via the following channels:

2.10.1.1 Telephone

2.10.1.2 Email

2.10.1.3 Textphone

2.10.1.4 Whitemail

2.10.1.5 Smartinform messaging

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2.10.2 PO may, at a future point, also require that Service be provided via the following channels:

2.10.2.1 Fax

2.10.2.2 SMS Text /Social media platforms

RML agrees to scope the feasibility of providing these services subject to the Change Control process, such agreement not to be unreasonably withheld.

2.11 Service Opening Hours

2.11.1 Unless otherwise agreed via the Change Control Process, the centres will be open during the following hours:

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	Customer Service			
Product	**Monday to Friday**	**Saturday**	**Sunday**	**Bank Holidays**
POEX helpline	08:15 - 18:00	08:30 - 14.00	CLOSED	CLOSED
Network Business Support Centre	08:00 - 18:00 (Wednesday 08:00 – 20:00)	08:00 - 14:00	CLOSED	CLOSED EXCLUDING GOOD FRIDAY
Network Business Support Centre Voice Mail Box	00:00 – 23:59	00:00 – 23:59	00:00 – 23:59	00:00 – 23:59
NBSC Customer Relations	08:00 – 18:00	CLOSED	CLOSED	CLOSED
POEX Customer Complaints Unit	08:15 - 18:00	CLOSED	CLOSED	CLOSED
Fishing Licence (excluding Welsh speaking) **28th February – 2nd October 2011** **3rd October – 27th February 2012**	08:00-20:00 08:30-18:00	08:00-20:00 08:30-14:00	08:00-20:00 CLOSED	CLOSED with the exception of Good Friday & Easter Monday when service will be available as on a normal Friday
Welsh speaking	08:15 - 18:00	08:30 - 12:00	CLOSED	CLOSED

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2.11.2 Where a Bank or Public Holiday covers all the countries of the United Kingdom, the centres will operate to the Bank Holiday hours detailed above. Where a Bank or Public Holiday covers only a region or country of the United Kingdom, the centres will operate on a normal Monday - Friday basis, but adjust staffing to reflect any expected change in calls from the relevant region or country.

2.11.3 RML agrees to consider any request to change opening hours subject to the Change Control process, such agreement not to be unreasonably withheld.

2.12 Management Office Accommodation

2.12.1 RML will provide office accommodation for PO management personnel as outlined in Appendix A, at the prices outlined in Section 4 of this agreement.

3. Service Levels

Whilst Service Levels detailed in this Schedule are measured over a PO Business Period ("Month"), RML shall monitor and record performance on a daily and weekly basis, and provide such daily and weekly reports to PO as required.

The following are the Service Levels to be achieved:

3.1 Customer Response

** - pertinent to this campaign*

	Target	POEX	NBSC	NBSC Customer Relations	POEX CCU	Fishing Licence
Calls answered in 20 seconds as a percentage of Offered	80%	*	*	n/a	n/a	*
*Average Wait to answer - 60 seconds * This is a secondary measure that we are aspirationally pushing as a replacement for the above.*	*90%*	n/a	*	n/a	n/a	n/a
Calls abandoned	<5%	*	*	n/a	n/a	*
Cases closed to target < 10 days	95%	n/a	n/a	*	*	n/a
Call Back of Voice Message Box recordings by end of next working day (*when VMB applicable*).	97%	n/a	*	n/a	n/a	n/a

- Service level will not apply on days where the volume of call volumes or operational workloads exceed operational tolerance due to an event caused by a failure of POL or POL's systems. In agreement with POL, these days will be removed & replaced by an agreed average.

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- Welsh speaking forms part of the wider Poex provisioning so all information is contained within the BAU offering/reporting.

3.2 Customer Experience

	Target	POEX (inc CCU, RFL)	NBSC	NBSC Customer Relations	POEX CCU	Fishing Licence
Agent Quality	70%	*	*	n/a	n/a	n/a

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3.2.1 RML shall ensure that all advisors achieve an agreed minimum quality monitoring score as recorded through work skills analysis. Where there are recognised short falls in place RMCS will articulate to POL how they plan to address this.

3.2.2 Should PO so require, RML agrees to work in good faith with PO to ensure that its quality scoring mechanism is consistent with PO's customer experience strategy, such agreement not to be unreasonably withheld

3.2.3 Welsh speaking & fishing forms part of the wider Poex provisioning so all information is contained within the BAU offering/reporting.

3.3 Sales

	Target	POEX	NBSC	NBSC Customer Relations	CCU	Fishing Licence
Lead generation – compliance to exit scripts on all viable calls.	100%	*	n/a	n/a	n/a	n/a
Lead generation – percentage of leads referred by POEX to other products as required by POL that result in a sale	*See Appendix 3*	*	n/a	n/a	n/a	n/a

3.4 Data Integrity

	Target	POEX	NBSC	NBSC Customer Relations	CCU	Fishing Licence
Call log - categorisation accuracy. (Applicable	95%	*	n/a	n/a	n/a	n/a

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where data is logged, as required by POL. This would be agreed through appropriate change forum.)						

3.5 Service Availability

	Target	POEX	NBSC	NBSC Customer Relations	CCU	Fishing Licence	Welsh Speaking Service
Time during the contracted hours that the centres are Available, when systems are within RMCS control	>=99%	*	*	*	*	*	*

3.5.1 "Available" means that a Customer is able to contact the relevant centre and transact their business whichever channel they use, such transaction to be provided to the level required by POL / in this contract, and such that RML is complying with all of its obligations under this Agreement.

3.6 Email

	Target	POEX	NBSC	NBSC Customer Relations	CCU	Fishing Licence	Welsh Speaking Service
e mails Received are Answered by a live agent within 1 Business Day of receipt the day on which the email is made available to POEX	90%	*	n/a	n/a	n/a	n/a	n/a

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General enquiry (non complaint) e mails received are answered by a live agent within 2. Business Days of the day on which the email is made available to POEX	**100%**	*	**n/a**	**n/a**	**n/a**	**n/a**	**n/a**

3.6.1 If any emails have not been answered within the 1 Business Day time period then these shall be automatically included in the next Business Day emails as one to be Answered on that Business Day.

3.6.2 For the purposes of this Service Level:

3.6.2.1 "Received" means that the e-mail has arrived in RML's domain.

3.6.2.2 "Answered" means that the Customer has received a response other than an initial automated acknowledgement.

3.7 Complaints

RML will adhere to the Post Office Limited complaint management policy, including the three stage process, complaints model and the definition of a complaint – See annex A

	Target	NBSC Customer Relations	CCU
Complaints closed within 10 working days	95%	*	*
CHESS	80%	n/a	*
All complaints should be logged on the day of receipt.	100%	*	*
An acknowledgement is issued on the day of receipt where resolution cannot be provided within 3 working days.	100%	*	*

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3.7.1 PO intends to define a quality measure for the management of complaints. RML agrees to implement this measure subject to change control, such agreement not to be unreasonably withheld.

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3.8 Failure Reporting and Recovery Planning

3.8.1 If any Service Levels are not achieved in any particular week, RML will provide supported reasons for the failure to achieve such Service Levels, and if PO asks for a plan to achieve the requisite Service Levels within the following week, RML will provide such a plan within an agreed period of time, not exceeding 48 hours.

3.8.2 If any Service Levels are not achieved in any particular Month, RML will provide supported reasons for the failure to achieve such Service Levels, and will provide PO with robust & detailed recovery plans within 5 working days from the beginning of the following? Month.

3.8.3 When service failures occur as a result of PO error then ownership will reside with PO, who will take responsibility for getting a resolution statement back to Royal Mail within the same business day. If resolution is not achievable within the same business day Service Delivery will provide a robust timeline of resolution to allow informed responses to customers.

3.9 POL Customer Experience Programme

3.9.1 RML agrees to develop its agent and other quality programmes, and any other activity affecting Customer Experience, to reflect and be complementary to the Customer Experience directions provided by POL as part of its Customer Experience strategy – See Annex A

3.10 Planned Maintenance

3.10.1 In all instances, any planned maintenance or change implementation for any element of the service(s) likely to affect RML's performance against the Service Levels shall be scheduled to take place during periods of zero or low activity and shall be agreed with PO in advance of each activity. This will be through the RML lead and PO relationship manager, documented in the agreed change request process.

3.11 Service Credits

3.11.1 Service Credits are not applicable.

However, PO retains the right to develop and implement Service Credits should it deem it necessary to do so in order to ensure that RML delivers the Services against target. RML will not unreasonably withhold agreement to the implementation of such Service Credits.

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4. Pricing

4.1 Contact Centre Services Pricing for the period 4th April 2011 to 31st March 2012

4.1.1 RML will provide the Contact Centre Services detailed in Sections 2.1 to 2.12 of this agreement at an initially-agreed cost of £4.68m

4.1.2 The above total cost is equivalent to a productive hourly rate of £34.87, based on an estimated 133,009 Productive Hours during the year. A Productive Hour is defined as 60 minutes of agent talk, wrap or administration time. It does not include holidays, sickness or other absence; statutory, lunch or other breaks; training, coaching or information sessions; toilet, comfort or other breaks. Whilst recognising that RML operate on a cost to serve basis, PO reserve the right to challenge these costs on an ongoing basis.

4.1.3 Any additional activity not included in the above costs will be agreed the the appropriate change forum & charged through the existing charging mode. However, this additional spend will be clearly tracked outside of business plan to allow inter business cross charging within PO.

4.2 Management Office Accommodation Pricing for the period 4th April 2011 to 31st March 2012

4.2.1 RML will provide the management office accommodation detailed in Appendix A of this agreement. Costs should be clearly defined articulating the costs of the individual areas

Seats, desks & adequate storage

PC, Server and Printer

Software

4.2.2 Should PO wish to increase the number of Units of Accommodation it requires then RML will make appropriate efforts to accommodate this request, considering any capacity challenges. Any increase would be pro-rated according to the number of days in the year for which it is required.

4.2.3 Should PO wish to decrease the number of Units of Accommodation it requires from RML, the total cost will be reduced by the Cost Per Unit of Accommodation no longer required, such amount to be pro-rated according to the number of days in the year for which it is no longer required.

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5. Reporting

5.1 Performance and Commercial Reporting

5.1.1 RML will provide reporting on a Weekly and Monthly basis in a format provided by PO. The reports will state:

5.1.1.1 RML's performance against the Service Levels outlined in Section 3

5.1.1.2 Such other commercial information as is required by PO to understand the business and performance of the contact centres to PO's reasonable satisfaction.

5.1.1.3 Number of productive hours for each activity.

5.1.1.4 Any additional information as required by PO from time to time.

5.1.2 Reports will be delivered at the following times:

5.1.2.1 Weekly reporting to be delivered to the designated PO recipient by close of business on Tuesday following the end of the relevant Week. COP Tuesday

5.1.2.2 Monthly reporting to be delivered to the designated PO recipient by 10am on 7th working day following the end of the relevant Month.

5.2 Additional Reporting

5.2.1 PO shall have the right to request any further information it may reasonably require to determine whether it considers such service performance reports to be true and accurate (and RML shall use its reasonable endeavours to furnish PO with such information within a reasonable period of time, no greater than 10 working days from original request.

5.2.2 If such additional reporting is of a form that would be reasonably expected to be generated in the normal course of a contact centre's business, then RML shall provide the additional reporting at no extra cost to PO. If such reports are not part of the existing operational suite, then the provision of the reporting shall be subject to the Change Control process.

5.3 Analysis and Corrective Actions

5.3.1 RML will be required to provide analysis of the reporting to include highlighting of any Service Level failures, as well as any exceptional activity, plus corrective action plans to return any activity where there has been as Service Level failure to the point where Service Levels are met.

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PO has the right in its absolute discretion to request that RML's proposed solution be amended.

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Operational Management and Review

5.4 Monthly Operational and Financial Review

5.4.1 PO and RML will meet within 2 weeks of the end of each Month to review operational and financial performance against Service Levels for that previous Month and to discuss and plan future activity. These meeting will be held either face to face or via conference calls and wil, be agreed by both parties suitably in advance. Senior management from RML & PO should be made available if requested by either party.

5.5 Forecasting Meeting

5.5.1 PO and RML will agree on a monthly basis a forecast of calls for the Month beginning 3 Months from the end of the Month in which the meeting is held. RML will provide its forecast of calls for the relevant Month, and these meeting will agree the volumes of calls against which RML will be required to staff the contact centres in order to achieve the Service Levels. This meeting will also discuss any changes to forecasts in the Months following the Month in which the meeting is held and RML agrees to use all reasonable endeavours to staff the centres accordingly to meet the requisite Service Levels.

5.6 Ad hoc Meetings

5.6.1 PO and RML will meet or discuss by phone at any time where it is deemed by either party to be necessary to the proper provision of the Services.

6. Service Interruptions

6.1.1 Where RML identifies problems, it will contact and inform PO as soon as possible. A full communication must also be issued as soon as possible, but no more than 12 hours after the identification of the issue, such communication to include an overview of the cause and implications of the issue, as well as a remedial action plan.

6.1.2 The contact point at PO will be PO's Live Service Desk. Problems must be notified by- phone on 0870 242 5568

6.1.3 Where PO identifies a problem they should contact the RML Operations, who will then progress problem resolution and feed back action plans within an agreed time

6.1.4 For the purposes of this Section, a problem is defined as an issue that arises that would either a) have a significant impact on service provision or

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b) an issue that is likely to have future/sustained impact on service provision.

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7. Channels of Communication

7.1 Primary Channel at PO

7.1.1 The primary point of communication with PO will be the PO Contact Centre Service Delivery (CCSD) team. RML should include CCSD team in any communication with other PO departments within reason

7.1.1.1 Informal or ad-hoc discussion between any individuals is permissible at any time.

7.1.1.2 Formal or informal discussions at levels above CCSD Manager or RML Senior Relationship Manager are permissible in terms of escalation, contract variation or specification changes that are outside BAU.

7.1.1.3 No discussions regarding frontline service provisioning should be held with any other PO representative, without the support and knowledge of the CCSD team. .

7.1.2 Where RML communicates with any other department within PO, it will be responsible for informing the relevant contacts within the CCSD team of the nature of the communication, the outcome and any further agreed actions.

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8. Escalation Management

8.1.1 Disputes will ordinarily be resolved at the lowest level of contact. It is not envisaged that disputes will escalate to the highest level, and at all stages, the overriding priority and decisive factor will be the best possible benefit for the Royal Mail Group as a whole.

8.2 Escalation Path

8.2.1 Where disputes cannot be resolved the following escalation procedure will be applied.

PO		RML
Head of Service Delivery Andy McLean	↑	
Senior Service Delivery Manager Dave Hulbert	↑	
Contact Centre Service Delivery Manager Mark McLean	↑	

8.2.2 Should any of the above-named individuals leave the above-noted roles, the person to whom the escalation will be made will be his or her replacement in that role.

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9. Change Requests made by either Party of the other Party

9.1 Change Request Types

9.1.1 Fast Track Change Request

9.1.1.1 A Fast Track Change Request is one where the answer to each of the following questions is Yes:

- Will the change have minimal operational impact?
- Is the expected cost to implement the change less than £1,000?
- Will there be no significant increase in call volumes or AHT?
- Is the change constrained to impact currently provided services?
- Can the change be delivered within five (5) Business Days?

9.1.2 Substantive Change Request

9.1.2.1 A Substantive Change Request is a change request that does not satisfy all the requirements for a Fast Track Change Request.

9.2 Change Request Process

9.2.1 Where either Party identifies the need for a change to any element or aspect of the Service or the operational environment the Party requesting the change ("Requestor") shall generate a change control note (CCN) requesting the change.

9.2.2 The Receiving Party ("Recipient") will acknowledge the Requestor within 48 hours. Fast track requests will be dealt with on a best endeavours basis.

9.2.3 The Receiving Party will then impact assess the request & formally respond within 10 working days of submission. (Best endeavours should be made to formally respond to any change request within 5 working days) Both parties will work in good faith, and without unreasonable delay, to (1) agree whether the change is a Fast Track Change or a Substantive Change (within 5 working days of the issuance of the CCN), and (2) agree the terms of the change request.

9.2.4 Following discussion and agreement of the CCN between the parties, and agreement of a plan to implement the change, the agreed CCN will be signed by one of the authorised signatories from each Party as detailed

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below. Those CCNs that are agreed will be implemented in accordance with the process and timescale agreed in the CCN.

9.2.5 Authorised Signatories

9.2.5.1 No CCN shall be effective until signed by one of the following representatives from each Party:

- Fast Track Approval:

  (A) PO: Contact Centre Relationship manager or higher
  (B) RML:- Group Shared Services Relationship Manager

- Substantive Change:

  (A) PO: Contact Centre Service Delivery Manager or higher
  (B) RML:- Group Shared Services Relationship Manager

9.2.5.2 A CCN in relation to a Fast Track change request may be agreed by exchange of emails between relevant authorised signatories.

9.2.5.3 RML will be responsible for tracking all changes, and completion of actions as agreed, and will allocate a unique number to each CCN once it is accepted. The format for tracking the progress of the changes will be provided by PO.

9.2.5.4 Change Control Note Format

- Each finalised CCN shall contain:
  (A) the title of the change;
  (B) the originator and date of the request or recommendation for the change;
  (C) the reason for the change;
  (D) full details of the change including any specifications and user facilities;
  (E) a timetable for implementation;
  (F) the impact, if any, of the change on other aspects of the Services

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(G) the date of expiry of validity of the CCN;
(H) provision for signature by PO and RML, and
(I) a schedule of the charges in respect of such change.
(J) the reason why the Requestor believes the change to be a 'Fast Track' change
(K) what if it needs testing
(L) any acceptance criteria

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10. IT and Telephony

10.1 Provision and Maintenance of Applications

10.1.1 RML will be responsible for the provision and maintenance of all necessary technology and telecoms applications necessary for the provision of the Services, including Knowledge Base, Siebel and galaxy applications. Escalations as a result of operating or service issues should be made directly through CSC/IT supplier

10.1.2 RML will update all systems, hardware and software applications in accordance with the relevant agreed project timescales.

11. Ownership of Data

11.1.1 RML agrees that all customer and prospect data is the sole property of PO.

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12. Contingency – Business Continuity and Disaster Recovery

12.1 Business Continuity and Disaster Recovery Plan

12.1.1 RML will provide to PO, within one month of the signing of this agreement, a bespoke comprehensive Business Continuity and Disaster Recovery Plan in a format defined by PO and which addresses how services will be re-commenced to Customers and prospects following the occurrence of any force majeure event or other event that impacts on the provision of the Services. The Business Continuity Plan should be in accordance with industry standard best practice for Business Continuity management, and also should meet any requirements for Business Continuity management laid down by RML.. PO will review the plan, and request any additional information or amendments in its sole discretion.

12.1.2 The Business Continuity and Disaster Recovery Plan will outline mitigation and corrective action for a number of events, such events to be determined by a scored risk analysis and reasonably agreed by the Parties. Such events will include, but not be limited to, telecoms, technical, premises, IT systems/data, fulfilment and facilities functions of RML, as well as the key business processes and dependencies (e.g. significant sudden staff shortages).

12.1.3 The Business Continuity and Disaster Recovery Plan will be tested, reviewed and updated by PO with attendance from RML on an annual basis. This will be in line with agreements held with CSC for the testing dates & will be subject to change if required by PO.

1.1.4 RML attend the NBSC walk through exercise, which is held once a year and controlled by PO's Business Continuity team.

1.1.5 RML agrees to implement any reasonable recommendations made by PO following any review exercise.

12.2 Risk Register

12.2.1 RML will maintain a risk register containing details of all risks identified by itself or PO. This register will contain an audit trail of action and progress in the management of each identified risk.

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13. Signatories

This agreement has been signed on behalf of the Parties as follows:

For Royal Mail Limited

Name .....

Signature .....

Position .....

Date.....

For Post Office

Name .....

Signature .....

Position .....

Date .....

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Appendix A - Management Office Accommodation

1. RML will provide management office accommodation to PO at its offices in Dearne House, Cortonwood Drive, Barnsley, S73 0UF.

2. POL will have sole use of this accommodation and may use such accommodation for whatever purposes as it in its sole discretion requires.

3. The accommodation will be measured, and paid for by POL, in Units of Accommodation, such Units of Accommodation to be defined as follows:

    a. One Unit of Accommodation includes:

        i. A desk and seat.

        ii. A telephone

        iii. A Server and Printer

        iv. Supporting software to ensure POL management can fully carry out its responsibilities, to include access to applications such as Remedy.

        v. Additional supporting services such as toilet, security, restaurant, parking and other facilities as are provided to RML's own staff at the same site.

4. RML will provide the appropriate number of Units of Accommodation as defined by POL.

5. POL may:

    a. Reduce the number of Units of Accommodation it requires, and the total cost will be reduced according to the provisions of Section 4 (Pricing).

    b. Increase the number of Units of Accommodation, subject to the Change Control process, and the total cost will be increased according to the provisions of Section 4 (Pricing).

6. All Units of Accommodation will be of an equivalent or higher standard than that provided by RML to its own staff at the same location.

7. RML acknowledge that some Post Office operational practices/policies may differ from that of the contact centre.

Operational Terms of Reference **Customer Experience Framework**
Complaints Framework

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Terms of Ref


CE Framework


C:\Documents and Settings\mark.mclean

Definitions Document


Definitions Document

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Annexure 3

PROPERTY SCHEDULE

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RM / POL Proposed Transfer of Property Assets -

Basis of Asset Transfers

- Where property has been identified as transferring to POL, this shall be at nil value.
- In the case of RM freeholds where the Property is effectively self contained this will be by transfer of the freehold interest at nil value. Otherwise it will be by grant of a 999 year ground lease at a peppercorn rental. In the case of RM long leasehold interests POL will be granted an underlease for as long as possible at a peppercorn rental.
- Reference to property transfers only relate to the areas and rights as identified in the shared site surveys for POL's use within shared properties subject tor review by exception only. If and when the separation works are carried out the areas will be as identified in the shared site surveys as the preferred solution.

- Where transfers of shared premises are by virtue of transferring the freehold interest, residential use is subject to obtaining RM's consent for so long as the retained RM property is used as an operational DO.

- Where transfers of shared premises are by 999 year leases residential use shall be prohibited as long as the retained RM property is used as an operational DO.

Category 1 – Sole POL Occupation

- All 7 sites (Doncaster CO, Wymondham CIT, Bootle IND/CO, Stockton CO/OFF, Manchester CIT, Bolton IND/CO* and Southport IND/CO*) are to be transferred to POL. without any restriction save for those already affecting the titles.

- Bolton IND/CO and Southport IND/CO carry a de minimis value as both are held on 999 year leases.

- The internal business rent charge for these 7 sites is £360,562 pa and the market rent is £302,700 pa.

Category 2 – Shared RM/MSP Sites

- The 30 MSPO sites are to be transferred to POL

- While 29 of these MSPO sites are held Freehold, one is held Long Leasehold, (Sharston MSP/Wythenshawe DO). Where long leaseholds are concerned underleases will be granted for the maximum term possible at a peppercorn rent subject to MSPO leases. Where freeholds are concerned the transfers shall be subject to the existing MSPO lettings

- There is a combined internal business rent charge of £83,553 pa for Blackheath & Whitechapel MSP's (both failed offices) and a total external rent charge of £396,600 pa for the other 28 sites. The market rent for Blackheath, Whitechapel and Swanley is £112,400 pa.

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Category 3 – Shared RM/POL Sites

- 82 of the 95 sites are to be transferred to POL These sites have a combined internal business rent charge of £2,278,793 pa and a market rent of £2,187,425 pa.

- The remaining 13 sites are detailed below:

- High Holborn CO/OFF, Derby MC, Windsor DO/CO, Battersea DO/CO, Portsmouth MC, Crawley DO/CO and Mount Pleasant MC – At all of these sites POL has agreed to enter into a 20 year lease at a peppercorn rent, Each lease shall be in the form of the agreed template lease annexed, with appropriate amendments to take into account the terms set out in this memorandum and any other amendments as the parties agree acting reasonably. The leases of these sites will be contracted out of the security of tenure provisions of the 1954 Act. RM will also have a right to ask POL to relocate at anytime during the term of this lease in the event of the sale and /or redevelopment of the whole or part of the site. The termination of the lease to POL in these circumstances shall be subject to the re-provision of Post Office Limited's standard fit out from time to time at RM's expense and to include the costs related to obtaining any necessary Planning Building or other consents in relation to the full fit out and associated signage and reasonable acquisition costs (acquisition costs being POL's legal and surveyor's fees and SDLT). In addition RM will pay a sum equivalent to ten years Market Value rent on the new premises whether freehold or leasehold premises from the date the new Post Office is operational. RM will pay this by way of annual amounts in arrears to POL…] In relation to the premises at High Holborn, Windsor and Crawley RM will pay POL a further sum from the proceeds of the sale and/or development upon the basis set out in appendix A . These sites have a combined internal business rent charge of £575,234 pa and a market rent of £572,811 pa.

  Melksham DO/CO, Potters Bar DO/CO, Harpenden DO/CO and New Cross DO/CO are all sites that are currently under offer or are soon to be released as part of RM's current disposal programme and will not be transferred to POL. In these cases POL shall be granted a lease for a term of ten years at a rental equivalent to the current inter-business charge subject to review after 5 years. There is to be a tenant only break option at the end of 5 years. Each lease shall be in the form of the agreed template lease annexed, with appropriate amendments to take into account the terms set out in this memorandum and any other amendments as the parties agree acting reasonably.

  At Chester DO and Eastbourne DO, POL's only presence is a CIT compound and at these sites RM will grant POL a 20 year lease at a peppercorn rental. Each lease shall be in the form of the agreed template lease annexed, with appropriate amendments to take into account the terms set out in this memorandum and any other amendments as the parties agree acting reasonably. The leases of these sites will be contracted out of the security of tenure provisions of the 1954 Act. RM will have the ability to terminate this agreement at anytime subject to RM covering POL's reasonable reprovison costs for Post Office Limited standard fit out from time to time and to include the costs related to obtaining any necessary Planning Building or other consents in relation to the full fit out and any associated signage and reasonable acquisition costs to include legal, surveyors and SDLT. In addition RM will pay a sum equivalent to 10 years Market Value rent on the new premises whether freehold or leasehold from the date they become operational RM will pay this by way of annual amounts to POL in arrears. These sites have a combined internal business rent charge of £25,924 pa and a combined market rent of £19,904 pa.

  In each of the cases of a 20 year lease at a peppercorn rental POL to have a rolling 6 month break option

Category 4 – Sole MSP Occupation

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All sites are to be transferred to POL with the exception of Ramsgate, Ingatestone, Fowey, Moreton in Marsh and St Mary's, which are already (or will be) under offer to be sold. The sites to be transferred have a combined external rent charge of £1,187 pa.

Category 5 – Offices / Other

Future Walk – The freehold of the main site will be transferred to POL subject to leasing back to RM that part of the premises currently let to Card Protection Plan Ltd on a 999 year lease at a peppercorn and subject to and with the benefit of the existing lease to Card Protection Plan Ltd The 2 annex premises currently occupied by POL to be taken on a 40 year lease at a peppercorn rental. POL to have a rolling 6 month break option on these premises This site has an internal business rent charge of £589,789 pa and a market rent of £631,500 pa.

Swindon ST (Units 4, 4a, 5, 9, 10 & 11) –The freehold to be transferred to POL together with appropriate rights of access but subject to a restrictive covenant preventing any future residential use whilst RM operate a Mail Centre from the adjacent site. This site has an internal business rent charge of £943,450 pa and a market rent of £876,100 pa.

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Categories 6 & 7 – Cash in Transit

- Preston MC – POL's only presence is a CIT compound . This site has an internal business rent charge of £7,387 pa and a market rent of £11,650 pa.
- Dorset MC - POL's only presence is a small CIT compound. This site has an internal business rent charge of £14,584 pa and a market rent of £17,774 pa.
- Stoke on Trent DO/CIT - POL Supply Chain occupies 205m2 out of a total of 5204.67m2, (with an internal rent of £4,418). This site has an internal business rent charge of £4,418 pa and a market rent of £4,418 pa.

In each of these cases RM will grant POL a 20 year lease at a peppercorn rental. Each lease shall be in the form of the agreed template lease annexed, with appropriate amendments to take into account the terms of this memorandum and any other amendments as the parties agree acting reasonably. The leases of these sites will be contracted out of the security of tenure provisions of the 1954 Act. RM will have the ability to terminate this agreement at anytime subject to RM covering POL's reasonable reprovision costs for POL's then standard fit out to include the costs related to obtaining any necessary Planning Building or other consents in relation to the full fit out and associated signage and reasonable acquisition costs being POL's legal costs, surveyor's fees and SDLT .

- POL to have a rolling six month break option
-
- If RM wishes to vacate a site the parties will work together to create a discrete area for POL's facility without prejudicing POL's continuing operation on site.

Category 8 – Parking

At Castle Bromwich DO and Walsall Hatherton Street PAR, POL only occupy small areas of parking (no buildings) and these sites will not be transferred to POL.

148 Old Street

- The 5th Floor is to be released to POL following iRed's vacation. POL will be responsible for all costs associated with their occupation of this space.
- The Part Ground Floor currently occupied by RM is to be released to POL at a date to be determined. POL will be responsible for all costs associated with their occupation of this space.
- The 4th Floor is to be retained by RM, however, RM will have the option to release this space to POL at the date of the headlease break option in 2015.
- POL to take an assignment of the Headlease on the property subject to a leaseback of the 4th floor to RM and the grant to RM of a reasonable number of car parking spaces.

Vacant Sites

The current payment (circa £1m) by POL of costs associated to previously occupied sites is to be ceased from the start of the financial year 12/13

Notes

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- For the purpose of the analysis above, all internal business rent charges have been based upon the 2011/12 budgets.

- All leasehold property transfers will be subject to a legal review of the lease documentation to ensure that these properties are capable of being appropriately divided.

Separation Works

- Whilst any shared premises are being used by POL and RM it is not proposed that the separation works are carried out

- If either party vacates their portion of the property it will be that party's responsibility and at their cost to carry out immediately on vacation those works identified in the Separation surveys under the "Mothballing" option to ensure the safe and secure trading of the other party from their respective premises.

- Prior to the completion of any disposal by sale or letting of the vacated premises that party will fully carry out at their sole cost the preferred solution for Separation Works as identified in the relevant Separation survey.

Informal Occupations

- POL currently has circa 220 admin personnel who regularly work from, or are based in RM properties. There are also a number of Counter Training Schools within RM premises and usage of storage space and meeting rooms. These are informal occupations that are not recognised on the property database. For the duration of the MSA it is agreed that the existing arrangements will remain in place. Before the expiry of the MSA POL will make arrangements and move all of their personnel out of these properties unless a formal occupancy can be set up and the area POL personnel occupied can be made self contained from the RM areas. RM to endeavour to create self contained rental units for POL whereupon POL will pay RM a Market Rent for these rental units

Rack Rented Leasehold Premises

- There are 4 standalone properties currently occupied by MSPO's. In each of these cases POL will take an assignment of RM's leasehold interest subject to and with the benefit of the existing lease to the MSP.

- In the case of shared sites POL will take an underlease on terms in line with the agreed Template lease including tenants only break option at the 5th year, but to reflect where necessary the terms of RM's Headlease. Where the Post Office occupancy is by way of an MSP POL's underlease will reflect the terms of the MSP lease and will be subject to and with the benefit of the MSP lease.

General

- POL and RM will each bear their own legal costs in relation to all of the above matters save for those reasonable legal costs which shall be borne by RM incurred where operational premises may subsequently be reprovided in the circumstances referred to above and as described in Categories 3, 6 and 7..
- It is intended that all the initial transfers will take place under a Transfer Scheme under the Postal Services Act 2011 to take effect from the beginning of the 2012/2013 financial year.

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- The benefit of any warranties, appointments or title insurances (in respect of any property to be transferred or to be the subject of a 999 year lease) to transfer under the proposed Transfer Scheme at the same time

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Appendix A

Gross Sale Proceeds

Less fees on disposal
Less acquisition fees for new Post Office
Less fit out costs for new Post Office
Less NPV of 10 years rent on new Post Office
Less acquisition fees for new Delivery Office
Less fit out costs for new Delivery Office

Less redundancy and excess travel and disturbance costs for both RM and POL staff

= Net Sale Proceeds to be divided between RM and POL in line with the latest valuation of the Post Office compared with the value of the rest of the site

NB In the scenario re Windsor where there would be 2 DO's moved into the new facility the amount of fit out costs applied to the calculation above would be a proportion of the total costs being the ratio of the GIA of the Windsor DO to the combined GIA of both DO's moving into the new premises. For the avoidance of doubt, the sale proceeds of the second DO will not be attributed to the calculation.

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Bond Pearce

2011

Lease

of the Post Office forming part of the premises known as [ ]

[Royal Mail Group Limited] (1) and Post Office Limited (2)

Nb. Template Lease to be considered and applied on a premises by premises basis having regard to the extent of the premises, the building, the site and retained premises as may be appropriate and the condition of the premises and the Building within which it is situate.

In the event that the joint separation surveys may result in a subsequent change to the extent of the premises demised being agreed then this will need to be documented appropriately.

Bond Pearce LLP
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LAND REGISTRY PRESCRIBED LEASE CLAUSES

LR1. Date of lease	
LR2. Title number(s)	**LR2.1 Landlord's title number(s)** [ ] **LR2.2 Other title numbers** [None] / [ ]
LR3. Parties to this lease	**Landlord** **[ROYAL MAIL GROUP LIMITED** (Company Registration No 04138203) whose registered office is at 100 Victoria Embankment, London EC4Y 0HQ**]** **Tenant** **POST OFFICE LIMITED** (Company Registration No 02154540) whose registered office is at 148 Old Street, London EC1V 9HQ **Other parties** None
LR4. Property	**In the case of a conflict between this clause and the remainder of this lease then, for the purposes of registration, this clause shall prevail.** Defined as the "Premises" in Clause 1.1 of this Lease.
LR5. Prescribed statements etc.	None.
LR6. Term for which the property is leased	The term as specified in this Lease at Clause 2.
LR7. Premium	None.
LR8. Prohibitions Or Restrictions On Disposing Of This Lease	This Lease contains a provision that prohibits or restricts dispositions.
LR9. Rights of acquisition etc.	**LR9.1 Tenant's contractual rights to renew this lease, to acquire the reversion or another lease of the Property, or to acquire an interest in other land** Clause 8.

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	LR9.2 Tenant's covenant to (or offer to) surrender this lease None. **LR9.3 Landlord's contractual rights to acquire this lease** None.
LR10. Restrictive Covenants Given In This Lease By The Landlord In Respect Of Land Other Than The Property	Clause 4.3.
LR11. Easements	**LR11.1 Easements granted by this lease for the benefit of the Property** Schedule 2. **LR11.2 Easements granted or reserved by this lease over the Property for the benefit of other property** Schedule 3.
LR12. Estate Rentcharge Burdening The Property	None.
LR13. **Application For Standard Form Of Restriction**	None.
LR14. Declaration of trust where there is more than one person comprising the Tenant	Not applicable

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DATED: The date specified in LR1 of the Prescribed Clauses

PARTIES:

(1) The Landlord specified in LR3 of the Prescribed Clauses (**Landlord**) and

(2) The Tenant specified in LR3 of the Prescribed Clauses (**Tenant**)

OPERATIVE PROVISIONS:

1 DEFINITIONS AND INTERPRETATION

1.1 In this Lease the following words and expressions shall have the following meanings unless the context requires otherwise:

Agent	any sub-postmaster or sub-postmistress or franchisee or operator appointed by the Original Tenant to operate and run any post office and other ancillary services at the Premises or any part thereof
Annual Rent	£**[ ]** per annum (exclusive of any VAT) as revised from time to time under Schedule 7
Base Rate	the base rate from time to time of Lloyds TSB Bank plc or such other clearing bank as the Landlord may from time to time specify
BREEAM	the BRE Environmental Assessment Method
[Building	the premises known as **[ ]** shown edged **green** on plan **2** attached to this Lease forming part of the Site, the Landlord's title to which is registered at the Land Registry under title number **[ ]** and (without limitation) includes any alteration or extension of PROVIDED THAT such alteration or extension does not materially increase the Tenant's Proportion]
CDM Regulations	the Construction (Design and Management) Regulations 2007 and **Health and Safety File** shall have the meaning given in those regulations
[Common Parts	[that part of the Site hatched yellow] [all parts of the Building [or the Site] coloured yellow on plan 1 (including its external accesses and, if any, its forecourts, yard or car park) which are designed or intended for the general use in common by the tenants or occupiers of the Building (including the entrances, entrance halls, lobbies, stairways, lifts, passages and fire escapes (if any))][that part of the Site hatched yellow on the plan]
Entry Conditions	those conditions for entry by the Landlord set out in clause 4.6
[EPC Level	the rating of [ ] given in the energy performance certificate for the Premises obtained immediately prior to the date of this Lease]

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EPC	an energy performance certificate and related recommendation report
Estimated Service Charge	the Landlord's proper estimate of the Service Charge which will be payable by the Tenant during a Service Charge Period which shall be accompanied with evidence as to the calculation of the estimate and budget for the Service Charge Period
Group Company	a company that is a member of the same group of companies (as defined by Section 42 of the Landlord and Tenant Act 1954) as the Tenant
Guide	The RICS Service Charges in Commercial Property (April 2007) or any subsequent edition or replacement of it
Insurance Rent	the rent payable by the Tenant pursuant to clause 5.2.1
Insured Risks	fire, lightning, explosion, damage or destruction caused by terrorism, aircraft (not being hostile aircraft) and articles dropped from them, riot, civil commotion, earthquake, storm, tempest, flood, burst water pipes and overflow of water tanks and impact by road vehicles and any other insurable risks whether or not in the nature of the foregoing against which a reasonably prudent landlord would normally insure, subject in each case to: (a) any risk being insurable in the United Kingdom market with a reputable insurer; and (b) such excesses, exclusions, limitations and conditions as may be imposed by the insurers and are accepted as common practice in the insurance market
Legislation	all legislation having effect in the United Kingdom at any time during the Term, including directives, decisions and regulations of the Council or Commission of the European Union, Acts of Parliament, instruments, orders, regulations, consents, licences, notices and bye-laws made or granted under any Act of Parliament or directive, decision or regulation of the Council or Commission of the European Union, or made or granted by a local or other competent authority or a court of competent jurisdiction, and any approved Codes of Practice, regulations or other requirements issued by a statutory or professional body
Original Tenant	Post Office Limited (Company Registration No 02154540) and its statutory successors or its successors to its business responsible for running a network of post offices but does not include successors in title and assigns to the Lease unless they meet the foregoing criteria
Permitted Part[1]	[one complete floor or two or more consecutive

[1] To be considered on a property by property basis

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complete floors of the Premises] [one complete unit or two or more adjoining complete units of the Premises (such units being shown for identification purposes only edged [ ] on plan [ ] attached to this Lease)] [any part or parts of the Premises comprising not less than [ ] square feet of the net internal floor area] [any of the parts shown for identification purposes only edged [ ] on plan [ ] attached to this Lease], but subject as follows:

no part shall be a Permitted Part if it renders any other part of the Building (other than means of access and other common parts) incapable of being a Permitted Part

every Permitted Part shall have the benefit of and be subject to such easements and rights as shall in the opinion of the Landlord (acting reasonably) be necessary or appropriate

Permitted Use

any and/or all of the following:

(i) As a post office with or without the sale and/or provision of any goods or services of any description which are generally sold or provided at post offices at any time (including the sale of lottery tickets and broadband internet services and the provision of currency exchange) and ancillary uses within Class A1 or such other ancillary use which may be consented to by the Landlord from time to time (such consent not to be unreasonably withheld or delayed) and or any other use or purpose of any description within Classes A1 to A5 (inclusive) of the Schedule to the Town and Country Planning (Use Classes) Order (Amendment) 2005 (as enacted at the date of this Lease and notwithstanding any subsequent amendment or revocation) for which the Landlord has provided its written consent for (such consent not to be unreasonably withheld or delayed) together with the use of any service yard serving the Building

(ii) (To the extent not included in paragraph (i) above) any use to which the Tenant (whilst this Lease is vested in an RM Group Company) puts the Premises and for which it has statutory powers

Planning Acts

the Town and Country Planning Act 1990, the Planning (Listed Buildings and Conservation Areas) Act 1990, the Planning (Hazardous Substances) Act 1990, the Planning (Consequential Provisions) Act 1990, the Planning and Compensation Act 1991, the Planning and Compulsory Purchase Act 2004 and any other town and country planning or related Legislation

Premises

the part of the Building described in Schedule 1 and all additions, alterations and improvements from time to time made to that part

Prescribed Clauses

the Land Registry's Prescribed Lease Clauses at the

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	front of this Lease
Prescribed Rate	a rate of interest of 3% per annum above the Base Rate
Quarter Days	25 March, 24 June, 29 September and 25 December in each year and **Quarter Day** any one of the Quarter Days
[Rent Commencement Date	**[ ]]**
Retained Premises	the Site excluding the Premises
RM Group Company	Royal Mail Group Limited (Company Registration No 04138203) and any company that is a member of the same group of companies (as defined by Section 42 of the Landlord and Tenant Act 1954) from time to time
[Schedule of Building Condition	the photographic schedule of condition annexed hereto and marked as such]
[Schedule of Condition	the photographic schedule of condition annexed hereto and marked as such]
[Service Areas	the areas coloured mauve on the plan]
Service Charge	the Tenant's Proportion of the Total Service Costs in any Service Charge Period
Service Charge Account Date	[●] in each year of the Term or such other date or dates in each year of the Term as the Landlord may by written notice to the Tenant reasonably stipulate PROVIDED THAT this has no affect upon the Tenant's Service Charge payments under this Lease.
Service Charge Period	the period from and excluding one Service Charge Account Date up to and including the next Service Charge Account Date
Service Charge Statement	the statement to be provided to the Tenant under paragraph 3 of Schedule 8**.**
Service Costs	the costs set out in Schedule 8
Service Systems	any pipes, wires, cables, drains, sewers, mains, watercourses, trunking, ducting and other media and any boilers and ventilation or air conditioning system and any other mechanical or electrical plant, equipment, meters, control panels or machinery, for the provision of hot and cold water, gas, electricity, telecommunications, heating, air ventilation and other services serving the Building [or the Site to be included where there is no Building separately defined] and the disposal of water and sewage from the Building or the Site, which now are or shall during the Term be laid or constructed in, through, over or under or which shall otherwise serve (exclusively or in common with other premises) the Building [or the Site where there is no separate definition of the Building] (except any which now are or shall during the Term be both situated within and exclusively serve the Premises or any other premises let or intended to be let in the Building), and any other like

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	media or plant equipment or machinery which is now or shall during the Term be installed within or outside the Building and which shall provide any facilities to the Building (whether exclusively or in common with other premises) and any computer controlled building management system, which is now or shall during the Term be installed in or serve the Building
[Site	the land and premises including the Building shown edged [ ] the Landlord's title to which is registered at the Land Registry under title number [ ]
Specified Hours	the hours between 9 a.m. and 5:30 p.m. Monday to Friday inclusive and 9 a.m. and 12:30p.m. on Saturdays
[Superior Lease	a lease dated **[ ]** made between (1) **[ ]** and (3) **[ ]** for a term of **[ ]** years expiring on **[ ]** **[**any intermediate superior reversionary interest in the Premises]]
Telecoms Agreement	any agreements in relation to Telecoms Equipment or Telephone Boxes at the Building including any arrangements whereby the original contract relating to the same has expired and the equipment or boxes remain under new but undocumented informal arrangements
Telecoms Equipment	any telecommunication equipment, cabling, satellite dishes, or any other equipment used for the transmission of telecommunications services
Telephone Box	any telephone box or boxes, kiosks, cubicles or stands, together with any associated equipment and cabling at the Building
Tenant's Proportion	the proportion which the gross internal floor area of the Premises bears to the gross internal floor area of the whole of the Building (including the Premises) as determined by the Landlord's surveyors acting reasonably at the date of this Lease
Term	the term of years granted by clause 2 and shall include the period of any holding over, extension or continuation whether pursuant to statute or at common law
Term Commencement Date	**[**the date of this Lease**]** / **[ ]**
Total Service Costs	the total of the Service Costs in any Service Charge Period
Uninsured Damage	damage to or destruction of the Premises or any other part of the Building rendering the Premises or a substantial part of the Premises unfit for occupation or use or inaccessible by a risk which is not an Insured Risk because that risk is: (i) not insurable in the United Kingdom market with a reputable insurer; or

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(ii) not insured or fully insured because of exclusions, limitations and conditions imposed by the insurers;

(iii) insurable in the UK market with a reputable insurer but not actually insured by the Landlord;

such that the full cost of rebuilding and reinstating shall not be recoverable by the Landlord under the insurance policy, but excluding any damage or destruction in respect of which the Landlord's policy has been vitiated or (unless the Tenant has complied with clause 5.2.3.2) payment of the policy monies has been refused in whole or in part by reason of any act, default or neglect of the Tenant

VAT	value added tax as defined in the Value Added Tax Act 1994 and/or any tax of a similar nature substituted for or levied in addition to such value added tax
Working Day	any day which is not a Saturday, a Sunday or a bank or public holiday in England; and
1995 Act	the Landlord and Tenant (Covenants) Act 1995

1.2 In this Lease:

1.2.1 the expressions **Landlord** and **Tenant** shall include their respective successors in title, **Tenant** shall include the personal representatives of the Tenant and any person in whom this Lease may from time to time be vested by whatever means and **Guarantor** shall include the personal representatives of the Guarantor.

1.2.2 words importing the singular number only shall include the plural and where there are two or more persons included in the expressions **Landlord** or **Tenant** covenants expressed to be made by the Landlord or the Tenant shall be deemed to be made by such persons jointly and severally.

1.2.3 words importing the masculine gender only shall include the feminine and neuter genders and words denoting natural persons shall include companies and corporations and vice versa.

1.2.4 all rights, reservations and permissions in favour of the Landlord shall also be for the benefit of any superior landlord or mortgagee who shall be entitled to exercise the same in addition to the Landlord.

1.2.5 any reference to this Lease shall be deemed a reference to this Lease and any deed, agreement or other document supplemental or collateral to this Lease or entered into pursuant to the terms of this Lease.

1.2.6 unless the context requires otherwise, a reference to particular legislation is a reference to that legislation as amended, consolidated or re-enacted from time to time and to all subordinate legislation made under it from time to time.

1.2.7 references to the President and Vice-President of the Royal Institution of Chartered Surveyors and the Institute of Chartered Accountants include references to the equivalent officers of any Institution, Association or other body of which either of them may become part.

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1.2.8 the words **include** and **including** are deemed to be followed by the words **without** limitation, and general words introduced by the word **other** do not have a restrictive meaning by reason of being preceded by words indicating a particular class of acts, things or matters.

1.2.9 the headings are for ease of reference only and are not to be taken into account in the construction or interpretation of any covenant, condition or proviso to which they refer.

1.2.10 unless the context requires otherwise, references to a numbered clause or Schedule are references to the relevant clause in or Schedule to this Lease and references in any Schedule to a numbered paragraph are references to the relevant paragraph in that Schedule.

1.2.11 unless the context requires otherwise, any act, default or neglect of the Tenant includes any act, default or neglect of any person under the control of the Tenant.

1.2.12 where the Tenant is placed under a restriction, the restriction includes the obligation on the Tenant not to knowingly cause or allow the infringement of the restriction by any person under the Tenant's control.

1.2.13 if any term of this Lease or its application to any person or circumstance shall to any extent be invalid or unenforceable the same shall be severable and the remainder of this Lease or the application of such term to persons or circumstances other than those as to which it is held invalid or unenforceable shall not be affected thereby and each term and provision of this Lease shall be valid and enforced to the fullest extent permitted by law.

1.2.14 unless the context requires otherwise, references to the Premises and the Building include any part of the Premises or the Building.

2 THE LETTING TERMS

The Landlord **LETS** to the Tenant the Premises;

2.1 **TOGETHER WITH** the rights specified in Schedule 2; but

2.2 **EXCEPT AND RESERVING** to the Landlord and the Landlord's tenants and licensees the rights specified in Schedule 3 in so far as the exercise of the same does not materially and adversely affect the Tenant's lawful use of the Premises;

2.3 for a term of **[TEN YEARS]** commencing on the Term Commencement Date;

2.4 subject to the matters contained or referred to in the deeds and documents (if any) specified in Schedule 4;

2.5 yielding and paying to the Landlord:

2.5.1 FIRST from the Term Commencement Date and throughout the Term the Annual Rent without any deduction in every year and proportionately for any period of less than a year such Annual Rent being payable by equal quarterly payments in advance on the Quarter Days;

2.5.2 SECOND by way of additional rent the amounts payable by the Tenant from time to time under this Lease in respect of Insurance Rent and the Service Charge in accordance with clause 3.7.2 and such additional rent to be payable at the times and the manner herein specified and to be recoverable by and subject to all the remedies of the Landlord for the recovery of rent save in the case of a bona fide dispute between the parties; and

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2.5.3 THIRD by way of additional rent and subject to receipt by the Tenant of a VAT invoice in the Tenant's name any VAT which may be or become chargeable in respect of any rent or other sums payable hereunder whether as a consequence of the Landlord electing to waive the exemption from VAT on such rent or otherwise such VAT to be recoverable in the same manner as rent and additional rent.

3 TENANT'S COVENANTS

The Tenant **COVENANTS** with the Landlord during the Term as follows:

3.1 To Pay Rent

To pay the rents reserved by this Lease on the days and in the manner specified in this Lease without any deduction, set-off or counter-claim

3.2 To Pay Rates

To pay (or indemnify the Landlord against) all existing and future rates, taxes, duties, charges, assessments, impositions and outgoings whatsoever (whether imposed by statute or otherwise and whether of a national or local character, save those of a capital nature) payable in respect of the whole or any part of the Premises or by the owner or occupier of the same, but excluding any payable by the Landlord occasioned by the receipt of rents or by any disposition of or dealing with this Lease or ownership of any interest reversionary to the interest created by it.

3.3 To Pay Gas Electricity and Water Charges

To pay all charges for gas, electricity, water, telecommunications and other supplies consumed on the Premises.

3.4 To Pay VAT

3.4.1 Subject always to the provisions of clause 4.5 (Landlord's VAT Covenant), upon production of a valid VAT invoice to pay any VAT chargeable on the rents;

3.4.2 To pay to the Landlord any VAT chargeable in respect of any other taxable supplies made by the Landlord to the Tenant in connection with this Lease, the consideration for which is to be treated as exclusive of VAT chargeable on those supplies.

3.4.3 Where the Landlord is entitled under this Lease to recover from the Tenant the costs of any supplies provided to the Landlord by a third party (but in respect of which the Landlord makes no taxable supply to the Tenant), to indemnify the Landlord against so much of the VAT input tax on the costs for which the Landlord is not entitled to a credit from Her Majesty's Revenue and Customs.

3.5 To Pay Interest

If:

3.5.1 the Annual Rent reserved by this Lease are not paid within 10 Working Days of the due date (whether legally demanded or not); or

3.5.2 any other monies payable to the Landlord under this Lease are not be paid within 10 Working Days of written demand,

to pay interest on those rents or other monies that are so unpaid at the Prescribed Rate (in the case of rents) from the date when the same became due and (in the case of other monies) from 10 Working Days of written demand, until the date of payment to the Landlord (whether after or before any judgment).

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3.6 **To Pay Fees**

3.6.1 To pay to the Landlord within 10 Working Days of written demand all reasonable costs, charges and expenses reasonably and properly incurred by the Landlord in connection with:

3.6.1.1 any application or request or proposed application or request made by the Tenant for a consent or licence required or made necessary by the provisions of this Lease whether or not the same shall be proceeded with by the Tenant unless the same is unlawfully or unreasonably withheld or delayed or offered subject to some unlawful or unreasonable condition;

3.6.1.2 the lawful and proper preparation and service of a notice under Section 146 of the Law of Property Act 1925 or any lawful and proper proceedings under Sections 146 or 147 of that Act whether or not in any such case forfeiture is avoided otherwise than by relief granted by the court;

3.6.1.3 any lawful and proper steps taken in connection with the preparation, negotiation and service of a schedule of dilapidations during or within six months after the expiration or sooner termination of the Term but only in relation to any dilapidations occurring during the Term

3.7 **To Pay a Service Charge**

3.7.1 To pay to the Landlord within 20 Working Days of written demand the Tenant's Proportion of the cost reasonably and properly incurred by the Landlord in relation to all costs payable by the Landlord for the maintenance, repair, lighting, cleaning and renewal of all Service Systems, structures and other items not within the Site but used or capable of being used by the Premises in common with other land; and

3.7.2 To pay the Service Charge in accordance with the terms of Schedule 8

PROVIDED THAT the Tenant shall not at any time be obliged to contribute to any costs:

(a) [of putting any part of the Building in any better state of repair as is evidenced by the Building Schedule of Condition (save where it is considered by the Landlord acting reasonably that the most effective form of repair is to replace such part of the Building that is beyond economic repair);] **[NB. In the event that the parties agree (acting reasonably) that major items in disrepair are to be excluded then the Tenant shall not have the right to force the Landlord to carryout repairs to those items excluded. The Landlord shall be entitled to repair those items excluded at its discretion.][This provision is to be considered on a property by property basis following analysis of the building condition survey, any major structural repair to the fabric and plant to be considered]**

(b) in relation to carrying out the Separation Works or Redevelopment (each as defined in Schedule 5);

(c) any remedial work required as a result of any damage caused by the Separation Works or Redevelopment including but not limited to where such work is required as a result of inherent defects in materials used or in defective or poor workmanship or design in the Separation Works, or Redevelopment; and/or

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(d) of any work necessitated as a result of any contamination (not caused by the Tenant) or other hazardous materials discovered in, on or under the [Building/Site]; and/or

(e) in respect of the heating system and associated plant.]

3.8 **To Repair**

To maintain the Premises in good and substantial repair and condition excepting any damage by an Insured Risk (save where the insurance monies are irrecoverable in consequence of any act, default or neglect of the Tenant) or Uninsured Damage PROVIDED that the Tenant shall not be responsible for remediating any environmental contamination present at the Premises at the date of this Lease [and PROVIDED FURTHER that the Tenant shall not be obliged by this or any other provision of this Lease:

3.8.1 to put the Premises in any better state of repair and condition than that evidenced by the Schedule of Condition [save where the most effective repair is to replace any relevant item which are beyond economic repair the Tenant shall be entitled to replace the relevant item but shall not be obliged to do so as such replacement shall be at the Tenant's sole discretion.]; and/or

3.8.2 to undertake any works of repair where the Landlord is obliged to do so under the terms of this Lease.]

3.9 **To Decorate**

In every fifth year and also in the last year of the Term (however terminated) to paint, decorate or treat in a proper and workmanlike manner all parts of the Premises which ought to be so painted, decorated or treated and in the last year of the Term (however terminated) to obtain the prior written approval of the Landlord to the colours and materials of such decoration (such approval not to be unreasonably withheld or delayed) PROVIDED that the Tenant shall not be obliged by this or any other provision of this Lease to decorate the Premises more than once in any 18 month period [and shall not be obliged to decorate [specify parts of the premises] in any event and further PROVIDED FURTHER that the Tenant shall not be obliged by this or any other provision of this Lease:

3.9.1 to put the Premises in any better state of decoration than that evidenced by the Schedule of Condition; and/or

3.9.2 to undertake any re-decoration where the Landlord is obliged to do so under the terms of this Lease.

3.10 **To Yield Up**

3.10.1 To yield up the Premises with the fixtures, fittings and additions to the Premises (except tenant's or trade fixtures or fittings which have been lawfully removed) at the expiration or sooner termination of the Term decorated and repaired in accordance with the tenant's covenants in this Lease and to make good to the Landlord's reasonable satisfaction any physical damage caused to the Premises by the removal of any tenant's or trade fixtures or fittings PROVIDED THAT the Tenant shall remove the counters, safe, alarm systems (if any) at the Premises and any internal walls or partitions within the Premises and any other Tenant's signage fixtures or fittings.

3.10.2 To yield up the Premises with vacant possession and in accordance with the tenant's covenants in this Lease.

3.10.3 If any alteration or addition shall have been made to the Premises during the Term and unless and save to the extent that the Landlord requests the Tenant in writing not to do so not less than 6 months prior to termination of this Lease, to remove the same on such yielding up together with all

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signs, writing, painting, moulding or other illustration of the name or business of the Tenant and any permitted occupier, and to reinstate the Premises [to no worse state and condition than at the commencement of the Term as evidenced by the Schedule of Condition][in accordance with the tenant's covenants in this Lease}, making good any damage caused to the Premises to the Landlord's reasonable satisfaction.

3.10.4 Upon such yielding up, to deliver to the Landlord the original Health and Safety File relating to the Premises duly maintained in accordance with the CDM Regulations and containing proper reference to such works of removal and reinstatement as specified in this clause 3.10 together with any other documentation relating to the Premises required by or showing compliance with health and safety Legislation and all keys clearly labelled of the Premises.

3.11 **Signs and Advertisements**

3.11.1 Not to exhibit any sign, notice or advertisement at the Premises which shall be visible from outside the Premises except signs on the exterior of the Premises bearing the name of the Tenant (and any permitted occupier), which signs shall be of such design, specification and position as shall be first approved in writing by the Landlord, which approval shall not be unreasonably withheld or delayed PROVIDED that:

3.11.1.1 the Original Tenant shall be entitled to display any signs, advertisements or logos (including for the avoidance of doubt those which shall be visible from outside the Premises) of the Original Tenant, any RM Group Company and any Agent and/or any other signs which are otherwise consistent with the Permitted Use without any requirement to obtain Landlord's consent; and

3.11.1.2 any Tenant (other than the Original Tenant) shall with the prior consent of the Landlord (which shall not be unreasonably withheld or delayed) be entitled to display any signs, advertisements or logos of the Original Tenant and any Agent and/or any other signs which are otherwise consistent with the then Permitted Use; and

3.11.1.3 any Tenant (other than the Original Tenant) may display signs, advertisements or notices within the Premises (but not on the exterior of the Premises) visible from the outside of the Premises without the Landlord's consent provided that such signs are of such design and specification and made of such materials as shall ensure uniformity of signs throughout the Building are in accordance with the corporate identity of the Tenant indicating the name and/or trade name and/or logo and/or the types of goods sold or services offered from the Premises.

3.11.2 The Origjnal Tenant shall be permitted to display any signs, advertisements or logos on the Building which are at the date of this Lease displayed thereon PROVIDED THAT should the Building be redeveloped so that such signs can no longer be displayed on the Building, the Original Tenant may relocate such signs onto the Premises or the exterior structure bounding the Premises without consent of the Landlord.

3.12 **Alterations**

3.12.1 Not to make any structural alterations or additions to the Premises without the Landlord's prior consent (such consent not to be unreasonably withheld or delayed) provided always that no Landlord's consent shall be required for:

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3.12.1.1 the installation or removal of security alarms;

3.12.1.2 the installation or removal of ATM machines, post boxes, stamp vending machines, telecommunications equipment and kiosks in the exterior walls surrounding the Premises;

3.12.1.3 the installation or removal of safes which are affixed to the Premises (including any necessary structural work ancillary thereto).

3.12.2 Notwithstanding any other provision of this Lease, the Tenant shall be entitled to make any non structural alterations to the Premises (including fit out works and their removal, the mounting and demounting of internal walls, partitions, counters and the installation and removal of any service media, communications equipment, transmitters, satellites, aerials and computer equipment) and to make any alterations to ensure that the Premises comply with requirements of statute (including the Equality Act 2010) without requiring the Landlord's consent PROVIDED that following the completion of any such works the Tenant shall promptly supply to the Landlord a plan or specification confirming the works undertaken and PROVIDED FURTHER that the Tenant shall make good any damage caused to the Premises to the reasonable satisfaction of the Landlord where any removal is not accompanied by any replacement of the item in question.

3.12.3 In carrying out any alterations or additions to the Premises:-

3.12.3.1 to take reasonable steps to control the levels noise, dust and vibration caused by such works

3.12.3.2 to carry out the works in a good and workmanlike manner;

3.12.3.3 to carry out the works with good quality materials of their several kinds; and

3.12.3.4 to ensure that the work does not adversely affect the energy efficiency, environmental performance or sustainability characteristics of the Building including the BREEAM rating of the Building or the EPC Level

3.12.3.5 if they necessitate the provision of a new EPC, the Tenant shall obtain at its own cost a new EPC and related recommendation report for the Premises and shall provide to the Landlord a copy of such EPC and report

3.13 **Construction (Design and Management) Regulations 2007**

In respect of any works carried out by or on behalf of the Tenant or any undertenant or other occupier of the Premises (including all works of reinstatement, which may be carried out after the end of the Term) to which the CDM Regulations apply, to comply in all respects with the CDM Regulations and to procure that any person involved in carrying out such works complies with the CDM Regulations and to act as the only client in respect of those works.

3.14 **To Permit Landlord to Enter**

(Subject always to the Entry Conditions) to permit the Landlord and the Landlord's servants agents and all other persons authorised by the Landlord with or without workmen and others at all reasonable times to enter the Premises for the purpose of:

3.14.1 examining its state of repair and condition and of taking a schedule of the landlord's fixtures and fittings in the Premises;

3.14.2 ascertaining whether the Tenant's covenants in this Lease have been observed and performed;

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3.14.3 estimating the current value of the Premises for insurance purposes;

and the Landlord may serve upon the Tenant notice in writing specifying any repairs necessary to be done in order to comply with the Tenant's obligations under this Lease and if the Tenant shall fail to commence to comply with such notice within a reasonable period (which for these purposes shall be no less than 2 months (save in the case of an emergency)) from the date of such notice, it shall be lawful for the Landlord (but without prejudice to the right of re-entry contained in this Lease) to enter the Premises and execute such repairs in accordance with the covenants and provisions of this Lease, and the cost of such repairs (including the reasonable and proper fees of surveyors, architects, engineers and other consultants employed or retained by the Landlord) shall be repaid by the Tenant which cost shall be paid as a debt due by the Tenant to the Landlord within 10 Working Days of written demand.

3.15 **Defects Notices**

3.15.1 To give notice to the Landlord as soon as practicable after becoming aware of the same of any want of repair or defect in the Premises by reason of which the Landlord might incur liability by statute or otherwise to any other person, and to display any notices which the Landlord may reasonably require for the purposes of avoiding or defraying any such liability.

3.15.2 As soon as reasonable practicable following receipt by the Tenant of:

3.15.2.1 any notice of a proposal for alteration of the Valuation List under the Local Government Finance Act 1988 in respect of the Premises; or

3.15.2.2 any notice of the imposition or proposed imposition of any new, substituted, increased, altered rate, tax, duty, charge, assessment or outgoing whatsoever in respect of the whole or any part of the Premises; or

3.15.2.3 any other notice, order or proposal affecting the Premises or any interest in the Premises in any manner whatsoever;

to send a copy to the Landlord and, to the extent it relates to the Premises to take all reasonable steps to comply with such notice, proposal, order or communication and if so requested by the Landlord (at the expense of the Landlord) to make or join with the Landlord in making such objections, representations or appeal in respect of such notice, proposal, order or communication as the Landlord may require provided always that such objection, representation or appeal does not conflict with the commercial interests of the Tenant.

3.16 **To Comply with Statutory Requirements etc.**

3.16.1 To execute all such works and do all such things as under or by virtue of any Legislation are or shall be directed or necessary to be executed or done upon or in respect of the Premises or in respect of its user by its owner, tenant or occupier.

3.16.2 Not to do or omit or suffer to be done or omitted on or about the Premises any act or thing the doing or omission of which may under any Legislation cause the Landlord to incur or have imposed or become liable to pay any penalty, damages, compensation, costs, charges, expenses or other impositions whatsoever or which may reduce the EPC Level.

3.16.3 To comply with all requirements of the competent fire authority and the insurers of the Premises in relation to fire precautions affecting the Premises and to supply and equip and keep the Premises supplied and equipped with such fire alarm, smoke detection and smoke ventilation systems and such fire fighting appliances as are necessary to so comply and to keep all such

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alarm, systems and appliances unobstructed and open to inspection and properly maintained.

3.16.4 Immediately on production of the same to supply to the Landlord any records in relation to the Premises made for the purposes of complying with the Regulatory Reform (Fire Safety) Order 2005 including any records of findings following a fire risk assessment of the Premises

3.16.5 The Tenant shall supply promptly to the Landlord a copy of any EPC obtained by the Tenant or any undertenant in respect of the Premises.

3.17 **Planning Acts**

3.17.1 To comply in all respects with the provisions and requirements of the Planning Acts.

3.17.2 Unless the Landlord otherwise directs in writing, the Tenant shall carry out before the expiration or sooner termination of the Term any works stipulated to be carried out to the Premises by a date subsequent to such expiration or sooner termination as a condition of any planning permission which may be granted to and implemented by the Tenant during the Term.

3.17.3 Not to serve any purchase notice under the Planning Acts in relation to the Premises.

3.18 **Prohibited Alienation**

3.18.1 Not to share or part with possession or occupation of the whole or any part of the Premises nor grant to any third parties any rights over the Premises except as may be expressly permitted by this Lease.

3.18.2 Not to assign or charge part only of the Premises.

3.18.3 Not to underlet any part or parts of the Premises, other than (subject to the provisions of clause 3.19) a Permitted Part.

3.18.4 Not to permit any undertenant of the Premises or any Permitted Part to sub-underlet the whole or any part or assign part only of the premises underlet.

3.18.5 [Not to grant any underlease of the Premises or any Permitted Part if such grant would cause or permit the number of separate occupations of the Premises at any time or from time to time to exceed [three] where the Tenant remains in occupation of any part of the Premises, or [two] where the Tenant does not so remain in occupation.]

3.18.6 Not to hold on trust for another the whole or any part of the Premises or any interest of the Tenant in the Premises under this Lease.

3.19 **Permitted Alienation**

3.19.1 Not to assign the whole of the Premises without the prior written consent of the Landlord, which consent shall not be unreasonably withheld or delayed.

3.19.2 Without prejudice to the generality of clause 3.19.1 and any other matter or circumstances which may render reasonable the Landlord withholding its licence or consent to an assignment of the Premises, or any other condition subject to which it may be reasonable to grant such licence or consent, the Landlord may withhold its licence or consent to an assignment in any of the circumstances set out in clause 3.19.3 or such licence or consent may be granted subject to any of the conditions set out in clause 3.19.4 (which circumstances and conditions are specified for the purposes of section 19(1A) of the Landlord and Tenant Act 1927).

3.19.3 The circumstances referred to above are where:

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3.19.3.1 Save where the Original Tenant is the assignor, in the reasonable opinion of the Landlord the proposed assignee (together with any surety) is not of sufficient financial standing to enable it to comply with the Tenant's covenants in this Lease;

3.19.3.2 any rents which have been demanded in writing under this Lease by the Tenant remain unpaid;

3.19.3.3 any proposed assignee enjoys diplomatic or state immunity or exemption from liability for the tenant's covenants in this Lease;

3.19.4 The conditions referred to above are that prior to completion of the proposed assignment:

3.19.4.1 where reasonably required by the Landlord, the Tenant enters into an authorised guarantee agreement (as defined in Section 16 of the 1995 Act) in such form as the Landlord shall reasonably require;

3.19.4.2 where reasonably required by the Landlord given the covenant strength of the assignee and any guarantor under an authorised guarantee agreement:

3.19.4.2.1 a guarantor reasonably acceptable to the Landlord for the proposed assignee shall first (jointly and severally if more than one) covenant with the Landlord in the terms contained in Schedule 6 (as if references in that Schedule to the Tenant were references to the proposed assignee) or otherwise in such terms as the Landlord shall reasonably require and/or

3.19.4.2.2 the proposed assignee provides a deposit equivalent to not less than six months' Annual Rent plus Value Added Tax on that amount on terms which the Landlord reasonably requires

3.19.5 Save as permitted by clause 3.19.7 and subject thereto, not to underlet the whole of the Premises or any Permitted Part nor permit any undertenant of the whole of the Premises or any Permitted Part to assign such underlease without the prior written consent of the Landlord, which consent shall not be unreasonably withheld or delayed and not to so underlet or permit such assignment unless in relation to the whole of the Premises or the Permitted Part as the circumstances require:

3.19.5.1 the proposed undertenant or assignee has first covenanted directly with the Landlord (jointly and severally if more than one):

3.19.5.1.1 to pay the rents reserved by the underlease and to observe and perform the tenant's covenants and the conditions contained in the underlease;

3.19.5.1.2 to observe and perform the tenant's covenants and the conditions contained in this Lease (other than the payment of rents) so far as the same are applicable to the premises underlet;

3.19.5.1.3 not to grant any sub-underlease out of the underlease nor to assign part only of the premises underlet;

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3.19.5.1.4 not to assign the underlease without the prior written consent of the Landlord, which consent shall not be unreasonably withheld delayed;

3.19.5.2 any guarantor reasonably required by the Landlord for the proposed undertenant or assignee shall first have covenanted with the Landlord (jointly and severally, if more than one) as guarantor and as principal covenantor in such form as the Landlord shall reasonably require that the undertenant or assignee (as the case may be) shall perform and observe the covenants by the undertenant and the conditions contained in the underlease and the covenants given by the undertenant or assignee (as the case may be) pursuant to clause 3.19.5.1;

3.19.5.3 any proposed underlease is granted:

3.19.5.3.1 in the same form as this Lease, any changes to be first notified in writing to the Landlord for the Landlord's written approval (the Landlord acting reasonably);

3.19.5.3.2 without any fine or premium being payable by the Tenant or the undertenant and at a rent equal to the then full open market rental value of the premises underlet (such rent being payable in advance on the days on which the rent firstly reserved is payable under this Lease) and contains provisions for the review of the rent thereby reserved on the basis and on the dates on which the rent is to be reviewed under this Lease; and

3.19.5.4 the proposed underlease of a Permitted Part contains provisions approved by the Landlord (acting reasonably) for the repair and decoration by the undertenant of such Permitted Part and/or for the payment by the undertenant of a fair and proper proportion of the cost of repairing and decorating any part of the Premises thereafter used in common by and/or being of common benefit to the Permitted Part and the remainder of the Premises; and

3.19.5.5 before the proposed underlease or underlease of a Permitted Part is completed, or, if earlier, before the undertenant becomes contractually bound to take the underlease, the underlease is validly excluded from the operation of sections 24 to 28 (inclusive) of the Landlord and Tenant Act 1954, in accordance with the provisions of section 38A of that Act and the relevant Schedules of the Regulatory Reform (Business Tenancies) (England and Wales) Order 2003 and the Tenant produces to the Landlord adequate evidence of such valid exclusion.

3.19.6 Save where the Original Tenant or an RM Group Company has sub-let the Premises to an Agent in accordance with clause 3.19.8, not to accept any sum or payment in kind by way of commutation of the rent payable under any underlease of the Premises or any Permitted Part and not to waive or vary any of the provisions of such underlease without the consent of the Landlord (such consent not to be unreasonably withheld or delayed) and to enforce (by proceedings, arbitration or otherwise as may be appropriate) the covenants on the part of the undertenant and the provisions for review of rent contained in such underlease, and not to agree any review of rent pursuant to those provisions without the prior written approval of the Landlord, which approval shall not be unreasonably withheld or delayed.

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3.19.7 Providing that the provisions of clause 3.19.5.5 are complied with, no consent of the Landlord shall be required in respect of any underletting of whole or of a Permitted Part of the Premises from time to time to:

3.19.7.1 the Original Tenant or an RM Group Company; or

3.19.7.2 any Agent.

3.19.8 Nothing in this Lease shall prevent the Tenant from parting with possession or sharing occupation of the whole or any part of the Premises with any Group Company, Agent, or licensee of the Tenant or prevent the Tenant from granting concessionaire or licence agreements to any other retailers permitting such retailers to trade from a part or parts of the Premises Provided that this shall be on the following terms:

3.19.8.1 such occupation, sharing or concessionaire or licence agreements shall be granted on terms that they automatically determine in the event of determination of this Lease; and

3.19.8.2 no relationship of landlord and tenant shall be created.

3.19.9 Where the Tenant is the Original Tenant or an RM Group Company (or any statutory successor to the business of the Original Tenant or any part of its business) it may without the Landlord's consent share or allow occupation of the whole or part of the Premises by:

3.19.9.1 any part or business or operating division of Royal Mail Group plc;

3.19.9.2 any other company person organisation or undertaking which carries on all, or any part of the provision of postal services and services for or connected with the distribution or communication by whatever means of all description of goods, information or other things or is responsible for running a network of post offices.

Provided that no relationship of landlord and tenant is created by the arrangement.

3.20 **Registration**

Within one month after any transfer, assignment, charge or underlease or other devolution of this Lease to give notice to the Landlord together with a certified copy of the relevant document, a reasonable registration fee (being not less than £30) and, in the case of an underlease in respect of which the provisions of sections 24 to 28 (inclusive) of the Landlord and Tenant Act 1954 have been excluded, a certified copy of both the notice served by the landlord pursuant to section 38A of that Act and of the tenant's declaration or statutory declaration in response pursuant to that section.

3.21 **Sale or Re-letting Notices**

To permit the Landlord and the Landlord's agents to enter the Premises and to affix upon any suitable part (but not so as materially to obstruct or interfere with the access of light and air to and/or physical access to and egress from and/or the user of the Premises) notice-boards or bills for selling the same and during the last six months of the Term (however terminated) for re-letting the same, save that no re-letting notice shall be affixed upon the Premises where the Tenant has notified the Landlord that it wishes to renew this Lease.

3.22 **Permitted Use**

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Not to use the Premises otherwise than for the Permitted Use or for such other uses as the Landlord may from time to time approve (such approval not to be unreasonably withheld or delayed).

3.23 **Nuisance**

3.23.1 Not to do any act or thing which shall cause a nuisance to the prejudice of the Landlord.

3.23.2 Not to use the Premises for any illegal or immoral purpose and not to hold any sale by auction or political meeting or public show upon the Premises or use the same for any dangerous trade or manufacture.

3.24 **Refuse and Deleterious Materials**

3.24.1 Not to discharge into any drains or sewers serving the Premises any oil, grease or deleterious materials or any waste or matter which is prohibited by law or which may cause a nuisance or any damage, obstruction or destruction of those drains or sewers and to make good or remedy any damage, obstruction or destruction so caused to the reasonable satisfaction of the Landlord.

3.24.2 To store all refuse and rubbish from the Premises within such collection facilities as the Landlord may from time to time acting reasonably specify or provide at the [Building]/[Site].

3.24.3 Not to keep any material or liquid of a dangerous, corrosive, toxic, contaminative, combustible, explosive, radioactive, volatile, unstable or offensive nature upon the Premises save as may be used in the usual course of the Tenant's business provided that the same are stored safely.

3.25 **Environmental Liability**

3.25.1 In this clause the following definitions shall apply:

3.25.1.1 **Dangerous Substances** means any substance (whether in the form of a solid, liquid, gas or vapour or any combination of them) the generation, keeping, transportation, storage, treatment, use or disposal of which gives rise to a risk of causing harm to humans or to any other living organism, or causing damage to the Environment and includes any controlled, special, hazardous, toxic, radioactive or dangerous waste;

3.25.1.2 **Environment** means the environment as defined in section 1(2) of the Environmental Protection Act 1990;

3.25.1.3 **Environmental Law** means any legal rule, regulation or obligation, whether or not having effect as at today, and whether or not having retrospective effect, concerning the protection of human health or the Environment or Dangerous Substances.

3.25.2 Subject to clause 3.25.3 below:

3.25.2.1 the Tenant shall comply with all applicable Environmental Laws relating to its use of and its carrying out of any operations at the Premises; and

3.25.2.2 the Tenant shall not cause any contamination or pollution at, on, in or under the Premises which results in proceedings under Environmental Law being brought against the Landlord.

3.25.3 The Tenant shall have no liability:

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3.25.3.1 in relation to contamination or pollution present at, on, in or under the Premises prior to the date of this Lease;

3.25.3.2 under any Environmental Law in relation to the use of, or the carrying out of operations at the Premises prior to the date of this Lease; or

3.25.3.3 in relation to the migration of Dangerous Substances from adjoining property (including for the avoidance of doubt [the Building or the Site]) to the Premises whether or not such migration takes place before or after the date of this Lease; or

3.25.3.4 in relation to the migration of Dangerous Substances from the Premises where such migration takes place before the date of this Lease

3.26 **Loss of Easements**

Not knowingly to obstruct or suffer to be obstructed any of the windows or light or any other privilege, right or easement belonging to the Premises, nor to permit any new window, light, passage, drain or other encroachment or easement to be made into, against, upon or over the whole or any part of the Premises and in case any encroachment or easement whatsoever shall be attempted to be made or acquired by any person or persons whomsoever, to give notice in writing to the Landlord as soon as practicable once the same shall come to the notice of the Tenant and to do all such things as may be reasonable and proper for preventing any new encroachment or easement being made or acquired.

3.27 **To Observe Covenants**

To observe and perform (by way of indemnity only and to the extent that they are capable of being enforced) the covenants, stipulations and provisions affecting the Premises contained in the deeds and documents, brief particulars of which are specified in Schedule 4.[2]

3.28 **Regulations**

(Subject to the Tenant's reasonable requirements in relation to security and/or health and safety) to observe and perform such reasonable rules and regulations from time to time made by the Landlord in accordance with the principles of good estate management and notified in writing to the Tenant, for the orderly and convenient management of the Building PROVIDED that such regulations do not interfere with the use and occupation of the Premises

3.29 **[Not to Cause Breach of Superior Lease**

Not knowingly to do, omit, suffer or permit in relation to the Premises any act or thing which would cause the Landlord to be in breach of the Superior Lease or which if done, omitted, suffered or permitted by the Landlord would constitute a breach of the tenant's covenants or the conditions contained in the Superior Lease.**]**

3.30 **[Vehicle Parking**

3.30.1 Not to use the car parking spaces allocated by the Landlord to the Tenant from time to time in accordance with Schedule 2 otherwise than for the parking of motor cars **[**or small vans**]**.

3.30.2 Not to park vehicles on or allow or permit vehicles to be parked on or in any way obstruct the roads referred to in Schedule 2.**]**

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[2] Consider new provision inserted and ensure acceptable to POL

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4 LANDLORD'S COVENANTS

The Landlord COVENANTS with the Tenant as follows:

4.1 Quiet Enjoyment

That the Tenant shall paying rents reserved by this Lease and observing and performing the Tenant's covenants and conditions contained in this Lease peaceably hold and enjoy the Premises throughout the Term without any interruption by the Landlord or any person rightfully claiming under or in trust for the Landlord or by title paramount.

4.2 Repair

At all times during the Term to maintain in good and substantial repair and condition:

4.2.1 The roofs, roof lights, pavement lights, foundations, structure and exterior walls of the Building in good and substantial repair and condition and the exterior parts of the Building usually decorated in good decorative order;

4.2.2 The Common Parts in good and substantial repair and clean and free of obstruction; and those parts usually decorated in good decorative order;

4.2.3 The Service Systems in good and substantial repair and in full working order.

and the Landlord shall carry out such work in an efficient and cost effective manner and in accordance with the principles of good estate management

4.3 Use of Site

4.3.1 [Not to carry on or allow to be carried on in any other part of the Retained Premises during the Term any use in direct or indirect competition with the Tenant's use of the Premises as a post office with or without the sale and/or provision of any good or services of any description which are generally sold or provided at post offices at any time (including the sale of lottery tickets and broadband internet services and the provision of currency exchange).]

4.3.2 Not to do any act or thing at or on the Retained Premises which shall cause a legal nuisance to the prejudice of the Tenant or breach the Tenant's right of quiet enjoyment.

4.3.3 Not to use the Retained Premises for any illegal or immoral purpose and not to hold any sale by auction or political meeting or public show upon the Retained Premises or use the same for any dangerous trade or manufacture.

4.3.4 During the Specified Hours not to play any loud music which can be heard outside the Retained Premises.

4.3.5 Not to demolish the floor(s) of the Building situated directly above the Premises.

4.3.6 Where the Landlord undertakes any works or alteration to the Building or Site likely to materially adversely affect the security of the Premises, the operation of a post office at the Premises) or access to and egress from the Premises, (save where acceptable alternative access and egress routes are designated) the Landlord shall do so in accordance with the General Works provisions at Part 3 of Schedule 5 (which shall apply as if the works undertaken pursuant to this clause 4.3.6 were Redevelopment).

4.4 Separation Works and Redevelopment

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To observe and perform the obligations set out in Schedule 5.

4.5 **VAT Covenant**

4.5.1 Not to do anything and to procure that nothing is done (and in particular that the election to waive exemption from VAT for the purposes of paragraph 2 of Schedule 10 to the Valued Added Tax Act 1994 ("VATA"), or any corresponding provision or re-enactment of it whether before or after the date of this Lease, in respect of all or any part of the Premises, is not exercised) which might cause VAT to become payable on or in respect of the whole or any part of the rent or rents or any other monies payable by the Tenant to the Landlord.

4.5.2 For the avoidance of doubt the Landlord shall not be in breach of the covenant in clause 4.5.1 to the extent that a relevant associate (as defined in paragraph 3(7) of Schedule 10 to VATA) has made and notified a valid election to waive exemption from VAT for the purposes of paragraph 2 of Schedule 10 to VAT, on or before today]

4.6 **Entry Conditions**

The Landlord covenants with the Tenant (as a pre-condition to the exercise of any right of entry granted to the Landlord under the terms of this Lease) not to enter nor to permit anyone under its control to enter the Premises without procuring that the person so entering:

4.6.1 observes any specific precondition to their entry set out in this Lease;

4.6.2 observes any reasonable requirements of the Tenant or other lawful occupier (and for so long as the Original Tenant or an RM Group Company is the Tenant under this Lease, if it states that any requirement is as a result of concerns it has with regard to security, health and safety, or operational efficiency, that will be for the purposes of this Lease a reasonable requirement);

4.6.3 causes as little inconvenience as it reasonably practicable and causes no physical damage in the exercise of the right and if it does cause inconvenience or physical damage, remedies the same immediately;

4.6.4 agrees with the Tenant the location, method of working and any other material matters relating to the preparation for and execution of the works to be carried out pursuant to the right of entry, such approval by the Tenant not to be unreasonably withheld;

4.6.5 remains upon the Premises for no longer than is necessary;

4.6.6 where practicable only exercises the right outside of the Specified Hours;

4.6.7 exercises such right at its own expense and cost;

4.6.8 shall not do so before at least 5 Working Days' prior notice has been served on the Tenant (except in the case of emergency).

4.7 **[Historic Contamination**

The Landlord shall at its own cost remedy any contamination or pollution present at, on, in or under the Premises and/or Building and any migration of dangerous substances from adjoining property during the Term where remediation action is required by a relevant authority and shall indemnify the Tenant against all proceedings, expenses, claims and demands in respect of any contravention of any environmental law at the Premises so long as any such contravention is not directly caused by the Tenant.

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4.8 **Superior Lease**

During the Term to pay the rent reserved by any Superior Lease and to perform or procure the performance of the tenant's covenants contained in any Superior Lease so far as the Tenant is not liable for such performance by virtue of the covenants contained in this Lease.

5 INSURANCE

5.1 **Landlord's Covenants**

The Landlord covenants with the Tenant:

5.1.1 **To Insure**

To keep insured or cause to be insured at all times throughout the Term against loss or damage by the Insured Risks with an insurance office of good repute:

5.1.1.1 the Building [and Common Parts] (but not the tenant's or trade fixtures and fittings) to the full value of the cost of rebuilding the same from time to time (to include the cost of demolition and site and debris clearance and the cost of obtaining planning consents plus architects', quantity surveyors', engineers' and other professional person's fees and incidental expenses in connection with such demolition, rebuilding and planning and VAT payable on any of such costs, fees and expenses) having due regard both to the time at which such loss or damage may be sustained and to any possible delay in the commencement and execution of such rebuilding;

5.1.1.2 a sum representing rent (where appropriate taking account of any anticipated reviews) first reserved by this Lease for a period of three years; and

5.1.1.3 third party and public liability at the Building [and Common Parts] for such sum as the Landlord may from time to time consider prudent.

PROVIDED THAT nothing in this clause 5.1.1 shall prevent the Landlord whilst it is an RM Group Company from self-insuring.

5.1.2 **To Reinstate**

In the event of damage to or destruction of the Building [or Common Part] by any of the Insured Risks then subject to:

5.1.2.1 the necessary labour and materials being and remaining available which the Landlord shall use all reasonable endeavours to obtain;

5.1.2.2 the policy of insurance effected by the Landlord not having been vitiated or (unless the Tenant has complied with clause 5.2.3.2) payment of the policy monies not having been refused in whole or in part by reason of any act, default or neglect of the Tenant; and

5.1.2.3 the Landlord being able to obtain all necessary consents, which it shall use all reasonable endeavours to obtain but the Landlord shall not be obliged to institute any appeal unless reputable Counsel advises the Landlord that there is a strong prospect of such appeal being successful;

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to diligently apply or procure the application of the insurance proceeds covering the rebuilding and reinstatement costs of the Building [and Common Part] (but excluding those proceeds relating to loss of rent) for the purposes of rebuilding and reinstating the Building [and Common Part] (but for the avoidance of doubt not including tenant's or trade fixtures and fittings), making good any deficiency in the proceeds (except for any deficiency caused in whole or in part by any act, default or neglect of the Tenant) out of its own resources;

PROVIDED THAT in the event of substantial damage to or destruction of the Building [and/or Common Parts] by an Insured Risk such rebuilding or reinstatement of the Premises shall be either in the form in which they were immediately before the damage or destruction or in that form with such modifications as:

5.1.2.4 may be required by any competent authority as a condition of the grant of any consent;

5.1.2.5 the Landlord may reasonably make to the design or specification of the Premises to reflect then current building practice; or

5.1.2.6 the Landlord may otherwise reasonably require;

but so that the Building as rebuilt and reinstated shall provide accommodation for the Tenant not materially less convenient and commodious than that existing immediately before the damage or destruction.

5.1.3 **To Produce Evidence of Insurance**

To produce to the Tenant details of the terms of the insurance policy and evidence of payment of the current premium at least once a year and additionally at the reasonable written request of the Tenant.

5.1.4 **Insurance**

5.1.4.1 To use all reasonable endeavours to ensure that the terms and rates of premiums payable to effect insurance are reasonable having regard to the general terms offered in the market by reputable insurers with established operations in the UK and will use all reasonable endeavours to ensure (subject to the same being available in the UK insurance market) that every insurance policy effected by the Landlord under this Lease contains a non invalidation clause to the effect that the policy shall not be avoided by an act or omission or by any alteration whereby the risk of damage or destruction is increased unknown to or beyond the control of the Landlord and a clause to the effect that the Landlord's insurer agrees to waive any rights of subrogation against the Tenant

5.1.4.2 To use all reasonable endeavours to procure that the insurer notes the interest of the Tenant on the policy

5.2 **Tenant's Covenants**

The Tenant covenants with the Landlord:

5.2.1 **Pay Costs of Insurance**

To repay to the Landlord within 20 Working Days of written demand the Tenant's Proportion of the amount or amounts from time to time paid by the Landlord for the insurance of the Building [and Common Parts] in accordance with clause 5.1.1 and the whole of any amounts from time to time paid by

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the Landlord relating to the loss of rent insurance referred to in clause 5.1.1 including any insurance valuation fees incurred (in respect of a desktop valuation) not more often than once in any calendar year and incurred (in respect of a full valuation) not more often than once in any period of three years

5.2.2 **Pay Excess**

In the event of the Landlord undertaking any works of reinstatement under clause 5.1.2, to pay to the Landlord within 10 Working Days of written demand the Tenant's Proportion of the amount of any excess to be borne by the Landlord pursuant to the policy of insurance.

5.2.3 **Insurers' Requirements**

5.2.3.1 To comply with all requirements of the Landlord's insurers in respect of the Premises and the Building [and Common Parts] of which the Tenant shall have received prior written notice and not to do or permit to be done in or upon the whole or any part of the Premises or the Building [or Common Parts] anything which may increase the premium for any policy for the insurance of the Building or which shall invalidate or preclude the renewal of any such policy of insurance or which may be materially prejudicial to any claim which may fall to be made under such policy.

5.2.3.2 If any damage to or destruction of the Premises or the Building [or Common Parts] shall occur due to any of the Insured Risks and any insurance money under any insurance effected under the terms of this Lease shall be irrecoverable by reason solely or partly of any act, default or neglect of the Tenant, then the Tenant shall pay to the Landlord within 10 Working Days of written demand the whole or (as the case may be) the irrecoverable part of the cost (including any costs of demolition and site and debris clearance and of obtaining planning consents and of architects', quantity surveyors', engineers' and other professional person's fees and incidental expenses and VAT payable on any such costs, fees and expenses) of making good such damage or destruction and any other irrecoverable insurance money.

5.2.4 **Notice to Landlord of Damage**

Forthwith upon becoming aware of the same to give notice to the Landlord of any damage to or destruction of the Premises by any of the Insured Risks.

5.2.5 **Not to take out Insurance**

Not to take out any insurance of the Premises against the Insured Risks in its own name (other than for the avoidance of doubt in respect of any tenant's or trade fixtures and fittings), and if the Tenant has the benefit of any such insurance the Tenant shall hold all money receivable under that insurance upon trust for the Landlord.

5.3 **Suspension of Rent**

If at any time or times during the Term the whole or any part of the Premises or any other part of the Building [and Common Parts] which the Landlord is obliged to insure under this Lease shall be destroyed or so damaged by any of the Insured Risks or any essential services are no longer provided to the Premises so as to make the Premises unfit for occupation or use or inaccessible and (unless the Tenant has complied with clause 5.2.3.2) payment of the policy monies shall not have been refused in whole or in part by reason of any act, default or neglect of the Tenant, the rent first reserved by this Lease (and any monies due under clause 3.7) or such part

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as is commensurate with the part of the Premises so rendered unfit for occupation or use or inaccessible, shall cease to be payable from the date of destruction or damage until the date when the Premises (for the avoidance of doubt excluding tenant's or trade fixtures and fittings) have been rendered fit for occupation and use and access has been restored and any dispute relating to this clause 5.3 shall be referred to the award of a single arbitrator to be appointed in default of agreement on the application of either party by the President or any Vice-President for the time being of the Royal Institution of Chartered Surveyors in accordance with the Arbitration Act 1996.

5.4 **Termination**

5.4.1 If reinstatement of the Premises and essential services [and Common Parts] pursuant to clause 5.1.2 shall not have been completed so as to render the Premises fit for occupation and use and accessible on the date immediately following the expiration of the period of loss of rent insurance to be effected by the Landlord under clause 5.1.1, then either the Landlord or the Tenant may at any time thereafter (but not after the Premises have been rendered fit for occupation and use and accessible) terminate this Lease by giving written notice to the other.

5.4.2 If the Premises or the Building [and Common Parts] shall suffer damage howsoever caused of such a substantial nature as in the Landlord's reasonable opinion to render the reinstatement of the Premises pursuant to clause 5.1.2 impracticable within the period of loss of rent insurance effected under clause 5.1.1, then the Landlord may within 12 months of the date of such damage terminate this Lease by giving written notice to the Tenant.

5.4.3 Any such termination under clause 5.4.1 or 5.4.2 shall be without prejudice to any claim by either party in respect of any antecedent breach of covenant and upon such termination or any termination of this Lease by the operation of the doctrine of frustration, any insurance monies shall belong to the Landlord absolutely.

5.5 **Insurance in the Landlord's Office**

If the Landlord for the time being is an insurance company of good repute or a member of a group of companies which includes an insurance company of good repute it shall be entitled to effect or maintain in its own office or in the office of any insurance company within such group any insurance it is required to effect pursuant to this Lease and the premiums charged by the Landlord or such other company shall for the purpose of any covenant by the Tenant to pay or contribute towards the cost of such insurance be deemed to have been paid by the Landlord on the first day of the period of insurance to which the relevant premium relates.

5.6 **Uninsured Damage**

5.6.1 If there is Uninsured Damage:

5.6.1.1 Clauses 3.8 (To Repair) and 5.3 (Suspension of Rent) shall apply as if that damage to or destruction of the Premises or Building [and Common Parts] had been by an Insured Risk; and

5.6.1.2 the Landlord may by service of a notice (**"Election Notice"**) on the Tenant elect to rebuild or reinstate the Premises.

5.6.2 If the Landlord serves an Election Notice, the Landlord shall reinstate the Uninsured Damage in accordance with clause 5.1.2 (To Reinstate);

5.6.3 If the Landlord does not serve an Election Notice within 9 months following the date on which the Uninsured Damage occurs, then either the Landlord or the Tenant may at any time thereafter (unless in the meantime the Landlord

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serves an Election Notice) immediately terminate this Lease and clause 5.4.3 shall apply.

6 PROVISOS

PROVIDED IT IS AGREED as follows:

6.1 For Re-entry

If and whenever:

6.1.1 the whole or any part of the rents reserved by this Lease shall be in arrear or unpaid for 21 days after becoming payable (whether formally demanded or not); or

6.1.2 there shall be any breach, non-performance or non-observance of any of the tenant's covenants, conditions or agreements contained in this Lease; or

6.1.3 in relation to the Tenant or a guarantor which is a company or a partnership (including a limited partnership and a limited liability partnership) or if more than one company and/or partnership then any one of them :

6.1.3.1 a winding-up order is made, or a winding-up resolution passed; or

6.1.3.2 liquidation is entered into whether compulsory or voluntary (other than a solvent members' voluntary liquidation for the purposes of reconstruction or amalgamation not involving a realisation of assets); or

6.1.3.3 a meeting convened for the purposes of its winding-up; or

6.1.3.4 an administration order is made or an administrator is otherwise appointed or a petition is presented or an application is made or any other step is taken for such order or appointment; or

6.1.3.5 a receiver (including an administrative receiver) is appointed (including any such appointment over any assets of the Tenant or the guarantor); or

6.1.3.6 a voluntary arrangement is proposed to which the Landlord has not consented; or

6.1.3.7 the company or partnership shall otherwise cease for any other reason to be or to remain liable under its covenants contained in or arising from this Lease or cease for any reason to exist; or

6.1.3.8 the company or partnership shall be unable to pay its debts; or

6.1.3.9 any event shall occur in whatever jurisdiction which is analogous to any of the events mentioned in clause 6.1.3; or

6.1.4 in relation to the Tenant or a guarantor who is an individual or if more than one individual then any one of them:

6.1.4.1 a voluntary arrangement is proposed; or

6.1.4.2 he is adjudged bankrupt; or

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6.1.4.3 a receiver is appointed (including any such appointment over any assets of the Tenant or the guarantor); or

6.1.4.4 the individual shall be unable to pay his debts; or

6.1.4.5 any event shall occur in whatever jurisdiction which is analogous to any of the events mentioned in clause 6.1.4; or

6.1.5 the Tenant or a guarantor (or if more than one company or individual or partnership then any one of them) shall enter into any arrangement or composition with any creditors of that party or any proposal shall be made to that effect or any analogous event shall occur in whatever jurisdiction; or

6.1.6 the Tenant shall suffer any distress or execution to be levied on the goods of the Tenant;

THEN and in any such case it shall be lawful for the Landlord (or its authorised agent) at any time thereafter to re-enter the whole or any part of the Premises in the name of the whole and to peaceably hold and enjoy the same as if this Lease had not been granted and thereupon the Term shall absolutely determine but without prejudice to any right of action of the Landlord in respect of any antecedent breach by the Tenant of any of the obligations and conditions on the part of the Tenant contained in this Lease.

6.2 **Original Tenant's goods**

The Landlord shall be prohibited from and have no right under this Lease or otherwise to remove, dispose, sell or distrain for rent against any goods or items within the Premises belonging to the Original Tenant or third party which it is unlawful to do so.

6.3 **Easements**

The Tenant shall not by virtue of this Lease be deemed to have acquired or be entitled to, nor shall it during the Term acquire or become entitled to by any means whatever in respect of the Premises any easement from or over or affecting any other land or premises now or at any time hereafter belonging to the Landlord and not granted by this Lease.

6.4 **Compensation**

Subject to the provisions of Section 38(2) of the Landlord and Tenant Act 1954, neither the Tenant nor any undertenant shall be entitled on quitting the Premises (or any part) to any compensation under Section 37 of such Act.

6.5 **Notices**

Any notice to be served or given under this Lease shall be in writing and shall be sufficiently served or given:

6.5.1 on or to the Tenant or any guarantor if delivered to or sent by recorded or special delivery or registered post to the Tenant or such guarantor at the Premises or to its usual principal place of business in the United Kingdom or (if a company) to its registered office which at the date of such delivery or sending is registered with the Registrar of Companies or (if an individual) to his usual place of abode in the United Kingdom and if sent by recorded or special delivery or registered post, such service shall be deemed to be made on the Working Day following the date of posting PROVIDED THAT whilst Post Office Limited is the Tenant service shall be effective if delivered to or sent by recorded or special delivery or registered post to its registered office address which at the date of such delivery or sending is registered with Registrar of Companies; or

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6.5.2 on or to the Landlord if delivered to or sent by recorded or special delivery or registered post to the Landlord at its registered office which at the date of such delivery or sending is registered with the Registrar of Companies or to such other address for service as the Landlord shall from time to time notify in writing to the Tenant under this Lease and if sent by recorded or special delivery or registered post, such service shall be deemed to be made on the Working Day following the date of posting.

6.6 **No Warranty by Landlord**

The Landlord gives no warranty, express or implied, that the use of the Premises or any part for any specific purpose is authorised under the Planning Acts or otherwise or that the Premises or any part are suitable for the purpose of the Tenant or for any purpose.

6.7 **Telephone Boxes**

To the extent that within the Premises or the Retained Premises there remain any Telephone Boxes as a result of the various reorganisations of the predecessor companies to the Original Tenant:

6.7.1 the Landlord shall have no rights in relation to them and the Tenant:

6.7.1.1 may, but shall not be obliged to, remove them; and

6.7.1.2 shall not be obliged to maintain them at all;

6.7.2 but the Tenant shall be entitled to remove them (making good any physical damage caused) and once removed and made good, to the extent that such Telephone Box is located outside the Premises, it shall become part of the Site.

6.8 **Telecoms Agreements**

6.8.1 The Landlord holds the Building subject to any rights any occupier might have under any Telecoms Agreement whether express or implied and the Tenant confirms that the Tenant takes the demise of the Premises subject to the terms of any Telecoms Agreement which affects the Premises or the rights granted to the Premises.

6.8.2 If any Telecoms Agreement whether express or implied contains the right for the Landlord or the Tenant to serve a notice to terminate such arrangement the Landlord confirms that:

6.8.2.1 the Tenant (and not the Landlord) may decide in its absolute discretion whether or not to terminate such arrangement and the Landlord shall act, or not act, as directed by the Tenant;

6.8.2.2 the Tenant (or anyone it reasonably decides) shall be entitled to keep any income received under the Telecoms Agreement.

6.9 **Jurisdiction**

6.9.1 The validity, construction and performance of this Lease (and any claim, dispute or matter arising under or in connection with it or its enforceability) shall be governed by and construed in accordance with the law of England and Wales.

6.9.2 Each party to this Lease irrevocably agrees to submit to the exclusive jurisdiction of the courts of England and Wales over any claim, dispute or matter arising under or in connection with this Lease or its enforceability or the legal relationships established by this Lease.

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6.9.3 Each such party irrevocably waives any objection which it may have now or hereafter to proceedings being brought in the courts of England and Wales and any claim that proceedings have been brought in an inconvenient forum. Each such party further irrevocably agrees that a judgement in any proceedings brought in the courts of England and Wales will be conclusive and binding upon each such party and may be enforced in the courts of any other jurisdiction.

6.10 **Co-operation**

The Landlord and Tenant agree in good faith, but without legal obligation to agree and implement any memorandum of understanding with the aim of reducing energy and water use within the Building and the Premises and reducing and recycling waste

7 OBLIGATIONS IN SCHEDULES TO THIS LEASE

The Landlord and the Tenant mutually covenant to observe and perform their respective obligations and the conditions in the Schedules to this Lease.

8 1995 ACT

It is agreed and declared that the tenancy hereby created is a new tenancy for the purposes of the 1995 Act.

9 CONTRACTS (RIGHTS OF THIRD PARTIES) ACT 1999

9.1 Unless otherwise expressly stated, nothing in this Lease shall create or confer any rights or other benefits pursuant to the Contracts (Rights of Third Parties) Act 1999 in favour of any person other than the parties to this Lease.

9.2 **[**The parties hereby agree that Royal Mail Group Limited and the Original Tenant shall continue to have the benefit of clauses **[ ]** and **[ ]** notwithstanding **[**Royal Mail Group Limited and/or**]** the Original Tenant shall have parted with their respective interests in the Lease.**]**

10 TENANT'S BREAK

10.1 The Tenant may terminate this Lease on ([*insert date* [3]] (the **Termination Date**) by giving to the Landlord not less than 6 months prior written notice of such termination expiring on the Termination Date and if such notice is given and if the Tenant shall up to and including the Termination Date have paid the Annual Rent and any VAT due thereon then on the Termination Date this Lease shall absolutely terminate and be of no further effect, but such termination shall be without prejudice to the rights of either party in respect of any antecedent claim or breach of covenant or condition under this Lease.

10.2 If this lease terminates in accordance with clause 10.1 then, within 14 days after the Termination Date, the Landlord shall refund to the Tenant the proportion of the Annual Rent, and any VAT paid in respect of it, for the period from and excluding the Termination Date up to and excluding the next quarter date, calculated on a daily basis.

DELIVERED as a deed on the date of this Lease.

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[3] Date 5 years from the term commencement date

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SCHEDULE 1

The Premises

ALL THOSE premises [comprising the [ ] floor[s] of the Building and] shown edged red on plan numbered 1 attached to this Lease.

1 The Premises include:

1.1 the internal plaster and decorative finishes to:

1.1.1 all walls which separate the Premises from other parts of the Building;

1.1.2 all external walls of the Building enclosing the Premises; and

1.1.3 the structural columns, supports and frame of the Building within the Premises;

1.2 any decorative finishes to any Service Systems situated within the Premises;

1.3 any pipes, wires, cables, drains, sewers, mains, watercourses, trunking, ducting and other media and any boilers and ventilation or air conditioning system and any other mechanical or electrical plant, equipment or machinery, for the provision of hot and cold water, gas, electricity, telecommunications, heating, air ventilation and other services and the disposal of water and sewage, which now are or shall during the Term be both situated within and exclusively serve the Premises;

1.4 [any concrete screed or other surface finish to the floors of the Premises] [any raised floor surfaces of the Premises and the floor cavities beneath the same];

1.5 all sanitary apparatus and fittings exclusively serving the Premises;

1.6 [the suspended ceilings of the Premises and their means of attachment];

1.7 the entrance doors to the Premises, their door frames and all glass in those doors;

1.8 the shopfront (if any) including the front entrance door and porch to the Premise;[4]

1.9 the signage on the exterior of the Premises at ground floor level;

1.10 the disabled ramp entrance to the Premises (if any); and

1.11 all landlord's fixtures and fittings.

2 The Premises exclude:

2.1 the structure of:

2.1.1 the external and other structural and load bearing walls of the Building;

2.1.2 the walls separating the Premises from other parts of the Building; and

2.1.3 all structural columns, supports and frame of the Building situated within the Premises;

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[4] Consider extent of shop front on a property by property basis.

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2.2 all Service Systems now or from time to time during the Term situated within the Premises other than their decorative finishes;

2.3 the structure of each of the floors to the Premises beneath **[**any concrete screed or other surface finish on those floors**]** **[**the raised floor cavities**]**;

2.4 the structure of any floor immediately above any ceiling to the Premises;

2.5 all roofs (including roof lights) of the Building and all airspace within and above the same; and

2.6 all window frames and glass in the external walls of the Building.

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SCHEDULE 2

Rights Granted

The following rights (for the benefit of the Tenant and those deriving title through or otherwise authorised by the Tenant, its licensees and invitees) and to the extent that the Landlord is able to grant them):

1 The right to the free and uninterrupted passage of water, sewerage, gas, electricity, telecommunications and all other services and supplies through the Service Systems now or from time to time during the Term laid or constructed in, on, over, under or passing through the Site.

2 The right to enter upon any parts of the Site upon not less than 7 days prior written notice to the Landlord (except in emergency when no advance notice shall be required) for the purpose of inspecting, repairing, maintaining, cleansing, altering, testing, renewing, replacing and making connections to all Service Systems in under or over the Building or the Site at any time during the Term for the use and enjoyment of the Premises and to carry out any works of maintenance or repair to the Premises, the persons exercising such rights making good all damage caused to the Site.

3 The right of support and protection for the Premises from the Retained Premises.

4 The right to connect into and use any existing or replacement fire alarm system installed in any part of the Building for the benefit of the Premises and the Retained Premises and provided that the Landlord shall be responsible for ensuring that such fire alarm system is at all times adequate for the Building and in full working order.

5 The right to install, repair, maintain and renew signs on the front exterior of the Building in the location of the signs existing at the date of this Lease and/or in such other locations as shall be approved by the Landlord (such approval not to be unreasonably withheld or delayed and (as appropriate) the entrance to the Premises Provided always that at any time that the principal use of the Premises is a post office, the Landlord shall not object to installation, repair, maintenance and renewal of the Royal Mail Group Limited and Post Office Limited company logos, branding and signage, nor to the display of posters and other promotional or informative materials arising from such post office use or uses ancillary a post office.

6 The right at all times to site **[**2**]** commercial wheeled bins in such parts of the [Retained Premises/Site] as shall be designated by the Landlord from time to time (acting reasonably) ("the Bin Store").

7 The right to load/unload delivery vehicles from such part of the Site as shall be designated by the Landlord from time to time acting reasonably given the Tenant's reasonable security requirements.

8 The right to:

8.1 use, repair, maintain, install, renew and to make collections from and receive and collect deliveries to and from up to **[**2**]** post boxes; and

8.2 use, repair, maintain, install, renew, restock and operate up to **[**2**]** automatic telling machines and up to **[**2**]** stamp vending machines.

situated in the front exterior walls surrounding the Building from time to time and to allow all persons authorised by the Tenant (whether expressly or by implication and including members of the public) and for the avoidance of doubt Royal Mail Group Limited (and any RM Group Company) or any successor to its statutory function at any time to enter upon such parts of the remainder of the Building as may be

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necessary to use, repair, maintain, install, renew, restock and operate the post boxes, the automatic telling machines and the stamp vending machines from time to time in the front exterior of the Building PROVIDED THAT the Tenant makes good any damage to the Retained Premises caused in the exercise of such rights.

9 The right to keep, renew and alter and the right to connect to, remove, repair, maintain and use: (a) Telecoms Equipment (including a satellite dish and/or aerial on the roof of the Building) together with all necessary cabling and related apparatus in connection with the Tenant's business; (b) a swipe card entry system or other security entrance system at the entrances to the Premises; and (c) air conditioning system for the Premises including (without limitation) air conditioning chilling units and related apparatus on the roof of the Building (or such other suitable parts of the Building as may be approved by the Landlord, acting reasonably).

10 In the event the Landlord shall at any time fail to observe and perform its obligations under Schedule 5 and shall fail to remedy such breach within 10 Working Days of receipt of a written notice from the Original Tenant specifying such breach, the right to enter the Retained Premises to complete all outstanding works and to remove any scaffolding on the Building, the costs reasonably so incurred by the Tenant in exercising such rights to be payable by the Landlord to the Tenant within 10 Working Days of demand

11 Such rights of entry and access as may be required over the Retained Premises in order to remedy any default by the Landlord in carrying out its obligations under clause 4.2 (Repair of Retained Premises).

12 The right of access to the Retained Premises upon reasonable prior notice with or without workmen at all reasonable times and with all necessary appliances in order to exercise the rights granted in this Schedule subject to the Tenant making good all damage caused by such entry to the reasonable satisfaction of the Landlord.

13 **[**The right to enter onto the Retained Premises and [the Service Areas][5] at all reasonable times and after giving reasonable prior notice (except in the case of an emergency) for the purpose of reading any meters or accessing and using any fire alarm or security control panels situated on the Retained Premises which relate to the Premises.**]**

14 **[**The right of emergency escape via any existing fire escape route or such alternative routes as shall be designated by the Landlord (acting reasonably) and which shall be acceptable to the relevant fire authorities.**]**

15 **[**The right to pass and repass (subject to compliance with such directions as to traffic as the Landlord may from time to time specify) over the service road or roads shown for identification purposes only **[**coloured **]** on plan **[ ]** attached to this Lease (or such other road or roads designated by the Landlord from time to time) for the purpose of access to and egress from the car parking spaces referred to in paragraph **[**5**]** below.**]**

16 **[**The right of access to and egress from the Premises for the Tenant, its agents, servants, visitors and licensees through and by the Common Parts **[**and the lifts of the Building**]**;**]**

17 **[**The right to use the toilets shown for identification purposes only **[**coloured **]** on plan **[ ]** attached to this Lease;**]**

18 **[**The right to park not more than **[ ]** private motor cars in such car parking spaces as may be allocated to the Tenant by the Landlord from time to time provided those cars are in roadworthy condition ("the Parking Spaces").**]**

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[5] To be considered on a property by property basis

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19 [The right of vehicular access at all times to and from the Parking Spaces and pedestrian access to the Bin Store and the public highway and a pedestrian right of access at all times between the Parking Spaces and Bin Store and the Premises over such routes as the Landlord may from time to time designate (acting reasonably) over the Retained Premises.]

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SCHEDULE 3

Rights Reserved

1 The right to the free and uninterrupted passage of water, sewerage, gas, electricity, telecommunications and all other services and supplies through the Service Systems now or from time to time during the Term laid or constructed in, on, over, under or passing through the Premises.

2 Subject to the Entry Conditions, the right to enter the Premises with or without workmen at all reasonable times and with all necessary appliances for the purpose of:

2.1 inspecting, repairing, maintaining, cleansing, altering, testing, renewing and replacing any Service Systems; and

2.2 executing repairs or alterations to or maintenance or renewal of or any other works to any part of the Retained Premises to the extent that such works cannot be conveniently carried out from the Retained Premises; and

2.3 inspecting, repairing, maintaining, cleansing, altering, testing, renewing and replacing any stamp vending machines and post boxes.

3 Subject to the Entry Conditions, the right to enter the Premises for any purpose for which the Tenant covenants in this Lease to permit the Landlord or the Landlord otherwise has a right in this Lease to enter.

4 Subject to any rights granted by this Lease to the Tenant and the covenants by the Landlord in this Lease, the right at any time without obtaining any consent from the Tenant and without paying any compensation to the Tenant, to raise to any height, extend to, add to in width or depth or otherwise alter the Building (apart from the Premises) or any existing or new building on any premises not included in this Lease Provided always that access to and the business of the Tenant, its sub-tenants and other occupiers of the Premises and/or the access of light or air to the Premises is not thereby materially adversely affected.

5 The right of support and protection for the Retained Premises from the Premises.

6 Subject to the Entry Conditions, the Landlord and its servants or agents or contractors shall be entitled at all reasonable times and on reasonable prior notice to the Tenant (except in an emergency) to enter and remain on the Premises for:

6.1 the purpose of taking reasonable steps to review or measure the Tenant's energy and water use and its waste production or waste management, except where up-to-date information in this respect has already been provided to the Landlord by the Tenant;

6.2 carrying out works which are agreed by the Tenant (acting reasonably) and are aimed at more effective management of, or reducing, energy or water use or waste production, and for setting up and managing recycling schemes (provided that such works cause as little disruption as reasonably possible and, when complete, do not adversely affect the Tenant's beneficial use and occupation of the Premises and that any physical damage caused by such works is made good);

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SCHEDULE 4

Matters affecting title

[To be completed as appropriate]

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SCHEDULE 5

Separation Works and Redevelopment

In this Schedule (and where used elsewhere in this Lease):

"Redevelopment" means any redevelopment of the Retained Premises to be undertaken by the Landlord in accordance with a planning permission if required obtained for that purpose and to include in any event refurbishment of the Retained Premises and works to put the structure of the Building into good repair or other alterations;

"Date of Practical Completion of the Redevelopment" means the date on which the Redevelopment has been practically completed in accordance with this Lease as certified by the Landlord's Certifying Professional;

"Landlord's Certifying Professional" means such reputable independent firm of chartered architects or building surveyors as may be proposed by the Landlord and approved by the Tenant (acting reasonably);

"Separation Works" means the work to separate the Premises from the Retained Premises as more particularly described in the Separation Works Specification;

"Separation Works Specification" means the drawings and specification detailing the Separation Works attached at Annexure **[2]**.

Part 1

Separation Works

1 In relation to the Separation Works, the Landlord shall:

1.1 Carry out the Separation Works in accordance with:

1.1.1 the Separation Works Specification;

1.1.2 the General Works obligations at Part 3 of this Schedule.

1.2 fully complete the Separation Works either:

1.2.1 prior to the commencement of the Redevelopment; or

1.2.2 as soon as reasonably practicable following any disposal of the Landlord's reversionary interest in the Site/Building where Royal Mail Group Limited does not take a leaseback of the Premises but does take a leaseback of the Retained Premises/Site but in any event no later than the expiration of the term of the Royal Mail Group Limited leaseback of the Retained Premises/the Site; or

1.2.3 as soon as reasonably practicable after Royal Mail Group Limited vacates the Retained Premises; or

1.2.4 prior to Royal Mail Group Limited disposing of the reversionary interest in the Site/the Retained Premises where no leaseback has been taken by Royal Mail Group Limited of the Site/the Retained Premises.

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whichever is the earlier, provided that the Landlord can carry out the Separation Works at any time prior to vacating the Retained Premises but in any event whilst the Landlord has the right of access to the Building whether pursuant to this Lease or any subsequent licence.

Both parties shall be obliged to enter into the Licence for Separation Works in a form to be agreed between the parties acting reasonably and Royal Mail Group Limited shall be obliged where necessary to ensure that consent of its successor in title to the reversionary interest in this Lease is obtained.

1.3 Allow any clerk of works or other agent or consultant appointed by the Tenant full access to the Retained Premises and Site at all times on reasonable notice (except in emergency) in order to:

1.3.1 monitor and supervise the carrying out of the Separation Works;

1.3.2 report to and liaise with the Tenant and to ensure that the Tenant's interests are fully protected; and

1.3.3 ensure that the provisions of this Schedule are complied with.

1.4 Give not less than [[6]20] Working Days' Notice of the intended commencement date of the Separation Works and not less than 5 Working Days' Notice of the expected date that the Separation Works will be completed.

1.5 Allow the Tenant to inspect the Retained Premises to ascertain that the Separation Works have been fully completed in accordance with the provisions of this Lease.

1.5.1 In the event that the Tenant confirms it accepts the Separation Works have been completed correctly then it shall provide written confirmation to this effect.

1.5.2 The Landlord shall procure that all defects in the Separation Works properly identified by the Tenant at any such inspection are as soon as reasonably possible remedied and the process for determining whether the Separation Works are indeed complete shall be repeated as often as shall be necessary until the Separation Works are properly completed.

2 In the event the Royal Mail Group Limited has not completed the Separation Works within[ ]months of it having vacated[7], Royal Mail Group Limited agrees that Post Office Limited shall be entitled to carry out the Separation Works or such outstanding part of the Separation Works and Royal Mail Group Limited shall reimburse Post Office Limited for all proper costs thereof within 20 Working Days of written demand along with interest at the Prescribed Rate from the date of demand in the event of non-payment.

3 Should the Post Office Limited wish to vacate the Premises prior to completion of the Separation Works, Post Office Limited shall give Royal Mail Group Limited not less than 3 months notice of the proposed vacation and Royal Mail Group Limited shall within 1 month of receipt of such notice notify Post Office Limited in writing whether it proposes to either:

3.1 Accept an unconditional surrender save in respect of any antecedent breach of this Lease at nil premium; or

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[6] To be considered on a case by case basis.

[7] Date to be agreed on a case by case basis.

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3.2 Undertake the Separation Works as soon as reasonably practicable after Landlord's notice under paragraph 3 (in which case the provisions of paragraph 2 above apply.)[8]

4 Any effect on the rental value of the Premises arising in connection with the Separation Works will be disregarded on any rent review under this Lease.

5 The Tenant shall be under no obligation to remove the Separation Works and reinstate the Premises at the end of the term of the Lease.

Part 2

Redevelopment

1 In relation to any Redevelopment, the Landlord shall

1.1 Not be obliged to carry out the Redevelopment but if it does carry out the Redevelopment it shall do so in accordance with:

1.1.1 the provisions of Part 2 of this Schedule; and

1.1.2 the General Works obligations at Part 3 of this Schedule.

1.2 Where, in the opinion of the Tenant acting reasonably, the Redevelopment directly affects the Tenant's use of the Premises, carry out the Redevelopment in accordance with plans and specifications and a method statement previously approved by the Tenant (such consent not to be unreasonably withheld), such method statement to include details of security protection, the provision and location of scaffolding, the protection of the Tenant's signage proposed timescales and access and health and safety provisions.

1.3 Procure that the Landlord's Certifying Professional shall give to the Tenant not less than 5 Working Days notice of its proposal to inspect the Site to determine whether the Date of Practical Completion of the Redevelopment has occurred.

2 The Landlord and the Tenant shall each be entitled to attend the Landlord's Certifying Professional's inspection of the Site in order to discuss fully its proposals to issue the certificate and in determining whether or not the Date of Practical Completion of the Redevelopment has occurred the Landlord's Certifying Professional shall have regard to but shall not be bound by the representations made by either party provided that the decision of the Landlord's Certifying Professional shall be final and binding on the parties.

3 Following the certification of the Date of Practical Completion of the Redevelopment by the Landlord's Certifying Professional:

3.1 the Landlord shall forthwith deliver a copy of the certificate of practical completion to the Tenant;

3.2 the Landlord shall allow the Tenant and its agents the right to inspect all the Site and to take photographic records and a survey of the state and condition of the Site at that date.

4 If the Landlord's Certifying Professional does not certify the Date of Practical Completion of the Redevelopment has occurred in accordance with clause 3.14.1 the procedure shall be repeated as often as shall be necessary until it is so certified but the Tenant shall only be given 2 Working Days notice of future proposals to inspect

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[8] In any underletting to Agent incl. obligation for Agent to take surrender/supplemental at no costs. As per POL rights.

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Part 3

General Works Obligations

1 In relation to any Redevelopment and the Separation Works, the Landlord shall:

1.1 Ensure the Separation Works and/or Redevelopment are each carried out and completed in a good and workmanlike manner in accordance with good building practice and good and sound materials with due diligence and in accordance with all planning permissions, building regulations and other necessary consents required for the same and (where the Redevelopment directly effects the Tenant's use of the Premises) to the reasonable satisfaction of the Tenant.

1.2 Carry out the Separation Works and/or the Redevelopment without causing any avoidable damage to or (in the reasonable opinion of the Tenant) substantial interference with the Tenant's use of the Premises.

1.3 In carrying out or procuring the carrying out of either the Separation Works and/or the Redevelopment the Landlord shall:

1.3.1 Not do anything which prevent continuity of service from the Premises and their use in accordance with the terms of this Lease during the Specified Hours and where the Tenant's approval or consent is required to the Redevelopment, the parties agree that the Tenant will not be acting unreasonably in refusing consent if continuity of service would be materially interrupted by the Redevelopment.

1.3.2 Ensure an appropriate cleaning regime is in place and adhered to and, in particular, to remove any rubbish which accumulates around at the Site.

1.3.3 Not materially interrupt or restrict or allow the interruption or restriction of the access vehicular or pedestrian to and from the Premises or the passage of electricity gas water telephone sewerage and other services to and from the Premises.

1.3.4 Not undertake any works to the Building which would obstruct or make or leave the Premises unsecure or otherwise affect entrances to the Premises and/or the security equipment of the Tenant and to comply with any reasonable requirements for the maintenance of proper security at the Premises which are notified to it in writing by the Tenant.

1.3.5 (Save in the case of emergency) where the erection of scaffolding is necessary to comply with health and safety requirements to use reasonable endeavours to avoid erecting any scaffolding to the frontage of the Building. If, having used reasonable endeavours to avoid it, the Landlord has to erect scaffolding it will use its reasonable endeavours to avoid erecting the same at any time during the month of December in each year and provided always that any scaffolding must be erected so as to avoid unduly obstructing the entrances and exits to and the visibility of the Premises.

1.3.6 Ensure that an appropriate environment is maintained in which the Tenant can run a post office including using all reasonable endeavours to minimise noise, dust, vibration and access of the elements to the Premises.

1.3.7 Ensure that the Tenant's signage remains clearly visible at all times and (if necessary) to allow the Tenant to display signage on any scaffolding erected at the Building including directional signs and a sign confirming that the Tenant is still open for business as usual.

1.3.8 Not use any machinery or tools in such a way as to constitute a breach of any environmental or health and safety legislation and to take full account of all reasonable requirements of the Tenant as regards security and health and safety.

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1.4 Without prejudice to the generality of the foregoing:

1.4.1 not during the Specified Hours to undertake or allow any demolition of any kind to be undertaken within 3 metres of the Building subject to any relevant planning consent not prohibiting demolition during the remaining hours of the day (the Landlord having used its reasonable endeavours to procure a planning consent which does not contain such a prohibition) but in the event that the planning permission does contain such a prohibition then the Landlord shall provide a revised methodology for carrying out the work which shall be designed so as to ensure as little nuisance, noise and other interference with the use of the Premises is caused for the approval of the Tenant (not to be unreasonably withheld or delayed) and the Landlord shall ensure all such works are carried out in accordance with that methodology;

1.4.2 for the purpose of this paragraph "demolition" includes any demolition or removal of any buildings or parts of buildings, any demolition or removal of the safe and any demolition of any structural parts of the Retained Premises including floors and walls but does not include removal of minor fixtures and fittings such as doors or windows or routine maintenance or decorative works.

1.5 Not less than 4 weeks prior to commencing the Separation Works and/or the Redevelopment the Landlord shall provide full details to the Tenant of:

1.5.1 the Separation Works and the Redevelopment;

1.5.2 the Landlord's programme for each of the Separation Works and (where, in the opinion of the Tenant acting reasonably, the Redevelopment directly affects the Tenant's use of the Premises) the Redevelopment;

1.5.3 the method statement for each of the Separation Works and the Redevelopment which shall include details of security protection, the provision and location of scaffolding, the protection of the Tenant's signage, timescales and access arrangement; and

1.5.4 the contractor's health and safety file for each of the Separation Works and (where, in the opinion of the Tenant acting reasonably, the Redevelopment directly affects the Tenant's use of the Premises) the Redevelopment;

AND to take full account of any reasonable representations made by the Tenant in respect of the same insofar as such matters may materially affect the Premises and to incorporate such reasonable requirements and provisions within the Separation Works and the Redevelopment, and the programme of works for each and method statement for each as the Tenant may reasonably require or which the Tenant may require for security purposes (it being acknowledged that the security of the Premises shall be paramount).

1.6 If any damage is caused to the Premises directly or indirectly as a consequence of any works undertaken by or on behalf of the Landlord forthwith make good the same at no cost to the Tenant.

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SCHEDULE 6

Covenants by Guarantor

1.1 That the Tenant shall pay the rents reserved by and other monies made payable by this Lease on the days and in the manner specified in this Lease and shall duly observe and perform all the covenants and conditions on the tenant's part contained in this Lease.

1.2 That in case of default in such payment of rents or other monies or observance or performance of any of those covenants and conditions during the Term the Guarantor shall pay and make good to the Landlord on demand such default and shall indemnify the Landlord on demand against all losses, damages, costs and expenses thereby arising or incurred by the Landlord.

1.3 That the Tenant shall duly observe and perform all its obligations under any authorised guarantee agreement entered into by the Tenant pursuant to this Lease and that in case of default in such observance or performance of such obligations the Guarantor shall pay and make good to the Landlord on demand such default and shall indemnify the Landlord on demand against all losses, damages, costs and expenses thereby arising or incurred by the Landlord.

1.4 The liability of the Guarantor under those covenants shall not be in any way affected nor shall the Guarantor be released or exonerated by:

1.4.1 any neglect or forbearance of the Landlord in endeavouring to obtain payment of the rents or other monies when the same become payable or in enforcing the observance or performance of the tenant's covenants and the conditions in this Lease or any time or indulgence which may be given by the Landlord to the Tenant;

1.4.2 any variation, waiver, release or modification of any of the terms of this Lease (but subject always to Section 18 of the 1995 Act), or the granting of any consent under this Lease;

1.4.3 any refusal by the Landlord to accept rent tendered by or on behalf of the Tenant at a time when the Landlord is or reasonably considers itself entitled (or shall be after the service of a notice under Section 146 of the Law of Property Act 1925) to re-enter the Premises;

1.4.4 the surrender of any part of or other change or modification of or to the whole or any part of the Premises and in the event of a surrender of part the Guarantor's liability under this Lease shall continue in respect of the part of the Premises not surrendered;

1.4.5 any release by the Landlord of the Tenant or of any one or more of the persons (if more than one) acting as the Guarantor from any liability under this Lease; and

1.4.6 any other act or thing by which but for this provision the Guarantor would have been released.

2 That if this Lease is disclaimed or the Tenant otherwise ceases to be liable on its covenants in this Lease or to exist ("Event"), the Landlord may within six months after the Event by notice require the Guarantor to accept from the Landlord a new lease of the Premises:

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2.1 for a term equivalent to the residue which would have remained of the Term if there had been no Event;

2.2 at the same rents as are reserved in this Lease (including reviewed rents and so that if any review under this Lease is current but undetermined at the date of the Event, the rent first reserved by the new lease shall from the commencement of the new lease be the reviewed rent which in respect of the periods before and after such determination shall be payable on the terms contained in Schedule 7); and

2.3 subject to the like covenants and conditions as are contained in this Lease, the new lease and rights and liabilities under it to take effect commencing on the date of the Event; and

2.4 the Guarantor shall pay the Landlord's reasonable costs incurred by the Landlord in connection with the new lease and the Guarantor shall accept the new lease accordingly and shall execute and deliver to the Landlord a counterpart thereof.

3 That if the Landlord does not require the Guarantor to accept a new lease of the Premises in accordance with paragraph 2, the Guarantor shall nevertheless pay to the Landlord upon demand an amount equal to the rents and all other outgoings including the cost of reletting that would have been payable under this Lease but for the Event for the period commencing on the date of the Event and ending on whichever is the earlier of the date nine months after the date of the Event and the date on which the Premises are re-let by the Landlord and are fully income producing.

4 That without prejudice to the Landlord's rights to recover the sums and enforce the obligations under the guarantee and indemnity contained in and to the other provisions of this Schedule, on the approval of any company voluntary arrangement or individual voluntary arrangement in respect of the Tenant (or the implementation of any compromise or scheme of arrangement or any analogous procedure to any of the foregoing in any other jurisdiction) under which the Tenant's obligations to the Landlord are compromised in any way, the Guarantor, as principal covenantor, shall:

4.1 pay to the Landlord amounts equal to the sums that would have been payable to the Landlord by the Tenant or the Guarantor under this Lease on the days and in the manner specified in this Lease had such compromise not occurred; and

4.2 observe and perform all the covenants and conditions on the Tenant's or Guarantor's part in this Lease in respect of which there would have been an obligation to observe and perform had such compromise not occurred;

4.3 and the Guarantor's liability under this paragraph 4 shall not be affected in any way by the Landlord voting in favour of any such company voluntary arrangement or individual voluntary arrangement.

5 That the Guarantor waives any right to participate in any review of rent under this Lease and any rights the Guarantor may have of first requiring the Landlord to proceed against or claim payment from the Tenant or any other person.

6 The Guarantor may not whilst there are any monies due from the Tenant to the Landlord:

6.1 seek to recover from the Tenant, or any third party, whether directly or by way of set-off, lien, counterclaim or otherwise, or accept any money or other property or security, or exercise any rights in respect of, any sum which may be or become due to the Guarantor on account of the failure to observe and perform the covenants in this Lease;

6.2 in competition with the Landlord, claim, prove or accept any payment in a winding-up, liquidation, bankruptcy, composition with creditors or other form of arrangement on the Tenant's insolvency, for money owing to the Guarantor by the Tenant; nor

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6.3 exercise any right or remedy in respect of an amount paid by the Guarantor under this Lease, or any liability incurred by the Guarantor in observing and performing its covenants in this Lease.

7 The Guarantor warrants that it has not taken and undertakes with the Landlord that it shall not take without the Landlord's consent any security from the Tenant in respect of the provisions in this Schedule and if any security is nevertheless taken it shall be held on trust for the Landlord as security for the liabilities of the Tenant.

8 Anything done, omitted or agreed by the Tenant is done, omitted or agreed with the concurrence of the Guarantor.

9 The Guarantor provides the covenants in this Schedule as principal covenantor.

10 For the purposes of this Schedule, references to the Tenant are to the Tenant in relation to whom the Guarantor's guarantee is given but not any lawful assignee of such Tenant.

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SCHEDULE 7

Rent Review

1 For the purposes of this Schedule, the following expressions shall mean:

Review Period a period beginning on any Review Date and ending on the day before the next Review Date or if none until the end of the Term.

Market Rent the clear yearly rent at which the Premises might reasonably be expected to be let in the open market with vacant possession by a willing landlord to a willing tenant without payment of any premium or other payment by or to the willing tenant after the expiry of a rent free period or other allowance that the willing tenant would require for the time required to be spent in fitting out the Premises;

Assuming that at the Review Date:

1.1.1 the term shall commence on the Review Date and that the rent is payable from then;

1.1.2 the term shall be equal in duration to the residue of the Term unexpired at the Review Date (but being not less than 10 years);

1.1.3 the lease shall contain the same terms as this Lease except for the term and the rent firstly reserved by this Lease, but including the same provisions for rent review as are contained in this Lease but effective from every fifth anniversary of the Review Date;

1.1.4 the Premises may be lawfully occupied and used for any use permitted under this Lease or by any deed varying this Lease or by any consent given pursuant to this Lease;

1.1.5 the Premises are ready for immediate use and occupation for trading by the willing tenant for any use permitted under this Lease and are fully fitted out and equipped to meet the requirements of the willing tenant;

1.1.6 all the covenants and conditions in this Lease have been fully complied with, save where the Landlord is in material and persistent breach of its covenants;

1.1.7 if the Premises have been destroyed or damaged (or made unfit for use and occupation), they have been fully reinstated and rendered fit for use and occupation;

1.1.8 no work has been carried out on or to the Premises before or during the Term which has diminished the rental value of the Premises;

1.1.9 there is not in operation any statute, order, instrument, regulation or direction which has the effect of regulating or restricting the amount of rent for the Premises which might otherwise be payable;

But disregarding:

1.1.10 any effect on rent of the fact that the Tenant has been in occupation of the Premises;

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1.1.11 any goodwill attached to the Premises by reason of the carrying on at the Premises of the business of the Tenant; and

1.1.12 any increase in rental value of the Premises attributable to the existence at the Review Date of any alterations and/or improvement to the Premises carried out by the Tenant with the prior written consent of the Landlord where required, other than those:

1.1.12.1 made pursuant to an obligation to the Landlord or in the case of an undertenant to its immediate reversioner; or

1.1.12.2 completed more than 21 years before the Review Date; or

1.1.12.3 for which the Landlord has made or is under an obligation to make a financial contribution;

and in paragraphs 1.1.10-1.1.12 (inclusive), references to the "Tenant" include predecessors in title to the Premises of the Tenant and any person claiming title to the Premises through or under the Tenant or any of them.

Review Date the **[ ]** day of **[ ]** in the year 20**[ ]** and references to Review Date in this Schedule shall be to that date or any postponed date in accordance with paragraph 7) as is relevant in the circumstances;

Reviewed Rent the greater of:

(a) the yearly rent payable under this Lease immediately prior to the Review Date (or if payment has been prevented, suspended or restricted, the rent which would have been payable had there been no prevention, suspension or restriction); and

(b) the Market Rent of the Premises at the Review Date.

2 The yearly rent payable under this Lease shall be reviewed on the Review Date and with effect from and including the Review Date the Reviewed Rent (as agreed or determined in accordance with this Schedule) shall become payable as the yearly rent reserved by this Lease.

3.1 The Landlord and the Tenant (or their respective surveyors) may at any time consult together and endeavour to reach agreement as to the amount of the Market Rent

3.2 If the Landlord and the Tenant (or their respective surveyors) shall fail so to consult or to agree upon the Market Rent by the Review Date (or within such extended period as the Landlord and the Tenant mutually agree in writing) the determination of the Market Rent may at the instance of either party be referred to a duly qualified independent surveyor ("Surveyor") to be appointed by agreement between the Landlord and the Tenant and in default of such agreement to be appointed on the application of either party by the President or any Vice-President for the time being of the Royal Institution of Chartered Surveyors (who shall from time to time if necessary appoint a successor or successors) to act as an arbitrator in accordance with the Arbitration Act 1996.

3.3 The Surveyor appointed must be a chartered surveyor experienced in the letting and/or valuation of properties of a similar type and in the same region as the Premises.

3.4 If the Surveyor refuses to act, becomes incapable of acting or dies, the Landlord or the Tenant may seek to agree or require the appointment of another surveyor in

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accordance with paragraph 3 and references to "Surveyor" in paragraph 3 shall include the replacement surveyor.

3.5 The costs of the Surveyor (including the costs of appointment) shall be paid as determined by the Surveyor or in the absence of such determination by the Landlord and Tenant in equal shares.

3.6 One party may pay the costs required to be borne by another party if they remain unpaid for more than 14 days after they become due, and then recover them and any incidental expenses incurred from that other party on demand.

4 The Landlord and the Tenant may at any time before the Market Rent is determined by the Surveyor settle the amount of the Reviewed Rent.

5 Immediately after the Market Rent has from time to time been agreed or determined in accordance with this Schedule, a memorandum specifying the Reviewed Rent shall be recorded in writing by separate instrument and signed by or on behalf of the Landlord and the Tenant and shall at all times thereafter be conclusive evidence of the amount of the yearly rent then payable.

6 If the Market Rent shall for any reason not have been agreed or determined prior to the Review Date, the Tenant shall continue to pay rent at the rate payable immediately prior to the Review Date until the Market Rent shall have been agreed or determined, and upon the date ("Due Date") 14 days after the date of such agreement or determination there shall be payable (in addition to any rent then due and payable at the rate of the Reviewed Rent):

6.1 such sum ("Addition") as with the rent already paid for the period from and after the Review Date down to the Quarter Day following the Due Date will equal the total amount of the Reviewed Rent payable for that period; and

6.2 interest at Base Rate calculated on a daily basis on each of the instalments of the Addition from the time that it would have become due for payment if the Market Rent had been agreed or determined prior to the Review Date, to the Due Date.

7 If at any Review Date the Landlord is prevented by any Legislation from reviewing the rent pursuant to this Schedule or recovering any Reviewed Rent, then the Landlord may by written notice to the Tenant postpone such Review Date to the first day upon which such review may lawfully be implemented or the Reviewed Rent lawfully recovered, but if the Landlord shall not so require, then the Review Date shall be that specified in this Lease or as otherwise stipulated or permitted by such Legislation.

8 Time is not of the essence in relation to this Schedule.

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SCHEDULE 8

Service Charge

Part 1

1 Services

1.1 The "Services" are:

1.1.1 the obligations on the Landlord pursuant to clause 4.2; and

1.1.2 the services set out in Part 2 of this Schedule

2 Service Costs

2.1 The "Service Costs" are all costs and expenses incurred by the Landlord in the operation and management of the Building and the provision of the Services to it including without limitation:

2.1.1 the cost of providing the Services;

2.1.2 the cost of all fuel or other energy sources for any plant used in connection with the provision of the Services

2.1.3 any costs which the Landlord may be required to pay to other parties in respect of the Title Matters (except for rent under any Superior Lease) or as a contribution to the cost of the Services or to the repair decoration inspecting testing maintenance or renewal of any areas or structures used in common with other parties

2.1.4 any outgoings and any other property used exclusively (or substantially so) in connection with the provision of the Services

2.1.5 the cost of preparing submitting and settling any insurance claims relating to the Building

2.1.6 the cost of employing or retaining managing agents for the Building

2.1.7 the cost of employing or retaining staff to provide the Services including all incidental expenditure relating to that employment which without limitation shall include expenditure on pensions insurance health welfare industrial training levies redundancy clothing tools machinery equipment and vehicles which in each case the Landlord considers are required for the proper performance by the staff in question of their duties

2.1.8 all professional charges fees and expenses payable by the Landlord in respect of any of the Services or the Service Costs

2.1.9 during any period for which the Landlord does not employ independent managing agents to manage the Building a sum retainable by the Landlord equal to the charges which a firm of surveyors based in central London might reasonably be expected to make for managing the Building

2.1.10 all VAT payable by the Landlord in respect of the Service Costs insofar as it is not recoverable by the Landlord as an input

3 Calculation and Payment of Service Charge

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3.1 The Landlord will notify the Tenant before or during any Service Charge Period of the Estimated Service Charge payable by the Tenant during that Service Charge Period

3.2 The Tenant shall pay the Estimated Service Charge by four equal quarterly instalments on the usual quarter days

3.3 The Landlord may revise the Estimated Service Charge having regard to the anticipated Total Service Costs for the relevant Service Charge Period and the Tenant shall pay to the Landlord any additional Estimated Service Charge which may become due as a result within seven days of demand

3.4 As soon as practicable after each Service Charge Account Date but no later than 12 months after the Service Charge Period the Landlord will supply the Tenant with a Service Charge Statement showing:

3.4.1 the Total Service Costs for the Service Charge Period; and

3.4.2 the Service Charge for the Service Charge Period.

3.5 If the Service Charge exceeds the Estimated Service Charge the Tenant shall pay the excess to the Landlord within 21 days of receipt of the Service Charge Statement

3.6 If the Service Charge is less than the Estimated Service Charge then the shortfall shall be paid by the Landlord to the Tenant within 28 days of receipt by the Tenant of the Service Charge Statement provided that the Tenant is not in arrears of any sums properly due to the Landlord under this Lease

3.7 For a period of 6 months after delivery of the Service Charge Statement the Landlord will make available any receipts or invoices evidencing expenditure of the Total Service Costs for inspection by the Tenant at the offices of the Landlord during normal business hours by appointment

3.8 In relation to the payments due from the Tenant under this paragraph the parties hereto agree to use reasonable endeavours to comply with the Guide save where the Guide is inconsistent with this Lease when this Lease shall prevail

3.9 The provisions of this Schedule shall remain in force until after the end of the Service Charge Period in which determination of this lease occurs but;

3.9.1 any Service Charge payable under paragraph 3.4.2 shall be apportioned by reference to a daily rate for the Total Service Costs for that Service Charge Period and

3.9.2 any Service Charge which is to be refunded under paragraph 3.6 shall be apportioned by reference to a daily rate for the Total Service Costs for that Service Charge Period

Part 2

The Services are:

1 the repair decoration inspection testing maintenance and renewal of the [Retained Property or the Building if separately defined]

2 the cleaning of the Common Parts and the exterior of the Building including the exterior of all windows

3 the provision of lighting to the Common Parts when required

4 the provision of heating to the Common Parts when required

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5 the provision of air-conditioning to the Common Parts when required

6 the carpeting furnishing and equipping of the Common Parts

7 the provision of hot and cold water to any hot or cold taps in the Common Parts

8 the provision of towels soap and other requisites to any toilets in the Common Parts

9 the provision of all proper equipment to any kitchen in the Common Parts

10 the provision and operation in the Common Parts of such fire prevention fire fighting and fire alarm equipment and signs as may be required by any Authority or by the Insurers

11 the provision and operation of any signboard

12 the provision of refuse bins and the operation of a refuse collection service for the Building

13 the provision and operation of a security patrol and/or security observation system and/or other security equipment for the Building or the Common Parts

14 the maintenance of the grounds of the Building

15 the provision and operation of any plant

16 the provision either permanently or at times which the Landlord reasonably considers appropriate of pictures floral displays flags decorative lights and other decorations in the Common Parts

17 the provision and maintenance of appropriate or useful signs or notices in the Common Parts or visible from the Common Parts or from outside the Building

18 the provision of any other services which the Landlord from time to time reasonably considers appropriate having regard to the principles of good estate management

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Executed as a Deed by the affixing of the COMMON SEAL of **ROYAL MAIL GROUP LIMITED** in the presence of:)

a person authorised by Royal Mail Group Limited to act for that purpose)

Executed as a Deed by the affixing of the COMMON SEAL of **POST OFFICE LIMITED** in the presence of:)

a person authorised by Post Office Limited to act for that purpose)

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Alternative provisions where Tenant to pay a contribution and not full service charge

3.7 **To Pay a Common Contribution**

3.7.1 To pay to the Landlord within 20 Working Days of written demand the Tenant's Proportion of the cost reasonably and properly incurred by the Landlord in relation to:-

3.7.1.1 [the Landlord performing its obligations under clause 4.2];

3.7.1.2 [all costs payable for the maintenance, repair, lighting, cleaning and renewal of all Service Systems, Common Parts, structures and other items used or capable of being used by the Premises [in common with other property;][1]

3.7.1.3 [all costs payable by the Landlord for the maintenance, repair, lighting, cleaning and renewal of all Service Systems, structures and other items not within the [Site/Building] but used or capable of being used by the [Site/Building/Premises] in common with other land]

3.7.2 The Landlord will provide the Tenant with as much notice as is reasonably practicable of any proposed major works and endeavour to provide copies of any estimates obtained for the works together with an estimate of the Tenant's Proportion.

[1] The parties will apply common sense and use appropriate provisions depending on the nature and configuration of the relevant property.

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RM/POL Transfers (Without Prejudice)
Index

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Source FH, LLH	Source FH and LLH data **(Ignore)**
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CAT2 T'fer	CAT 2 Shared RM/MSP Sites
CAT3 T'fer	CAT 3 Shared RM/POL Site **(Note there are varying transfer bases)**
CAT4 T'fer	CAT 4 Sole MSP Occupation
CAT5 T'fer	CAT 5 Major Offices **(Note specific agreements to apply)**
CIT T'fers	Cash units **(Varying agreements apply)**
Parking	CIT Parking
LH MSP Tr	Leasehold MSP assignments/sub leases
Short LH	Not generally for transfer but a number of assignments required due to title issues
Old St	148 Old Street - Specific arrangements
Not in Scope	FH and LLH properties deemed out of scope
Control	Reconciliation **(Ignore)**
New RU's	Possible new Rental Units to be created
POL to RM T'fer	Ecclestone Street where RM are tenant of POL. Sub lease required

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Legal Title Number	BE No	BE Name	Street/House No	City	Pcd	RM Territory	Tenure	Site Type	PROPOSAL	RECONCILIATION TO TRANSFER PROPOSAL
	4	FUTURE WALK DO/RTW/OFF	1 FUTURE WALK	CHESTERFIELD	S49 1PF	NORTH EAST ENGLAND	FREEHOLD	Shared Site	RM to take 999 year lease?	CAT 5 Future Walk
	53	WATERLOO MSP	LORNE ROAD	LIVERPOOL	L22 0NH	NORTH WEST ENGLAND	FREEHOLD LONG LEASE	Ext MSP/FPO in RMG site	Transfer of POL Demise	CAT 4 Sole MSP Occupation
	82	DONCASTER CO/OFF	24 PRIORY PLACE	DONCASTER	DN1 1AD	NORTH EAST ENGLAND	FREEHOLD	Shared Site	Transfer of whole	CAT 1 Sole POL Occupation
	95	SCUNTHORPE FPO	5 COLE STREET	SCUNTHORPE	DN15 6RA	NORTH EAST ENGLAND	FREEHOLD LONG LEASE	Ext MSP/FPO in RMG site	Transfer of POL Demise	CAT 4 Sole MSP Occupation
	102	ROYTON MSP	60 ROCHDALE ROAD	OLDHAM	OL2 6QQ	NORTH WEST ENGLAND	FREEHOLD LONG LEASE	Ext MSP/FPO in RMG site	Transfer of POL Demise	CAT 4 Sole MSP Occupation
	140	NORTHFIELD DO/FPO	773 BRISTOL ROAD SOUTH	BIRMINGHAM	B31 2NJ	MIDLANDS	FREEHOLD	Ext MSP/FPO in RMG site	Transfer of POL Demise	CAT 2 Shared RM/MSP Sites
	146	SMETHWICK DO/MSP	TRINITY STREET	SMETHWICK	B67 7AB	MIDLANDS	FREEHOLD	Ext MSP/FPO in RMG site	Transfer of POL Demise	CAT 2 Shared RM/MSP Sites
	147	SOLIHULL DO/CO	44C DRURY LANE	SOLIHULL	B91 3AA	MIDLANDS	LONG LEASEHOLD	Shared Site	Transfer of POL Demise	**CAT 3 Shared RM/POL Site**
	169	CASTLE BROMWICH DO/ST/PAR	TAMESIDE DRIVE	BIRMINGHAM	B35 7AQ	MIDLANDS	FREEHOLD	Shared Site	Term Certain MSA, then ann Lic	CAT 8 Parking
	212	KIRKBY LONSDALE MSP	15 NEW ROAD	CARNFORTH	LA6 2AA	NORTH WEST ENGLAND	FREEHOLD LONG LEASE	Ext MSP/FPO in RMG site	Transfer of POL Demise	CAT 4 Sole MSP Occupation
	232	PARKSTONE DO/MSP/OFF/ST	27 BOURNEMOUTH ROAD	POOLE	BH14 0EL	SOUTH WEST ENGLAND	FREEHOLD	Ext MSP/FPO in RMG site	Transfer of POL Demise	CAT 2 Shared RM/MSP Sites
	234	WESTBOURNE DO/CO	10-12 SEAMOOR ROAD	BOURNEMOUTH	BH4 9AP	SOUTH WEST ENGLAND	FREEHOLD	Shared Site	Transfer of POL Demise	CAT 3 Shared RM/POL Site
	246	SHARSTON MSP/WYTHENSHAWE DO	240 ALTRINCHAM ROAD	MANCHESTER	M22 9SB	NORTH WEST ENGLAND	LONG LEASEHOLD	Ext MSP/FPO in RMG site	Transfer of POL Demise	**CAT 2 Shared RM/MSP Sites**
	260	SHERBORNE DO/MSP/IND/ST	47 CHEAP STREET	SHERBORNE	DT9 3AL	SOUTH WEST ENGLAND	FREEHOLD PART LEASEHOLD	Ext MSP/FPO in RMG site	Transfer of POL Demise	CAT 2 Shared RM/MSP Sites
	272	DORSET MC/MED/DO/CIT	WITNEY ROAD	POOLE	BH17 0AA	SOUTH WEST ENGLAND	FREEHOLD PART LEASEHOLD	Shared Site	Licence or 20 year lease	CAT 7 Dorset MC CIT Licence
	315	KEYNSHAM DO/CO	ASHTON WAY	BRISTOL	BS31 2GY	SOUTH WEST ENGLAND	FREEHOLD	Shared Site	Transfer of POL Demise	CAT 3 Shared RM/POL Site
	316	KINGSWOOD DO/CO	HANHAM ROAD	BRISTOL	BS15 8PN	SOUTH WEST ENGLAND	FREEHOLD	Shared Site	Transfer of POL Demise	CAT 3 Shared RM/POL Site
	329	YATE DO/CO	1 SOUTH PARADE	BRISTOL	BS37 4DG	SOUTH WEST ENGLAND	LONG LEASEHOLD	Shared Site	Transfer of POL Demise	CAT 3 Shared RM/POL Site
	331	NAILSEA DO/CO	CROWN GLASS PLACE	BRISTOL	BS48 1RA	SOUTH WEST ENGLAND	LONG LEASEHOLD	Shared Site	Transfer of POL Demise	CAT 3 Shared RM/POL Site
	406	ABERGAVENNY DO/CO	1 ST JOHNS SQUARE	ABERGAVENNY	NP7 5AZ	WALES	FREEHOLD PART LEASEHOLD	Shared Site	Transfer of POL Demise	CAT 3 Shared RM/POL Site
	425	SEDBERGH MSP/RES	26 MAIN STREET	SEDBERGH	LA10 5AA	NORTH WEST ENGLAND	FREEHOLD LONG LEASE	Ext MSP/FPO in RMG site	Transfer of POL Demise	CAT 4 Sole MSP Occupation
	484	LEAMINGTON SPA DO/FPO	1 PRIORY TERRACE	LEAMINGTON SPA	CV31 1AA	MIDLANDS	FREEHOLD	Ext MSP/FPO in RMG site	Transfer of POL Demise	CAT 2 Shared RM/MSP Sites
	494	HIGH HOLBORN CO/OFF	181 HIGH HOLBORN	LONDON	WC1V 7RL	LONDON	LONG LEASEHOLD	Shared Site	20 Year P' corn + Dev Prof	CAT 3 20 Year Peppercorn + Dev Prof
	517	AMMANFORD MSP	4A QUAY STREET	AMMANFORD	SA18 3DE	WALES	FREEHOLD LONG LEASE	Ext MSP/FPO in RMG site	Transfer of POL Demise	CAT 4 Sole MSP Occupation
	536	DERBY MC/CO/RTW/OFF	MIDLAND ROAD	DERBY	DE1 1AA	MIDLANDS	FREEHOLD	Shared Site	20 Year Peppercorn	CAT 3 20 Year Peppercorn
	545	MATLOCK DO/CO	14 BANK ROAD	MATLOCK	DE4 3AA	MIDLANDS	FREEHOLD	Shared Site	Transfer of POL Demise	CAT 3 Shared RM/POL Site
	574	HORFIELD FPO	305 GLOUCESTER ROAD	BRISTOL	BS7 8PF	SOUTH WEST ENGLAND	FREEHOLD LONG LEASE	Ext MSP/FPO in RMG site	Transfer of POL Demise	CAT 4 Sole MSP Occupation
	607	EXMOUTH DO/CO/RET	1 CHURCH STREET	EXMOUTH	EX8 1AA	SOUTH WEST ENGLAND	FREEHOLD	Shared Site	Transfer of POL Demise	CAT 3 Shared RM/POL Site
	610	OKEHAMPTON DO/MSP	8 GEORGE STREET	OKEHAMPTON	EX20 1HW	SOUTH WEST ENGLAND	FREEHOLD PART LEASEHOLD	Ext MSP/FPO in RMG site	Transfer of POL Demise	CAT 2 Shared RM/MSP Sites
	613	BIDEFORD DO/CO	THE QUAY	BIDEFORD	EX39 2EX	SOUTH WEST ENGLAND	FREEHOLD	Shared Site	Transfer of POL Demise	CAT 3 Shared RM/POL Site
	624	PAIGNTON DO/CO	18 DENDY ROAD	PAIGNTON	TQ4 5BX	SOUTH WEST ENGLAND	FREEHOLD	Shared Site	Transfer of POL Demise	CAT 3 Shared RM/POL Site
	627	TEIGNMOUTH DO/CO	DEN ROAD	TEIGNMOUTH	TQ14 8AA	SOUTH WEST ENGLAND	FREEHOLD	Shared Site	Transfer of POL Demise	CAT 3 Shared RM/POL Site
	663	FARNHAM DO/CO	107 WEST STREET	FARNHAM	GU9 7LQ	SOUTH EAST ENGLAND	FREEHOLD	Shared Site	Transfer of POL Demise	CAT 3 Shared RM/POL Site
	682	PETERSFIELD DO/CO	29 THE SQUARE	PETERSFIELD	GU32 3HG	SOUTH EAST ENGLAND	FREEHOLD	Shared Site	Transfer of POL Demise	CAT 3 Shared RM/POL Site
	690	MALVERN DO/MSP/OFF	1 ABBEY ROAD	MALVERN	WR14 3HJ	MIDLANDS	FREEHOLD	Ext MSP/FPO in RMG site	Transfer of POL Demise	CAT 2 Shared RM/MSP Sites
	743	ALDEBURGH MSP	119 HIGH STREET	ALDEBURGH	IP15 5AA	ANGLIA	FREEHOLD LONG LEASE	Ext MSP/FPO in RMG site	Transfer of POL Demise	CAT 4 Sole MSP Occupation
	763	NORTHOLT DO/CO	46 MANDEVILLE ROAD	NORTHOLT	UB5 5AA	THAMES VALLEY	FREEHOLD	Shared Site	Transfer of POL Demise	CAT 3 Shared RM/POL Site
	766	PINNER DO/CO	67 BRIDGE STREET	PINNER	HA5 3JB	THAMES VALLEY	FREEHOLD	Shared Site	Transfer of POL Demise	CAT 3 Shared RM/POL Site
	797	RAMSGATE MSP	42-48 HIGH STREET	RAMSGATE	CT11 9AA	SOUTH EAST ENGLAND	FREEHOLD	Ext MSP/FPO in RMG site	No Transfer	CAT 4 Sole MSP Under Offer
	807	STROOD MSP	13-17 NORTH STREET	ROCHESTER	ME2 4SL	SOUTH EAST ENGLAND	FREEHOLD LONG LEASE	Ext MSP/FPO in RMG site	Transfer of POL Demise	CAT 4 Sole MSP Occupation
	842	INGATESTONE MSP/PAR	HIGH STREET	INGATESTONE	CM4 9ET	ANGLIA	FREEHOLD	Ext MSP/FPO in RMG site	No Transfer	CAT 4 Sole MSP Under Offer
	897	LISKEARD DO/CO	THE PARADE	LISKEARD	PL14 6AA	SOUTH WEST ENGLAND	FREEHOLD	Shared Site	Transfer of POL Demise	CAT 3 Shared RM/POL Site
	902	NEWQUAY DO/CO	EAST STREET	NEWQUAY	TR7 1BU	SOUTH WEST ENGLAND	FREEHOLD	Shared Site	Transfer of POL Demise	CAT 3 Shared RM/POL Site
	914	REDRUTH DO/CO/RTW	61 FORE STREET	REDRUTH	TR15 2AA	SOUTH WEST ENGLAND	FREEHOLD	Shared Site	Transfer of POL Demise	CAT 3 Shared RM/POL Site
	917	CAMBORNE DO/CO/OFF	15 CHAPEL STREET	CAMBORNE	TR14 8EQ	SOUTH WEST ENGLAND	FREEHOLD	Shared Site	Transfer of POL Demise	CAT 3 Shared RM/POL Site
	954	NORTH END FPO	8 DERBY ROAD	PORTSMOUTH	PO2 8HS	SOUTH WEST ENGLAND	FREEHOLD LONG LEASE	Ext MSP/FPO in RMG site	Transfer of POL Demise	CAT 4 Sole MSP Occupation
	960	CATERHAM MSP	19 STATION AVENUE	CATERHAM	CR3 6LB	SOUTH EAST ENGLAND	FREEHOLD LONG LEASE	Ext MSP/FPO in RMG site	Transfer of POL Demise	CAT 4 Sole MSP Occupation
	967	BOGNOR REGIS DO/CO	HIGH STREET	BOGNOR REGIS	PO21 1RG	SOUTH WEST ENGLAND	FREEHOLD	Shared Site	Transfer of POL Demise	CAT 3 Shared RM/POL Site

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	982	ILMINSTER MSP	16-18 EAST STREET	ILMINSTER	TA19 0AJ	SOUTH WEST ENGLAND	FREEHOLD LONG LEASE	Ext MSP/FPO in RMG site	Transfer of POL Demise	CAT 4 Sole MSP Occupation
	987	PORTSMOUTH MC/CO/MED/CIT	SLINDON STREET	PORTSMOUTH	PO1 1AA	SOUTH WEST ENGLAND	FREEHOLD	Shared Site	20 Year Peppercorn	CAT 3 20 Year Peppercorn
	1028	BETHNAL GREEN FPO	223-227 BETHNAL GREEN ROAD	LONDON	E2 6AB	LONDON	FREEHOLD LONG LEASE	Ext MSP/FPO in RMG site	Transfer of POL Demise	CAT 4 Sole MSP Occupation
	1036	ASCOT DO/MSP	KINGS ROAD	ASCOT	SL5 9AA	THAMES VALLEY	FREEHOLD	Ext MSP/FPO in RMG site	Transfer of POL Demise	CAT 2 Shared RM/MSP Sites
	1057	NEWBURY DO/CO	39 CHEAP STREET	NEWBURY	RG14 5BS	THAMES VALLEY	FREEHOLD	Shared Site	Transfer of POL Demise	CAT 3 Shared RM/POL Site
	1074	RICKMANSWORTH MSP	64 HIGH STREET	RICKMANSWORTH	WD3 1AA	THAMES VALLEY	FREEHOLD LONG LEASE	Ext MSP/FPO in RMG site	Transfer of POL Demise	CAT 4 Sole MSP Occupation
	1082	WINDSOR DO/CO/RET	WILLIAM STREET	WINDSOR	SL4 1AA	THAMES VALLEY	FREEHOLD	Shared Site	20 Year P' corn + Dev Prof	CAT 3 20 Year Peppercorn + Dev Prof
	1084	WOKINGHAM DO/CO	16 BROAD STREET	WOKINGHAM	RG40 1AA	THAMES VALLEY	FREEHOLD	Shared Site	Transfer of POL Demise	CAT 3 Shared RM/POL Site
	1096	FOWEY MSP	4 CUSTOM HOUSE HILL	FOWEY	PL23 1AA	SOUTH WEST ENGLAND	FREEHOLD	Ext MSP/FPO in RMG site	No Transfer	CAT 4 Sole MSP Under Offer
	1097	WEST HAMPSTEAD FPO	128-130 WEST END LANE	LONDON	NW6 1SX	THAMES VALLEY	FREEHOLD LONG LEASE	Ext MSP/FPO in RMG site	Transfer of POL Demise	CAT 4 Sole MSP Occupation
	1099	MORETON IN MARSH MSP	NEW ROAD	MORETON IN MARSH	GL56 0AS	THAMES VALLEY	FREEHOLD	Ext MSP/FPO in RMG site	No Transfer	CAT 4 Sole MSP Under Offer
	1124	STOKE ON TRENT DO/CIT	LEEK ROAD	STOKE ON TRENT	ST4 2AX	MIDLANDS	FREEHOLD	Shared Site	Licence/lease? (With POL)	**CAT 7 Stoke on Trent CIT Lic**
	1125	ROMSEY DO/CO	15-23 CHURCH STREET	ROMSEY	SO51 8XA	SOUTH WEST ENGLAND	FREEHOLD	Shared Site	Transfer of POL Demise	CAT 3 Shared RM/POL Site
	1132	UTTOXETER DO/MSP/GAR	13-15 CARTER STREET	UTTOXETER	ST14 8HE	MIDLANDS	FREEHOLD	Ext MSP/FPO in RMG site	Transfer of POL Demise	CAT 2 Shared RM/MSP Sites
	1146	ST MARY MSP/RES	HUGH STREET	ISLES OF SCILLY	TR21 0LR	SOUTH WEST ENGLAND	FREEHOLD	Ext MSP/FPO in RMG site	No Transfer	CAT 4 Sole MSP Under Offer
	1171	ANDOVER DO/CO	32 BRIDGE STREET	ANDOVER	SP10 1AA	SOUTH WEST ENGLAND	FREEHOLD	Shared Site	Transfer of POL Demise	CAT 3 Shared RM/POL Site
	1193	MELKSHAM DO/CO/LAN	31-31A CHURCH STREET	MELKSHAM	SN12 6ZZ	THAMES VALLEY	FREEHOLD	Shared Site	No Transfer	CAT 3 Under Offer
	1216	NEATH DO/CO/IND	20 WINDSOR ROAD	NEATH	SA11 1LT	WALES	FREEHOLD PART LEASEHOLD	Shared Site	Transfer of POL Demise	CAT 3 Shared RM/POL Site
	1238	SWINDON ST/OFF/GAR/MED	WHEATSTONE ROAD	SWINDON	SN3 5HG	THAMES VALLEY	FREEHOLD	Shared Site	Transfer of POL Demise	CAT 5 Swindon 4, 4a, 5
	1283	TROWBRIDGE DO/CO/RTW	1A ROUNDSTONE STREET	TROWBRIDGE	BA14 8DA	SOUTH WEST ENGLAND	FREEHOLD	Shared Site	Transfer of POL Demise	CAT 3 Shared RM/POL Site
	1299	WALSALL DO/CO	DARWALL STREET	WALSALL	WS1 1AA	MIDLANDS	FREEHOLD	Shared Site	Transfer of POL Demise	CAT 3 Shared RM/POL Site
	1315	RUGELEY DO/MSP	18 ANSON STREET	RUGELEY	WS15 2BE	MIDLANDS	FREEHOLD	Ext MSP/FPO in RMG site	Transfer of POL Demise	CAT 2 Shared RM/MSP Sites
	1323	GRANTHAM DO/CO	18-20 ST PETERS HILL	GRANTHAM	NG31 6AA	MIDLANDS	FREEHOLD	Shared Site	Transfer of POL Demise	CAT 3 Shared RM/POL Site
	1324	HUCKNALL DO/FPO	59 HIGH STREET	NOTTINGHAM	NG15 7AA	MIDLANDS	FREEHOLD	Ext MSP/FPO in RMG site	Transfer of POL Demise	CAT 2 Shared RM/MSP Sites
	1354	EASTBOURNE DO/CIT	3 UPPERTON ROAD	EASTBOURNE	BN21 1AA	SOUTH EAST ENGLAND	FREEHOLD	Shared Site	**20 Year Lease**	CAT 3 CIT Licence
	1365	LANCING DO/CO	40 NORTH ROAD	LANCING	BN15 9AA	SOUTH EAST ENGLAND	FREEHOLD	Shared Site	Transfer of POL Demise	CAT 3 Shared RM/POL Site
	1379	WORTHING DO/CO	CHAPEL ROAD	WORTHING	BN11 1AA	SOUTH EAST ENGLAND	FREEHOLD	Shared Site	Transfer of POL Demise	CAT 3 Shared RM/POL Site
	1401	ORPINGTON DO/CO	VINSON CLOSE	ORPINGTON	BR6 0PJ	SOUTH EAST ENGLAND	FREEHOLD	Shared Site	Transfer of POL Demise	CAT 3 Shared RM/POL Site
	1403	SWANLEY DO/MSP	LONDON ROAD	SWANLEY	BR8 7AA	SOUTH EAST ENGLAND	FREEHOLD	Shared Site	Transfer of POL Demise	CAT 2 Shared RM/MSP Sites
	1414	FAVERSHAM DO/CO/IND	EAST STREET	FAVERSHAM	ME13 8AA	SOUTH EAST ENGLAND	FREEHOLD	Shared Site	Transfer of POL Demise	CAT 3 Shared RM/POL Site
	1431	SITTINGBOURNE DO/CO	CENTRAL AVENUE	SITTINGBOURNE	ME10 4AA	SOUTH EAST ENGLAND	FREEHOLD	Shared Site	Transfer of POL Demise	CAT 3 Shared RM/POL Site
	1436	SHEERNESS DO/CO	33 BROADWAY	SHEERNESS	ME12 1AA	SOUTH EAST ENGLAND	FREEHOLD	Shared Site	Transfer of POL Demise	CAT 3 Shared RM/POL Site
	1447	SUTTON DO/CO	19 GROVE ROAD	SUTTON	SM1 1AA	SOUTH EAST ENGLAND	FREEHOLD	Shared Site	Transfer of POL Demise	CAT 3 Shared RM/POL Site
	1470	NEW MALDEN DO/CO	150 HIGH STREET	NEW MALDEN	KT3 4ER	SOUTH EAST ENGLAND	FREEHOLD	Shared Site	Transfer of POL Demise	CAT 3 Shared RM/POL Site
	1473	WALTON ON THAMES DO/MSP/RTW	73 HERSHAM ROAD	WALTON ON THAMES	KT12 1LN	SOUTH EAST ENGLAND	FREEHOLD	Ext MSP/FPO in RMG site	Transfer of POL Demise	CAT 2 Shared RM/MSP Sites
	1480	CRAWLEY DO/CO/IND	7 THE BOULEVARD	CRAWLEY	RH10 1AA	SOUTH EAST ENGLAND	FREEHOLD	Shared Site	20 Year P' corn + Dev Prof	CAT 3 20 Year Peppercorn + Dev Prof
	1483	DORKING DO/CO	175 HIGH STREET	DORKING	RH4 1SA	SOUTH EAST ENGLAND	FREEHOLD	Shared Site	Transfer of POL Demise	CAT 3 Shared RM/POL Site
	1497	BEXHILL ON SEA DO/CO/RES	DEVONSHIRE SQUARE	BEXHILL ON SEA	TN40 1AA	SOUTH EAST ENGLAND	FREEHOLD	Shared Site	Transfer of POL Demise	CAT 3 Shared RM/POL Site
	1507	SEVENOAKS DO/CO	SOUTH PARK	SEVENOAKS	TN13 1AA	SOUTH EAST ENGLAND	FREEHOLD	Shared Site	Transfer of POL Demise	CAT 3 Shared RM/POL Site
	1539	HAVERHILL DO/CO/ST	11 HIGH STREET	HAVERHILL	CB9 8AB	ANGLIA	FREEHOLD	Shared Site	Transfer of POL Demise	CAT 3 Shared RM/POL Site
	1543	NEWMARKET DO/CO	103 HIGH STREET	NEWMARKET	CB8 8JJ	ANGLIA	FREEHOLD	Shared Site	Transfer of POL Demise	CAT 3 Shared RM/POL Site
	1551	BASILDON DO/CO	25 EAST SQUARE	BASILDON	SS14 1AA	ANGLIA	FREEHOLD	Shared Site	Transfer of POL Demise	CAT 3 Shared RM/POL Site
	1554	BISHOPS STORTFORD DO/CO/RET	102 SOUTH STREET	BISHOPS STORTFORD	CM23 3AA	ANGLIA	FREEHOLD	Shared Site	Transfer of POL Demise	CAT 3 Shared RM/POL Site
	1573	HARLOW DO/CO/RTW	1 STONE CROSS	HARLOW	CM20 1AA	ANGLIA	FREEHOLD	Shared Site	Transfer of POL Demise	CAT 3 Shared RM/POL Site
	1606	POTTERS BAR DO/CO	123-125 DARKES LANE	POTTERS BAR	EN6 1BT	THAMES VALLEY	FREEHOLD	Shared Site	No Transfer	CAT 3 Under Offer
	1614	DEREHAM DO/CO	QUEBEC STREET	DEREHAM	NR19 2AA	ANGLIA	FREEHOLD	Shared Site	Transfer of POL Demise	CAT 3 Shared RM/POL Site
	1615	DISS DO/CO	7 MARKET PLACE	DISS	IP22 4AA	ANGLIA	FREEHOLD	Shared Site	Transfer of POL Demise	CAT 3 Shared RM/POL Site
	1619	FELIXSTOWE DO/CO	143 HAMILTON ROAD	FELIXSTOWE	IP11 7AA	ANGLIA	FREEHOLD	Shared Site	Transfer of POL Demise	CAT 3 Shared RM/POL Site
	1629	NORTH WALSHAM DO/CO/GAR	NEW ROAD	NORTH WALSHAM	NR28 9AA	ANGLIA	FREEHOLD	Shared Site	Transfer of POL Demise	CAT 3 Shared RM/POL Site
	1635	THETFORD DO/CO	1 MARKET PLACE	THETFORD	IP24 2AA	ANGLIA	FREEHOLD	Shared Site	Transfer of POL Demise	CAT 3 Shared RM/POL Site
	1642	WYMONDHAM NELSON HOUSE CIT	NELSON HOUSE	WYMONDHAM	NR18 0WZ	ANGLIA	FREEHOLD	Shared Site	Transfer of whole	CAT 1 Sole POL Occupation
	1702	HARPENDEN DO/CO	9 STATION ROAD	HARPENDEN	AL5 4AA	THAMES VALLEY	FREEHOLD	Shared Site	No Transfer	CAT 3 Under Offer
	1714	WHITECHAPEL DO/MSP/IND/OFF	206 WHITECHAPEL ROAD	LONDON	E1 1AA	LONDON	FREEHOLD	Shared Site	Transfer of POL Demise	CAT 2 Shared RM/MSP Sites
	1730	MUSWELL HILL DO/CO	420 MUSWELL HILL	LONDON	N10 1DQ	LONDON	FREEHOLD	Shared Site	Transfer of POL Demise	CAT 3 Shared RM/POL Site
	1756	HENDON DO/FPO/OFF	BRAMPTON GROVE	LONDON	NW4 4AA	THAMES VALLEY	FREEHOLD	Ext MSP/FPO in RMG site	Transfer of POL Demise	CAT 2 Shared RM/MSP Sites
	1771	NEW CROSS DO/CO	199-205 NEW CROSS ROAD	LONDON	SE14 5ET	LONDON	FREEHOLD	Shared Site	No Transfer	CAT 3 Under Offer
	1787	BLACKHEATH DO/MSP/OFF	41 BLACKHEATH GROVE	LONDON	SE3 0AT	LONDON	FREEHOLD	Shared Site	Transfer of POL Demise	CAT 2 Shared RM/MSP Sites
	1793	ELTHAM AND LEE DO/FPO	31-33 COURT YARD	LONDON	SE9 5DD	LONDON	FREEHOLD	Ext MSP/FPO in RMG site	Transfer of POL Demise	CAT 2 Shared RM/MSP Sites
	1795	BATTERSEA DO/CO	202 LAVENDER HILL	LONDON	SW11 1AA	LONDON	FREEHOLD	Shared Site	20 Year Peppercorn	CAT 3 20 Year Peppercorn
	1812	LONDON SOUTH MC/DO/CIT/OFF/MED	53 NINE ELMS LANE	LONDON	SW8 5BB	LONDON	FREEHOLD	Shared Site	No Transfer	CAT 6 London MC To be removed

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CAT 2 Shared RM/MSP Sites

Legal Title Number	BE No	BE Name	Street/House No	City	Pcd	RM Territory	Tenure	Site Type	PROPOSAL	RECONCILIATION TO TRANSFER PROPOSAL
	140	NORTHFIELD DO/FPO	773 BRISTOL ROAD SOUTH	BIRMINGHAM	B31 2NJ	MIDLANDS	FREEHOLD	Ext MSP/FPO in RMG site	Transfer of POL Demise	CAT 2 Shared RM/MSP Sites
	146	SMETHWICK DO/MSP	TRINITY STREET	SMETHWICK	B67 7AB	MIDLANDS	FREEHOLD	Ext MSP/FPO in RMG site	Transfer of POL Demise	CAT 2 Shared RM/MSP Sites
	232	PARKSTONE DO/MSP/OFF/ST	27 BOURNEMOUTH ROAD	POOLE	BH14 0EL	SOUTH WEST ENGLAND	FREEHOLD	Ext MSP/FPO in RMG site	Transfer of POL Demise	CAT 2 Shared RM/MSP Sites
	246	SHARSTON MSP/WYTHENSHAWE DO	240 ALTRINCHAM ROAD	MANCHESTER	M22 9SB	NORTH WEST ENGLAND	LONG LEASEHOLD	Ext MSP/FPO in RMG site	Transfer of POL Demise	**CAT 2 Shared RM/MSP Sites**
	260	SHERBORNE DO/MSP/IND/ST	47 CHEAP STREET	SHERBORNE	DT9 3AL	SOUTH WEST ENGLAND	FREEHOLD PART LEASEHOLD	Ext MSP/FPO in RMG site	Transfer of POL Demise	CAT 2 Shared RM/MSP Sites
	484	LEAMINGTON SPA DO/FPO	1 PRIORY TERRACE	LEAMINGTON SPA	CV31 1AA	MIDLANDS	FREEHOLD	Ext MSP/FPO in RMG site	Transfer of POL Demise	CAT 2 Shared RM/MSP Sites
	610	OKEHAMPTON DO/MSP	8 GEORGE STREET	OKEHAMPTON	EX20 1HW	SOUTH WEST ENGLAND	FREEHOLD PART LEASEHOLD	Ext MSP/FPO in RMG site	Transfer of POL Demise	CAT 2 Shared RM/MSP Sites
	690	MALVERN DO/MSP/OFF	1 ABBEY ROAD	MALVERN	WR14 3HJ	MIDLANDS	FREEHOLD	Ext MSP/FPO in RMG site	Transfer of POL Demise	CAT 2 Shared RM/MSP Sites
	1036	ASCOT DO/MSP	KINGS ROAD	ASCOT	SL5 9AA	THAMES VALLEY	FREEHOLD	Ext MSP/FPO in RMG site	Transfer of POL Demise	CAT 2 Shared RM/MSP Sites
	1132	UTTOXETER DO/MSP/GAR	13-15 CARTER STREET	UTTOXETER	ST14 8HE	MIDLANDS	FREEHOLD	Ext MSP/FPO in RMG site	Transfer of POL Demise	CAT 2 Shared RM/MSP Sites
	1315	RUGELEY DO/MSP	18 ANSON STREET	RUGELEY	WS15 2BE	MIDLANDS	FREEHOLD	Ext MSP/FPO in RMG site	Transfer of POL Demise	CAT 2 Shared RM/MSP Sites
	1324	HUCKNALL DO/FPO	59 HIGH STREET	NOTTINGHAM	NG15 7AA	MIDLANDS	FREEHOLD	Ext MSP/FPO in RMG site	Transfer of POL Demise	CAT 2 Shared RM/MSP Sites
	1403	SWANLEY DO/MSP	LONDON ROAD	SWANLEY	BR8 7AA	SOUTH EAST ENGLAND	FREEHOLD	Shared Site	Transfer of POL Demise	CAT 2 Shared RM/MSP Sites
	1473	WALTON ON THAMES DO/MSP/RTW	73 HERSHAM ROAD	WALTON ON THAMES	KT12 1LN	SOUTH EAST ENGLAND	FREEHOLD	Ext MSP/FPO in RMG site	Transfer of POL Demise	CAT 2 Shared RM/MSP Sites
	1714	WHITECHAPEL DO/MSP/IND/OFF	206 WHITECHAPEL ROAD	LONDON	E1 1AA	LONDON	FREEHOLD	Shared Site	Transfer of POL Demise	CAT 2 Shared RM/MSP Sites
	1756	HENDON DO/FPO/OFF	BRAMPTON GROVE	LONDON	NW4 4AA	THAMES VALLEY	FREEHOLD	Ext MSP/FPO in RMG site	Transfer of POL Demise	CAT 2 Shared RM/MSP Sites
	1787	BLACKHEATH DO/MSP/OFF	41 BLACKHEATH GROVE	LONDON	SE3 0AT	LONDON	FREEHOLD	Shared Site	Transfer of POL Demise	CAT 2 Shared RM/MSP Sites
	1793	ELTHAM AND LEE DO/FPO	31-33 COURT YARD	LONDON	SE9 5DD	LONDON	FREEHOLD	Ext MSP/FPO in RMG site	Transfer of POL Demise	CAT 2 Shared RM/MSP Sites
	2461	BLAENAU FFESTINIOG MSP/DO	15 HIGH STREET	BLAENAU FFESTINIOG	LL41 3DF	WALES	FREEHOLD	Ext MSP/FPO in RMG site	Transfer of POL Demise	CAT 2 Shared RM/MSP Sites
	2466	RUTHIN MSP/DO	18 ST PETERS SQUARE	RUTHIN	LL15 1YL	WALES	FREEHOLD	Ext MSP/FPO in RMG site	Transfer of POL Demise	CAT 2 Shared RM/MSP Sites
	2536	CHORLTON FPO/DO	543 WILBRAHAM ROAD	MANCHESTER	M21 9PP	NORTH WEST ENGLAND	FREEHOLD	Ext MSP/FPO in RMG site	Transfer of POL Demise	CAT 2 Shared RM/MSP Sites
	2543	MANCHESTER SOUTH EAST DO/MSP	117 STOCKPORT ROAD	MANCHESTER	M12 6AA	NORTH WEST ENGLAND	FREEHOLD	Ext MSP/FPO in RMG site	Transfer of POL Demise	CAT 2 Shared RM/MSP Sites
	2562	CHEADLE DO/MSP	2 OLD RECTORY GARDENS	CHEADLE	SK8 1BY	NORTH WEST ENGLAND	FREEHOLD	Ext MSP/FPO in RMG site	Transfer of POL Demise	CAT 2 Shared RM/MSP Sites
	2605	ACCRINGTON DO/FPO	INFANT STREET	ACCRINGTON	BB5 1ED	NORTH WEST ENGLAND	FREEHOLD	Ext MSP/FPO in RMG site	Transfer of POL Demise	CAT 2 Shared RM/MSP Sites
	2717	OTLEY DO/MSP/OFF	21 NELSON STREET	OTLEY	LS21 1QE	NORTH EAST ENGLAND	FREEHOLD PART LEASEHOLD	Ext MSP/FPO in RMG site	Transfer of POL Demise	CAT 2 Shared RM/MSP Sites
	2851	HUNTLY DO/MSP	THE SQUARE	HUNTLY	AB54 8AA	SCOTLAND	FREEHOLD	Ext MSP/FPO in RMG site	Transfer of POL Demise	CAT 2 Shared RM/MSP Sites
	2911	CUPAR DO/MSP/ST/PAR	69-71 CROSSGATE	CUPAR	KY15 5AS	SCOTLAND	FREEHOLD PART LEASEHOLD	Ext MSP/FPO in RMG site	Transfer of POL Demise	CAT 2 Shared RM/MSP Sites
	2980	BRODICK DO/MSP	MAYISH ROAD	ISLE OF ARRAN	KA27 8AA	SCOTLAND	FREEHOLD	Ext MSP/FPO in RMG site	Transfer of POL Demise	CAT 2 Shared RM/MSP Sites
	3020	MAYBOLE MSP/DO	3 HIGH STREET	MAYBOLE	KA19 7AA	SCOTLAND	FREEHOLD	Ext MSP/FPO in RMG site	Transfer of POL Demise	CAT 2 Shared RM/MSP Sites
	3072	KIRRIEMUIR MSP/DO	11 REFORM STREET	KIRRIEMUIR	DD8 4AB	SCOTLAND	FREEHOLD	Ext MSP/FPO in RMG site	Transfer of POL Demise	CAT 2 Shared RM/MSP Sites

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	2553	PRESTWICH DO/CO/GAR	2 KINGSWOOD ROAD	MANCHESTER	M25 3AA	NORTH WEST ENGLAND	FREEHOLD	Shared Site	Transfer of POL Demise	CAT 3 Shared RM/POL Site
	2589	LANCASTER DO/CO	FENTON STREET	LANCASTER	LA1 1AA	NORTH WEST ENGLAND	FREEHOLD	Shared Site	Transfer of POL Demise	CAT 3 Shared RM/POL Site
	2597	ULVERSTON DO/CO	COUNTY SQUARE	ULVERSTON	LA12 7AA	NORTH WEST ENGLAND	FREEHOLD	Shared Site	Transfer of POL Demise	CAT 3 Shared RM/POL Site
	2660	HUDDERSFIELD DO/CO	NORTHUMBERLAND STREET	HUDDERSFIELD	HD1 1AA	NORTH EAST ENGLAND	FREEHOLD	Shared Site	Transfer of POL Demise	CAT 3 Shared RM/POL Site
	2670	NORTHALLERTON DO/CO	156 HIGH STREET	NORTHALLERTON	DL7 8JY	NORTH EAST ENGLAND	FREEHOLD	Shared Site	Transfer of POL Demise	CAT 3 Shared RM/POL Site
	2677	CHESTER LE STREET DO/CO	137 FRONT STREET	CHESTER LE STREET	DH3 3AA	NORTH EAST ENGLAND	FREEHOLD	Shared Site	Transfer of POL Demise	CAT 3 Shared RM/POL Site
	2716	MORLEY DO/CO	129A QUEEN STREET	LEEDS	LS27 8TB	NORTH EAST ENGLAND	FREEHOLD	Shared Site	Transfer of POL Demise	CAT 3 Shared RM/POL Site
	2718	PUDSEY DO/CO	37 CHURCH LANE	PUDSEY	LS28 7LB	NORTH EAST ENGLAND	FREEHOLD PART LEASEHOLD	Shared Site	Transfer of POL Demise	CAT 3 Shared RM/POL Site
	2741	OSSETT DO/CO	TOWNGATE	OSSETT	WF5 9AA	NORTH EAST ENGLAND	FREEHOLD	Shared Site	Transfer of POL Demise	CAT 3 Shared RM/POL Site
	2763	SOUTH SHIELDS DO/CO	KEPPEL STREET	SOUTH SHIELDS	NE33 1AA	NORTH EAST ENGLAND	FREEHOLD	Shared Site	Transfer of POL Demise	CAT 3 Shared RM/POL Site
	2793	BARNSLEY DO/CO/IND	PITT STREET	BARNSLEY	S70 1AA	NORTH EAST ENGLAND	FREEHOLD	Shared Site	Transfer of POL Demise	CAT 3 Shared RM/POL Site
	2810	SCARBOROUGH DO/CO/PAR	11-15 ABERDEEN WALK	SCARBOROUGH	YO11 1AA	NORTH EAST ENGLAND	FREEHOLD	Shared Site	Transfer of POL Demise	CAT 3 Shared RM/POL Site
	2819	SELBY DO/CO	MICKLEGATE	SELBY	YO8 4EH	NORTH EAST ENGLAND	FREEHOLD	Shared Site	Transfer of POL Demise	CAT 3 Shared RM/POL Site
	2858	LERWICK DO/CO	46-50 COMMERCIAL STREET	LERWICK	ZE1 0AA	SCOTLAND	FREEHOLD	Shared Site	Transfer of POL Demise	CAT 3 Shared RM/POL Site
	2897	HADDINGTON DO/CO	50 COURT STREET	HADDINGTON	EH41 3AA	SCOTLAND	FREEHOLD	Shared Site	Transfer of POL Demise	CAT 3 Shared RM/POL Site
	2950	GLASGOW G15 DO/CO	HECLA AVENUE	GLASGOW	G15 8LY	SCOTLAND	FREEHOLD	Shared Site	Transfer of POL Demise	CAT 3 Shared RM/POL Site
	2959	EAST KILBRIDE DO/CO/OFF	15 CORNWALL STREET	GLASGOW	G74 1JN	SCOTLAND	FREEHOLD PART LEASEHOLD	Shared Site	Transfer of POL Demise	CAT 3 Shared RM/POL Site
	2982	SALTCOATS DO/CO	6 CHAPELWELL STREET	SALTCOATS	KA21 5EE	SCOTLAND	FREEHOLD	Shared Site	Transfer of POL Demise	CAT 3 Shared RM/POL Site
	3038	KIRKWALL DO/CO/RET	15 JUNCTION ROAD	KIRKWALL	KW15 1AA	SCOTLAND	FREEHOLD	Shared Site	Transfer of POL Demise	CAT 3 Shared RM/POL Site
	3068	FALKIRK DO/CO	1 GARRISON PLACE	FALKIRK	FK1 1AA	SCOTLAND	LONG LEASEHOLD	Shared Site	Transfer of POL Demise	CAT 3 Shared RM/POL Site
	3083	BANGOR DO/CO	143 MAIN STREET	BANGOR	BT20 4AA	NORTHERN IRELAND	FREEHOLD	Shared Site	Transfer of POL Demise	CAT 3 Shared RM/POL Site
	3086	NEWTOWNARDS DO/CO	8 FRANCES STREET	NEWTOWNARDS	BT23 4AA	NORTHERN IRELAND	FREEHOLD	Shared Site	Transfer of POL Demise	CAT 3 Shared RM/POL Site
	3087	COLERAINE DO/CO	16-18 NEW ROW	COLERAINE	BT52 1AA	NORTHERN IRELAND	FREEHOLD	Shared Site	Transfer of POL Demise	CAT 3 Shared RM/POL Site

Count **89**

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CAT 4 Sole MSP Occupation

Legal Title Number	BE No	BE Name	Street/House No	City	Pcd	RM Territory	Tenure	Site Type	PROPOSAL	RECONCILIATION TO TRANSFER PROPOSAL
	53	WATERLOO MSP	LORNE ROAD	LIVERPOOL	L22 0NH	NORTH WEST ENGLAND	FREEHOLD LONG LEASE	Ext MSP/FPO in RMG site	Transfer of POL Demise	CAT 4 Sole MSP Occupation
	95	SCUNTHORPE FPO	5 COLE STREET	SCUNTHORPE	DN15 6RA	NORTH EAST ENGLAND	FREEHOLD LONG LEASE	Ext MSP/FPO in RMG site	Transfer of POL Demise	CAT 4 Sole MSP Occupation
	102	ROYTON MSP	60 ROCHDALE ROAD	OLDHAM	OL2 6QQ	NORTH WEST ENGLAND	FREEHOLD LONG LEASE	Ext MSP/FPO in RMG site	Transfer of POL Demise	CAT 4 Sole MSP Occupation
	212	KIRKBY LONSDALE MSP	15 NEW ROAD	CARNFORTH	LA6 2AA	NORTH WEST ENGLAND	FREEHOLD LONG LEASE	Ext MSP/FPO in RMG site	Transfer of POL Demise	CAT 4 Sole MSP Occupation
	425	SEDBERGH MSP/RES	26 MAIN STREET	SEDBERGH	LA10 5AA	NORTH WEST ENGLAND	FREEHOLD LONG LEASE	Ext MSP/FPO in RMG site	Transfer of POL Demise	CAT 4 Sole MSP Occupation
	517	AMMANFORD MSP	4A QUAY STREET	AMMANFORD	SA18 3DE	WALES	FREEHOLD LONG LEASE	Ext MSP/FPO in RMG site	Transfer of POL Demise	CAT 4 Sole MSP Occupation
	574	HORFIELD FPO	305 GLOUCESTER ROAD	BRISTOL	BS7 8PF	SOUTH WEST ENGLAND	FREEHOLD LONG LEASE	Ext MSP/FPO in RMG site	Transfer of POL Demise	CAT 4 Sole MSP Occupation
	743	ALDEBURGH MSP	119 HIGH STREET	ALDEBURGH	IP15 5AA	ANGLIA	FREEHOLD LONG LEASE	Ext MSP/FPO in RMG site	Transfer of POL Demise	CAT 4 Sole MSP Occupation
	807	STROOD MSP	13-17 NORTH STREET	ROCHESTER	ME2 4SL	SOUTH EAST ENGLAND	FREEHOLD LONG LEASE	Ext MSP/FPO in RMG site	Transfer of POL Demise	CAT 4 Sole MSP Occupation
	954	NORTH END FPO	8 DERBY ROAD	PORTSMOUTH	PO2 8HS	SOUTH WEST ENGLAND	FREEHOLD LONG LEASE	Ext MSP/FPO in RMG site	Transfer of POL Demise	CAT 4 Sole MSP Occupation
	960	CATERHAM MSP	19 STATION AVENUE	CATERHAM	CR3 6LB	SOUTH EAST ENGLAND	FREEHOLD LONG LEASE	Ext MSP/FPO in RMG site	Transfer of POL Demise	CAT 4 Sole MSP Occupation
	982	ILMINSTER MSP	16-18 EAST STREET	ILMINSTER	TA19 0AJ	SOUTH WEST ENGLAND	FREEHOLD LONG LEASE	Ext MSP/FPO in RMG site	Transfer of POL Demise	CAT 4 Sole MSP Occupation
	1028	BETHNAL GREEN FPO	223-227 BETHNAL GREEN ROAD	LONDON	E2 6AB	LONDON	FREEHOLD LONG LEASE	Ext MSP/FPO in RMG site	Transfer of POL Demise	CAT 4 Sole MSP Occupation
	1074	RICKMANSWORTH MSP	64 HIGH STREET	RICKMANSWORTH	WD3 1AA	THAMES VALLEY	FREEHOLD LONG LEASE	Ext MSP/FPO in RMG site	Transfer of POL Demise	CAT 4 Sole MSP Occupation
	1097	WEST HAMPSTEAD FPO	128-130 WEST END LANE	LONDON	NW6 1SX	THAMES VALLEY	FREEHOLD LONG LEASE	Ext MSP/FPO in RMG site	Transfer of POL Demise	CAT 4 Sole MSP Occupation
	2569	STALYBRIDGE TRINITY ST MSP	1 TRINITY STREET	STALYBRIDGE	SK15 2PW	NORTH WEST ENGLAND	FREEHOLD LONG LEASE	Ext MSP/FPO in RMG site	Transfer of POL Demise	CAT 4 Sole MSP Occupation

Count 16

POL00432053

Major Offices - Specific Arrangements

Legal Title Number	BE No	BE Name	Street/House No	City	Pcd	RM Territory	Tenure	Site Type	PROPOSAL	RECONCILIATION TO TRANSFER PROPOSAL
	4	FUTURE WALK DO/RTW/OFF	1 FUTURE WALK	CHESTERFIELD	S49 1PF	NORTH EAST ENGLAND	FREEHOLD	Shared Site	RM to take 999 year lease?	CAT 5 Future Walk
	1238	SWINDON ST/OFF/GAR/MED	WHEATSTONE ROAD	SWINDON	SN3 5HG	THAMES VALLEY	FREEHOLD	Shared Site	Transfer of POL Demise	CAT 5 Swindon 4, 4a, 5

Count 2

POL00432053

Cash in Transit Units - Varying agreements

Legal Title Number	BE No	BE Name	Street/House No	City	Pcd	RM Territory	Tenure	Site Type	PROPOSAL	RECONCILIATION TO TRANSFER PROPOSAL
	272	DORSET MC/MED/DO/CIT	WITNEY ROAD	POOLE	BH17 0AA	SOUTH WEST ENGLAND	FREEHOLD PART LEASEHOLD	Shared Site	Licence or 20 year lease	CAT 7 Dorset MC CIT Licence
	1124	STOKE ON TRENT DO/CIT	LEEK ROAD	STOKE ON TRENT	ST4 2AX	MIDLANDS	FREEHOLD	Shared Site	Licence/lease? (With POL)	**CAT 7 Stoke on Trent CIT Lic**
	1354	EASTBOURNE DO/CIT	3 UPPERTON ROAD	EASTBOURNE	BN21 1AA	SOUTH EAST ENGLAND	FREEHOLD	Shared Site	**20 Year Lease**	CAT 3 CIT Licence
	2454	CHESTER DO/CIT/RTW/MED	STATION ROAD	CHESTER	CH1 3AA	WALES	FREEHOLD	Shared Site	**20 Year Lease (Pol Rev)**	CAT 3 CIT Licence
	2612	PRESTON MC/RTW/MED/CIT	PITTMAN WAY	PRESTON	PR2 9GG	NORTH WEST ENGLAND	FREEHOLD	Shared Site	Licence/lease? (With POL)	CAT 6 Preston CIT Licence

Count 5

POL00432053

Parking

Legal Title Number	BE No	BE Name	Street/House No	City	Pcd	RM Territory	Tenure	Site Type	PROPOSAL	RECONCILIATION TO TRANSFER PROPOSAL
	169	CASTLE BROMWICH DO/ST/PAR	TAMESIDE DRIVE	BIRMINGHAM	B35 7AQ	MIDLANDS	FREEHOLD	Shared Site	Term Certain MSA, then ann Lic	CAT 8 Parking
	3172	WALSALL HATHERTON STREET PAR	HATHERTON STREET	WALSALL	WS1 1AA	MIDLANDS	FREEHOLD	Shared Site	Term Certain MSA, then ann Lic	CAT 8 Parking

Count 2

POL00432053

Properties Under Offer/Out of Scope

Legal Title Number	BE No	BE Name	Street/House No	City	Pcd	RM Territory	Tenure	Site Type	PROPOSAL	RECONCILIATION TO TRANSFER PROPOSAL
CAT 3 Under Offer										
	1193	MELKSHAM DO/CO/LAN	31-31A CHURCH STREET	MELKSHAM	SN12 6ZZ	THAMES VALLEY	FREEHOLD	Shared Site	No Transfer	CAT 3 Under Offer
	1606	POTTERS BAR DO/CO	123-125 DARKES LANE	POTTERS BAR	EN6 1BT	THAMES VALLEY	FREEHOLD	Shared Site	No Transfer	CAT 3 Under Offer
	1702	HARPENDEN DO/CO	9 STATION ROAD	HARPENDEN	AL5 4AA	THAMES VALLEY	FREEHOLD	Shared Site	No Transfer	CAT 3 Under Offer
	1771	NEW CROSS DO/CO	199-205 NEW CROSS ROAD	LONDON	SE14 5ET	LONDON	FREEHOLD	Shared Site	No Transfer	CAT 3 Under Offer
Cat 4 Sole MSP Under Offer										
	797	RAMSGATE MSP	42-48 HIGH STREET	RAMSGATE	CT11 9AA	SOUTH EAST ENGLAND	FREEHOLD	Ext MSP/FPO in RMG site	No Transfer	CAT 4 Sole MSP Under Offer
	842	INGATESTONE MSP/PAR	HIGH STREET	INGATESTONE	CM4 9ET	ANGLIA	FREEHOLD	Ext MSP/FPO in RMG site	No Transfer	CAT 4 Sole MSP Under Offer
	1096	FOWEY MSP	4 CUSTOM HOUSE HILL	FOWEY	PL23 1AA	SOUTH WEST ENGLAND	FREEHOLD	Ext MSP/FPO in RMG site	No Transfer	CAT 4 Sole MSP Under Offer
	1099	MORETON IN MARSH MSP	NEW ROAD	MORETON IN MARSH	GL56 0AS	THAMES VALLEY	FREEHOLD	Ext MSP/FPO in RMG site	No Transfer	CAT 4 Sole MSP Under Offer
	1146	ST MARY MSP/RES	HUGH STREET	ISLES OF SCILLY	TR21 0LR	SOUTH WEST ENGLAND	FREEHOLD	Ext MSP/FPO in RMG site	No Transfer	CAT 4 Sole MSP Under Offer
Cat 6 London MC										
	1812	LONDON SOUTH MC/DO/CIT/OFF/MED	53 NINE ELMS LANE	LONDON	SW8 5BB	LONDON	FREEHOLD	Shared Site	No Transfer	CAT 6 London MC To be removed

Count **10**

POL00432053

Leasehold MSP's

Legal Title Number	BE No	BE Name	Street/House No	City	Pcd	RM Territory	Tenure	Site Type	PROPOSAL	RECONCILIATION TO TRANSFER PROPOSAL
	880	GREAT MISSENDEN DO/MSP					LEASEHOLD	Ext MSP/FPO in RMG site	Assignment to POL	
	1115	WOODSTOCK MSP					LEASEHOLD	Ext MSP/FPO in RMG site	Assignment to POL	
	1269	PETERLEE FPO					LEASEHOLD	Ext MSP/FPO in RMG site	Assignment to POL	
	1271	BYKER FPO					LEASEHOLD	Ext MSP/FPO in RMG site	Assignment to POL	

Count 4

NB BE 880 Great Missenden will be a sub lease

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Short Leaseholds *(Not for transfer unless shaded in yellow where an assignment is needed due to title issues)*

Legal Title Number	BE No	BE Name	Street/House No	City	Pcd	RM Territory	Tenure	Site Type	PROPOSAL	RECONCILIATION TO TRANSFER PROPOSAL
	207	BELFAST BOTANIC AVENUE CO					LEASEHOLD	Shared Site		
	368	BRISTOL MC/RTW/MED/CIT					LEASEHOLD	Shared Site		
	378	BARRY DO/CO/ST					LEASEHOLD	Shared Site		
	422	CHESTERFIELD CO					LEASEHOLD	Shared Site		
	573	GLOUCESTER KINGS SQ CO					LEASEHOLD	Shared Site		
	599	HONITON DO/CO/GAR					LEASEHOLD	Shared Site		
	925	OXFORD EAST DO/OFF					LEASEHOLD	Shared Site		
	943	QUEENSWAY MSP/EO					LEASEHOLD	Shared Site		
	1156	BIRMINGHAM MERLIN HSE PMS					LEASEHOLD	Shared Site		
	1353	KETTERING DO/CO					LEASEHOLD	Shared Site		
	1378	SHOREHAM DO/CO					LEASEHOLD	Shared Site		
	1405	WEST WICKHAM DO/CO					LEASEHOLD	Shared Site		
	1987	PORTSMOUTH PAR					LEASEHOLD	Shared Site		
	2456	DENBIGH DO/CO/PAR					LEASEHOLD	Shared Site		
	2559	MANCHESTER MC/RTW/MED/ST					LEASEHOLD	Shared Site		
	2590	MORECAMBE DO/CO					LEASEHOLD	Shared Site		
	2594	KENDAL DO/CO					LEASEHOLD	Shared Site		
	2811	BRIDLINGTON DO/CO					LEASEHOLD	Shared Site		
	2977	KILMARNOCK CO					LEASEHOLD	Shared Site		
	3021	GLASGOW GUILD HALL OFF					LEASEHOLD	Shared Site		
	3240	SWINTON CO					LEASEHOLD	Shared Site		

Count 21

Assignment Needed

NB BE 3099 Brent House PMS, Belfast is an additional assignment not shown above (as asset class in SAP is correctly recorded) TBC!!

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148 Old Street - Special Arrangements

Legal Title Number	BE No	BE Name	Street/House No	City	Pcd	RM Territory	Tenure	Site Type	PROPOSAL	RECONCILIATION TO TRANSFER PROPOSAL
	2406	LONDON OLD STREET 148 OFF					LONG LEASE SALE - LEASEBACK			

Count 1

POL to take Ground, 5th Floor 1st April. POL to take assignment, leaseback to RM now of 4th with break in 2015

POL00432053

Reconciliation

Tab	Count
CAT1 T'fer	7
CAT2 T'fer	30
CAT3 T'fer	89
CAT4 T'fer	16
CAT5 T'fer	2
CIT T'fers	5
Parking	2
LH MSP Tr	4
Short LH	21
Old St	1
Not in Scope	10
Control	187

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Possible New Rental Units

Legal Title Number	BE No	BE Name	Street/House No	City	Pcd	RM Territory	Tenure	Site Type	PROPOSAL	RECONCILIATION TO TRANSFER PROPOSAL
		Bristol Farnworth							New RU (Outside 54 Act) New RU (Outside 54 Act)	

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RM in POL Building

Legal Title Number	BE No	BE Name	Street/House No	City	Pcd	RM Territory	Tenure	Site Type	PROPOSAL	RECONCILIATION TO TRANSFER PROPOSAL
	491	ECCLESTON STREET CO/OFF					LEASEHOLD	Shared Site	RM to take underlease	

Sub Lease required for RM occupation