

ABERDEEN CITY COUNCIL
Heads of Terms Proposal

PART ONE – MARISCHAL SQUARE

1. **Property Address:** Level 5, 1 MSq, Marischal Square, Aberdeen AB10
2. **Developer:** Muse Developments Limited
3. **Head Landlord:** Aviva Investors Commercial Assets GP Limited as general partner of and trustee for AVIVA INVESTORS REaLM COMMERCIAL ASSETS LP
4. **Landlord:** Aberdeen City Council
5. **Tenant:** **ABERDEEN JOURNALS LIMITED** (Registered No [SC015256])
Correspondence Address: 80 Kingsway East Dundee, DD4 8SL
Contact Name: [REDACTED]
E: [REDACTED]@dcthompson.co.uk]
T: [REDACTED]
6. **Tenant's Guarantor** **[NOT REQUIRED]**
7. **Demise:** **Building location:** MSq 1

Floor	NIA sqft	NIA sqm
Level 5	19,006	1,766

The net internal area will be subject to measurement at Taking Over (Practical Completion) in accordance with the RICS Code of Measuring Practice
8. **Car Parking:** **30 (Thirty)** basement car spaces (to be identified on a plan) will be leased with the subject accommodation. Spaces to be in a contiguous block located on 1 floor of the car park.

9. Lease Term: The premises will be let by way of a full repairing and insuring lease for a period of 15 (Fifteen) years from lease commencement.

10. Agreement to Lease: The Developer and tenant will enter into an Agreement to Lease, to include in agreed forms; a draft lease, a draft licence for works, a draft warranty package and a detailed specification with associated plans.

The tenant will enter into step in agreements with Aberdeen City Council and Aviva as landlord and head landlord respectively.

11. Lease Commencement Date: Targeted for **July 2017**

12. Rental: **OFFICES:**

The initial annual rental will be based on the following rates, exclusive of VAT and subject to the agreed measurement provision.

	sqft/ No	Rate psf/per space pa	Total pa
Offices	19,007	£30.00	£570,210
Car Parking	-	-	-
Total			£570,210

The rent will be payable quarterly in advance on the normal English quarter dates.

No separate or additional rent is payable for the car parking spaces.

13. Incentives: The tenant will benefit from an incentive package as follows:

Equivalent to a Rent Free Period – 36 Months

The incentive package may at the tenant's option be taken as rent free, surrender payment for the lease at Land Stracht or a capital payment or a combination of all three.

- 14. Rent Review:** The rental will be subject to review on the 8th and 13th anniversary of the date of entry. The rent will be reviewed in accordance with the Retail Price Index (RPI), compounded annually.
- 15. External Areas:** The public realm areas within the development (except in so far as demised to bar/restaurant tenants) will be maintained within the service charge regime.
- 16. Alienation:** Assignment in part will be prohibited. Sub-letting in part is permitted subject to landlord's consent not being unreasonably withheld or delayed. Alienation in whole will be subject to landlords consent. Sharing with affiliated companies will be permitted.
- 17. Alterations:** Alterations will be subject to Landlords consent not to be unreasonably withheld or delayed.
- 18. Service Charge:** The tenant will be liable for a pro-rata share of the service charge applicable to the building and of the larger development. The Annual cost is currently under review.
- The service charge will be capped at £6.00 per sq ft p.a for the initial year of the term with the level of the cap rising annually by no more than RPI.
- 19. Building Insurance:** The tenant will be responsible for a pro-rata share of the buildings and loss of rent insurance.
- 20. Business rates:** The tenant will be responsible for all rates incurred as a result of the occupation of the premises and associated car parking spaces, with effect from the date of entry.
- 21. Development Agreement:** The transaction will be subject to a Development Agreement between the Developer and the tenant, which will document an agreed development specification; defects liability; proposed date of taking over; target date and backstop dates; measurement tolerances if applicable; guarantee if applicable and warranties and any other salient information required.
- 22. Measurement Tolerances:** The stated net internal area is 1,766 sq m, 19,006 sq ft. A lower tolerance of – 5% will apply.

The tenant will be liable for rental payments, service charge or other charges based on the measured floor area but in no circumstances will the floor area exceed 19,006 sq ft.

Should the lower tolerance be exceeded, the tenant will have a right to withdraw from the agreed missive.

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| 23. Tenant fit-out: | [Detail to be Confirmed.] |
| 24. Collateral Warranties: | There will be a full package of collateral warranties in favour of the tenant, from the design team and the contractor. |
| 25. Reinstatement: | All tenant alterations, unless otherwise agreed, to be removed and the demise reinstated by the end of the lease term. |
| 26. Legal Fees: | Each party will be responsible for their own legal costs incurred in the transaction. . |
| 27. LBTT & Registration Fees: | The tenant will be responsible for the payment of LBTT, registration fees and VAT, which may be incurred in the transaction. |
| 28. VAT: | All figures quoted are exclusive of VAT. |
| 29. Developer's Solicitor: | <p>MacRoberts LLP
 Capella
 60 York Street
 Glasgow
 G2 8JX
 Contact: [REDACTED]
 E: [REDACTED]@macroberts.com
 T: [REDACTED]</p> |
| 30. Tenant's Solicitor: | <p>Thorntons Law LLP
 Whitehall House
 33 Yeaman Shore
 Dundee
 DD1 4BJ
 Contact : [REDACTED]
 E: [REDACTED]@thorntons-law.co.uk
 T: [REDACTED]</p> |
| 31. Developer's Agent | [NOT APPLICABLE] |
| 32. Tenant's Agent | Not Applicable |
| 33. Confidentiality: | These terms and any future negotiations are to remain confidential between the parties involved and their advisors. |
| 34. Conditions: | <p>Please note the above Terms are subject to:</p> <ul style="list-style-type: none"> • Landlord's Board approval • ACC approval • Tenants Board Approval |

35. Disclaimer

In accordance with the terms of the Requirements of Writing (Scotland) Act 1995, this document is neither intended to create nor to be relied upon as creating any contractual relationship or commitment.

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