

COMMERCIAL LEASE AGREEMENT

THIS LEASE (this "Lease")

BETWEEN:

**Invergordon Naval Museum and Heritage Centre of 140 High Street,
Invergordon, Ross-Shire, IV18 0AE**

Telephone: [REDACTED]
(the "Landlord")

OF THE FIRST PART

- AND -

**Highland Castle Entertainment Limited of 29 High Street, Invergordon,
Ross-Shire, IV18 0DG**

Telephone: _____
(the "Tenant")

OF THE SECOND PART

IN CONSIDERATION OF the Landlord leasing a certain Lettable Area to the Tenant, the Tenant leasing those Lettable Area from the Landlord and the mutual benefits and obligations set fourth in this Lease, the receipt and sufficiency of which consideration is hereby acknowledged, the Parties to this Lease (the "Parties") agree as follows:

Basic Terms

1. The following basic terms are hereby approved by the Parties and each reference in this Lease to any of the basic terms will be construed to include the provisions set forth below as well as all of the additional terms and conditions of the applicable sections of this Lease where such basic terms are more fully set forth:
 - a. Landlord: Invergordon Naval Museum and Heritage Centre
 - b. Address of Invergordon Naval Museum and Heritage Centre: 140 High Street, Invergordon, Ross-Shire, IV18 0AE, Phone: 07955 178240
 - c. Company Number of Invergordon Naval Museum and Heritage Centre: SC035244
 - d. Tenant: Highland Castle Entertainment Limited
 - e. Address of Highland Castle Entertainment Limited: 29 High Street, Invergordon, Ross-Shire, IV18 0DG, Phone: _____

- f. Company Number of Highland Castle Entertainment Limited: SC401866
- g. Commencement Date of Lease: _____
- h. Base Rent: £1,300.00, payable per month
- i. Permitted Use of Lettable Area: Anything reasonably considered to be in accordance with the tenant's business.
- j. Security/Damage Deposit: £1,000.00

Definitions

- 2. When used in this Lease, the following will have the meanings indicated:
 - a. "Additional Rent" means all amounts payable by the Tenant under this Lease except Base Rent, whether or not specifically designated as Additional Rent elsewhere in this Lease;
 - b. "Building" means all buildings, improvements, equipment, fixtures, property and facilities from time to time located at Invergordon Town Hall, High Street, Invergordon, IV18 0AA, as from time to time altered, expanded or reduced by the Landlord in its sole discretion;
 - c. "Insurance Charge" means the cost to the Landlord of effecting and maintaining the Insurance Policies from, and including, any premiums paid and, where relevant, the cost of assessing any insured amounts;
 - d. "Insurance Policies" means the insurance policy or policies maintained by the Landlord in respect of the Building covering damage by Insured Risks, loss of Rent, public liability and all other insurance relating to the Building as placed by the Landlord from time to time, acting prudently;
 - e. "Insured Risks" means fire, lightening, earthquake, explosion, aircraft (other hostile aircraft) and other aerial devices or articles dropped from such aerial devices, riot, civil commotion, malicious damage, storm or tempest, bursting or overflowing water tanks apparatus or pipes, flood, impact by road vehicles, terrorism (to the extent that insurance against any such risks may ordinarily be arranged with an insurer of good repute at reasonable commercial rates) and such other risks or insurance as may from time to time be reasonably required by the Landlord;
 - f. "Reasonable Notice", means an amount of notice which will be given dependent on the situation. This will usually be a minimum of 48 hours in a non-emergency situation but may mean immediate notice

of an intension to enter or no notice at all in the case of an emergency.

g. "Common Areas and Facilities" mean:

- i. those portions of the Building areas, buildings, improvements, facilities, utilities, equipment and installations in or forming part of the Building which from time to time are not designated or intended by the Landlord to be let to Tenant including, without limitation, exterior weather walls, roofs, entrances and exits, parking areas, driveways, loading docks and area, storage, mechanical and electrical rooms, areas above and below the Lettable Area and not included within the Lettable Area, security and alarm equipment, grassed and landscaped areas, retaining walls and maintenance, cleaning and operating equipment serving the Building; and
- ii. those lands, areas, buildings, improvements, facilities, utilities, equipment and installations which serve or are for the useful benefit of the Building, the tenants of the Building or the Landlord and those having business with them, whether or not located within, adjacent to or near the Building and which are designated from time to time by the Landlord as part of the Common Areas and Facilities;

h. "Lettable Area" means with respect to any rentable premises, the area expressed as forming part of this lease, as determined by the Landlord. This includes the exterior face of all exterior walls, doors and windows, including walls, doors and windows separating the rentable premises from enclosed Common Areas and Facilities. There will be no deduction or exclusion for any space occupied by or used for columns, ducts or other structural elements;

i. "Open Market Rent" means the best rent which might reasonably be expected to be paid by a willing tenant to a willing landlord for a letting of the whole of the Lettable Area in the open market with vacant possession and without a fine or premium for the residue of the Term remaining at the date of review;

j. "Rent" means the total of Base Rent and Additional Rent.

Intent of Lease

3. It is the intent of this Lease and agreed to by the Parties to this Lease that rent for this Lease will be on a gross rent basis meaning the Tenant will pay the Base Rent and any Additional Rent and the Landlord will be responsible for all other service charges related to the Building and the operation of the Building save as specifically provided in this Lease to the contrary.

Lettable Area

4. The Landlord agrees to let the Tenant the space described as follows: The Cinema/Theatre, Back Stage, Tiered Seating Area, Stage, Tech Box, Rear of Seating Area, Electrical Cupboard, Toilets and Dressing Rooms.
5. The Lettable Area will be used for purposes that are reasonably in accordance with the business of the Tenant (the "Permitted Use").
6. The Lettable Area forms only part of the Building. They do not include any part of the main structure, foundations, roof or exterior of that Building but they do include window frames and plate glass, doors and door frames, raised floors and suspended ceilings and the voids above and below them, light fittings and other landlord's fixtures and fittings.
7. The Lettable Area is provided to the Tenant with all fixtures and fittings as already attached or present within the lettable area. The Tenant will be responsible for the maintenance and/or improvement of all such fixtures and fittings as included.
8. The Landlord reserves the right for itself and for all persons authorised by it, to erect, use and maintain wiring, mains, pipes and conduits and other means of distributing services in and through the Lettable Area, and at all reasonable times to enter upon the Lettable Area for the purpose of installation, maintenance or repair, and such entry, up on the giving of Reasonable Notice, will not be an interference with the Tenant's possession under this Lease.
9. The Landlord reserves the right, when necessary by reason of accident or emergency or in order to make repairs, alterations or improvements relating to the Lettable Area or to other portions of the Building to cause temporary obstruction to the Common Areas and Facilities as reasonably necessary and to interrupt or suspend the supply of electricity, water and other services to the Lettable Area until the repairs, alterations or improvements have been completed. There will be no abatement in rent because of such obstruction, interruption, or suspension provided that Reasonable Notice is given, and the repairs, alterations or improvements are made as expeditiously as is reasonably possible.

Term

10. The term of the Lease commences at 12:00 noon on _____ and ends at 12:00 noon on _____ (the "Term").

11. Notwithstanding the Term commencement date, the Tenant will be entitled to possession of the Lettable Area at 12:00 noon on the _____.
12. Should the Tenant remain in possession of the Lettable Area with the consent of the Landlord after the Term, a new tenancy from month to month will be created between the Landlord and the Tenant which will be subject to all the terms and conditions of this Lease, except the Base Rent which will be notified to the Tenant in writing. The new tenancy would be terminatable upon either party giving one month's written notice to the other party.
13. Upon 30 days notice, the Landlord may terminate the tenancy under this Lease if the Tenant has defaulted in the payment of any portion of the Rent when due. In the event of a forced termination of tenancy under this Lease term, the Tenant shall remain liable for the full Base Rent for a period of 6 months or until a replacement tenant can be found (whichever is shorter).
14. Upon 60 days notice, the Landlord may terminate the tenancy under this Lease if the Tenant fails to observe, perform and keep each and every of the covenants, agreements, stipulations, obligations, conditions and other provisions of this Lease to be observed, performed and kept by the Tenant and the Tenant persists in such default beyond the said 60 days notice. In the event of a forced termination of tenancy under this Lease term, the Tenant shall remain liable for the full Base Rent for a period of 6 months or until a replacement tenant can be found (whichever is shorter).

Rent

15. Subject to the provisions of this Lease, the Tenant will pay a base rent of £1,300.00, payable per month, for the Lettable Area ("Base Rent"), without setoff, abatement or deduction. In addition to the Base Rent, the Tenant will pay for any fees or taxes arising from the Tenant's business.
16. The Tenant will pay the Base Rent on or before the first of every month of the Term to the Landlord.
17. The Tenant will be charged an additional amount of £150.00 for any late payment of Rent.
18. The Tenant will be given a grace period of 7 days to pay Rent before late payment fees are charged.
19. In the event that this Lease commences, expires or terminates before the end of a period for which any Additional Rent or Base Rent would be payable, or other than at the start or end of the calendar

month, such amounts payable by the Tenant will be apportioned pro rata on the basis of a thirty (30) day month to calculate the amount payable for such irregular period.

20. The Tenant will indemnify the Landlord for all rates, taxes, assessments, duties, charges, impositions and outgoings imposed on the Lettable Area, or any owner or occupier of it, during the Term, including all costs reasonably incurred by the Landlord in connection with appealing against the rating evaluation of the Lettable Area.
21. All amounts payable by the Tenant under this Lease are exclusive of any Value Added Tax that may be payable from time to time, and the Tenant will pay to the Landlord the amount of Value Added Tax charged to the Landlord for a Value Added Tax supply made in respect of the Lettable Area that is not recoverable from HM Revenue and Customs.
22. No acceptance by the Landlord of any amount less than the full amount owed will be taken to operate as a waiver by the Landlord for the full amount or in any way to defeat or affect the rights and remedies of the Landlord to pursue the full amount.

Rent Review

23. The Landlord and Tenant will review the Base Rent after each five-year period, which Base Rent will become effective at the commencement of the following five-year period.
24. For any rent review, the Base Rent will be calculated as being the higher of the Base Rent payable immediately before the date of review and the Open Market Rent on the date of review.
25. The rent review will assume that:
 - a. the Lettable Area is fit for occupation by a willing tenant;
 - b. the Lettable Area may be lawfully let for the Permitted Use;
 - c. the Landlord and Tenant have complied with their respective obligations in this Lease; and
 - d. if the Lettable Area has been damaged or destroyed, it will have been fully repaired.
26. The rent review will disregard:
 - a. the fact that the Tenant, or any subtenant, occupied the Lettable Area;

- b. any goodwill attached to the Lettable Area because of the Tenant's occupation;
 - c. any work done to the Lettable Area that was not done pursuant to an obligation in this Lease; and
 - d. any activities on, or work done to, any adjoining Lettable Areas.
27. If the Landlord and Tenant cannot agree on the Base Rent on the date of review, either the Landlord or Tenant may request the President of the Royal Institution of Chartered Surveyors to appoint an arbitrator to determine the Open Market Rent, in arbitration conducted in accordance with the Arbitration (Scotland) Act 2010, which determination will be binding on the Landlord and Tenant.
28. If the arbitrator is incapable or unwilling to act, the Landlord or Tenant may request the President of the Royal Institute of Chartered Surveyors to appoint a replacement.
29. The result of the rent review will be recorded in a memorandum that will be signed by the Landlord and Tenant.

Use and Occupation

30. The Tenant will continuously occupy and utilise the Lettable Area in the active conduct of its business in a reputable manner.
31. The Tenant covenants that the Tenant will carry on and conduct its business in such a manner as to comply with any statute, including any subordinate legislation, which is in force now or in the future and taking into account any amendment or re-enactment, or any government department, local authority, other public or competent authority or court of competent jurisdiction and of the insurers in relation to use, occupation and enjoyment of the Building (including in relation to health and safety compliance with the proper practice recommended by all appropriate authorities).

Security Deposit

32. On execution of the Lease, the Tenant will pay the Landlord a security deposit equal to the amount of £1,000.00 (the "Security Deposit") to be held by the Landlord without interest. The Landlord will return the Security Deposit to the Tenant at the end of this tenancy, less such deductions as provided in this Lease, but no deduction will be made for damage due to reasonable wear and tear.
33. The Tenant may not use the Security Deposit as payment for the Rent.

34. Within 30 days after the termination of this tenancy, the Landlord will deliver or mail the Security Deposit less any proper deductions or with further demand for payment to: 29 High Street, Invergordon, Ross-Shire, IV18 0DG, or at such other place as the Tenant may advise.

Quiet Enjoyment

35. The Landlord covenants that on paying the Rent and performing the covenants contained in this Lease, the Tenant will peacefully and quietly have, hold, and enjoy the Lettable Area for the agreed term.

Irritancy

36. If the Tenant is in default in the payment of money, whether hereby expressly reserved or deemed as rent, or any part of the rent, and such default continues following any specific due date on which the Tenant is to make such payment, or in the absence of such specific due date, for the 30 days following written notice by the Landlord requiring the Tenant to pay the same then, at the option of the Landlord, this Lease may be terminated upon 30 days notice and the term will then immediately become forfeited and void, and the Landlord may without further notice or any form of legal process immediately reenter the Lettable Area, or any part thereof, and in the name of the whole repossess and enjoy the same as of its former state anything contained in this Lease or in any statute of law to the contrary notwithstanding.

37. Unless otherwise provided for in this Lease, if the Tenant does not observe, perform and keep each and every of the non-monetary covenants, agreements, stipulations, obligations, conditions and other provisions of this Lease to be observed, performed and kept by the Tenant and persists in such default, after 60 days following written notice from the Landlord requiring that the Tenant remedy, correct or comply or, in the case of such default which would reasonably require more than 60 days to rectify, unless the Tenant will commence rectification within the said 60 days notice period and thereafter promptly and diligently and continuously proceed with the rectification of any such defaults then, at the option of the Landlord, this Lease may be terminated upon 60 days notice and the term will then immediately become forfeited and void, and the Landlord may without further notice or any form of legal process immediately reenter the Lettable Area or any part of the Lettable Area and in the name of the whole repossess and enjoy the same as of its former state anything contained in this Lease or in any statute or law to the contrary notwithstanding.

38. If and whenever:
- a. the Tenant's leasehold interest hereunder, or any goods, chattels or equipment of the Tenant located in the Lettable Area will be taken

or seized in execution or attachment, or if any writ of execution will issue against the Tenant or the Tenant will become insolvent or commit an act of bankruptcy or become bankrupt or take the benefit of any legislation that may be in force for bankrupt or insolvent debtor or become involved in voluntary or involuntary winding up, dissolution or liquidation proceedings, or if a receiver will be appointed for the affairs, business, property or revenues of the Tenant; or

- b. the Tenant fails to commence, diligently pursue and complete the Tenant's work to be performed under any agreement to lease pertaining to the Lettable Area or vacant or abandon the Lettable Area, or fail to cease to operate or otherwise cease to conduct business from the Lettable Area, or use or permit or suffer the use of the Lettable Area for any purpose other than as permitted in this clause, or make a bulk sale of its goods and assets which has not been consented to by the Landlord, or move or commence, attempt or threaten to move its goods, chattels and equipment out of the Lettable Area other than in the routine course of its business;

then, and in each such case, at the option of the Landlord, this Lease may be terminated without notice and the term will then immediately become forfeited and void, and the Landlord may without notice or any form of legal process immediately reenter the Lettable Area or any part of the Lettable Area and in the name of the whole repossess and enjoy the same as of its former state anything contained in this Lease or in any statute or law to the contrary notwithstanding.

39. In the event that the Landlord has terminated the Lease pursuant to this section, on the expiration of the time fixed in the notice, if any, this Lease and the right, title, and interest of the Tenant under this Lease will terminate in the same manner and with the same force and effect, except as to the Tenant's liability, as if the date fixed in the notice of cancellation and termination were the end of the Lease.

Holding Over

40. If the Tenant continues to occupy the Lettable Area without the written consent of the Landlord after expiration or other termination of the Term, then, without any further written agreement, the Tenant will be a month-to-month tenant at a minimum monthly rental equal to twice the Base Rent and subject always to all of the other provisions of this Lease insofar as the same are applicable to a month-to-month tenancy and a tenancy from year to year will not be created by implication of law.

Additional Rights on Re-entry

41. If the Landlord re-enters the Lettable Area or terminates this Lease, then;
- a. Notwithstanding any such termination or the Term thereby becoming forfeited and void, the provisions of this Lease relating to the consequences of termination will survive;
 - b. In the event that the Landlord has removed the property of the Tenant, the Landlord may store such property in a public warehouse or at a place selected by the Landlord, at the expense of the Tenant. If the Landlord feels that it is not worth storing such property given its value and the cost to store it, then the Landlord may dispose of such property in its sole discretion and use such funds, if any, towards any indebtedness of the Tenant to the Landlord. The Landlord will not be responsible to the Tenant for the disposal of such property other than to provide any balance of the proceeds to the Tenant after paying any storage costs and any amounts owed by the Tenant to the Landlord;
 - c. the Landlord may relet the Lettable Area or any part of the Lettable Area for a term or terms which may be less or greater than the balance of the Term remaining and may grant reasonable concessions in connection with such reletting including any alterations and improvements to the Lettable Area;
 - d. the Tenant will pay to the Landlord on demand:
 - i. all Rent, Additional Rent and other amounts payable under this Lease up to the time of re-entry or termination, whichever is later;
 - ii. reasonable expenses as the Landlord incurs or has incurred in connection with the re-entering, terminating, reletting, collecting sums due or payable by the Tenant, realising upon assets seized; including without limitation, brokerage, fees and expenses and legal fees and disbursements and the expenses of keeping the Lettable Area in good order, repairing the same and preparing them for reletting; and
 - iii. as liquidated damages for the loss of rent and other income of the Landlord expected to be derived from this Lease during the period which would have constituted the unexpired portion of the Term had it not been terminated at the option of the Landlord, either:
 - i. an amount determined by reducing to present worth at an assumed interest rate of twelve percent (12%) per annum all Base Rent and estimated Additional Rent to become payable during the period which would have

constituted the unexpired portion of the Term, such determination to be made by the Landlord, who may make reasonable estimates of when any such other amounts would have become payable and may make such other assumptions of the facts as may be reasonable in the circumstances; or

- ii. an amount equal to the Base Rent and estimated Additional Rent for a period of six (6) months.

Inspection and Landlord's Right to Enter

42. The Landlord and the Tenant will complete, sign and date an inspection report at the beginning and at the end of this tenancy.
43. During the Term and any renewal of this Lease, the Landlord and its agents may enter the Lettable Area to make inspections or repairs at all reasonable times, on the provision of Reasonable Notice.
44. The Tenant acknowledges that, given Reasonable Notice, the Landlord or its agent will have the right to enter the Lettable Area at all reasonable times to show it to prospective purchasers, encumbrances, lessees or assignees, and may also during the ninety days preceding the termination of the terms of this Lease, place upon the Lettable Area the usual type of notice to the effect that the Lettable Area is for rent, which notice the Tenant will permit to remain on them.
45. The Landlord may inspect the Tenant's goods on the Lettable Area and the Tenant's records relating to those goods during normal business hours, with at least five (5) days' written notice, to identify the nature of the goods, compliance with this Lease, or compliance with any laws, regulations or other rules.
46. Upon giving written notice no later than 60 days before the expiration of the Term, the Tenant may renew this Lease for an additional term. All terms of the renewed lease will be the same except for any signing incentives/inducements, the base rent which would be set by the Landlord and this renewal clause.

Landlord Movables

47. The Landlord will not supply any movables.

Tenant Improvements

48. The Landlord is responsible for the payment of the following utilities and other charges in relation to the Lettable Area: electricity, natural gas, water, sewer, phone line and internet.

49. The Tenant will be responsible for any additional costs through their use of the phone line.

Signs

50. The Tenant may erect, install and maintain a sign of a kind and size in a location, all in accordance with the Landlord's design criteria for the Building and as first approved in writing by the Landlord. All other signs, as well as the advertising practices of the Tenant, will comply with all applicable rules and regulations of the Landlord. The Tenant will not erect, install or maintain any sign other than in accordance with this section.

Insurance

51. The Tenant is hereby advised and understands that the personal property of the Tenant is not insured by the Landlord for either damage or loss, and the Landlord assumes no liability for any such loss. The Tenant is advised that, if insurance coverage is desired by the Tenant, the Tenant should inquire of Tenant's insurance regarding the Tenant's policy of insurance.

52. The Tenant is not responsible for insuring the Building for either damage and loss to structure, mechanical or improvements to the Building. The Tenant assumes no liability for any such loss unless the loss is caused by the negligence of the Tenant, the Tenant's agents or the Tenant's service users.

53. The Tenant is responsible for insuring the Lettable Area for occupiers' liability insurance for the benefit of the Tenant and the Landlord.

54. The Tenant will provide proof of such insurance to the Landlord upon request.

Tenant's Insurance

55. The Tenant will pay the Landlord when due the Insurance Charge.

56. In computing Insurance Charge, there will be credited as a deduction the amounts of proceeds of insurance relating to insured damage.

57. The Tenant will pay to the Landlord on demand any normal excess which the Landlord is properly required to bear under any Insurance Policies.

58. The Tenant will:

- a. not do or fail to do anything which may cause any of the insurance policies to be void or voidable, wholly or in part, or premium payable in respect of Insurance Policies to be increased;
- b. pay on demand the whole of any increase in any premium arising from such a breach;
- c. not insure or maintain insurance of the Building or the Lettable Area against any of the Insured Risks (save to the extent that the Landlord has failed to do so);
- d. notify the Landlord of the incidence of any Insured Risk or any other matter which ought reasonably to be notified to the insurers;
- e. comply with all conditions of the Insurance Policies and all requirements of the insurers of which it is notified in writing; and
- f. notify the Landlord in writing of the value of any alterations, additions or improvements which the Tenant proposes to make before those works are commenced.

Landlord's Insurance

59. The Landlord will insure the Building (other than tenant's and trade fixtures and fittings) on usual and reasonable commercial terms unless the insurance is invalidated in whole or in part by any act or default of the Tenant:
- a. with an insurance office or underwriters of repute;
 - b. against any loss or damage by the Insured Risks; and
 - c. in the full cost of reinstatement of the Building (in modern form if appropriate) including site clearance, professional fees, VAT and three years' loss of rent.
60. At the request of the Tenant, the Landlord will produce reasonable evidence of the terms of Insurance Policies and of payment of the current premium.
61. The Landlord agrees to request its insurers, upon written request of the Tenant, to have all insurance taken out and maintained by the Landlord provide for waiver of the Landlord's insurers' rights of subrogation as against the Tenant when and to the extent permitted from time to time by its insurers.

Abandonment

62. If at any time during the Term, the Tenant abandons the Lettable Area or any part of the Lettable Area, the Landlord may, at its option, enter the Lettable Area by any means without being liable for any prosecution for such entering, and without becoming liable to the Tenant for damages or for any payment of any kind whatever, and may, at the Landlord's discretion, as agent for the Tenant, relet the Lettable Area, or any part of the Lettable Area, for the whole or any part of the then unexpired Term, and may receive and collect all rent payable by virtue of such reletting, and, at the Landlord's option, hold the Tenant liable for any difference between the Rent that would have been payable under this Lease during the balance of the unexpired Term, if this Lease had continued in force, and the net rent for such period realised by the Landlord by means of the reletting. If the Landlord's right of reentry is exercised following abandonment of the Lettable Area by the Tenant, then the Landlord may consider any personal property belonging to the Tenant and left on the Lettable Area to also have been abandoned, in which case the Landlord may dispose of all such personal property in any manner the Landlord will deem proper and is relieved of all liability for doing so.

Sale by Landlord

63. In the event of any sale, transfer or lease by the Landlord of the Building or any interest in the Building or portion of the Building containing the Lettable Area or assignation by the Landlord of this Lease or any interest of the Landlord in the Lease to the extent that the purchaser, transferee, tenant or assignee assumes the covenants and obligations of the Landlord under this Lease, the Landlord will without further written agreement be freed and relieved of liability under such covenants and obligations. This Lease may be assigned by the Landlord to any mortgagee or encumbrance of the Building as security.

Tenant's Indemnity

64. The Tenant will and does hereby indemnify and save harmless the Landlord of and from all loss and damage and all actions, claims, costs, demands, expenses, fines, liabilities and suits of any nature whatsoever for which the Landlord will or may become liable, incur or suffer by reason of a breach, violation or non-performance by the Tenant of any covenant, term or provision hereof or by reason of any construction or other liens for any work done or materials provided or services rendered for alterations, improvements or repairs, made by or on behalf of the Tenant to the Lettable Area, or by reason of any wrongful act or omission, default or negligence on the part of the Tenant or any of its agents, concessionaires, contractors, customers, employees, invitees or licensees in or about the Building, or any losses caused, or contributed to, by any trespasser while that trespasser is on the Lettable Area.

65. It is agreed between the Landlord and the Tenant that the Landlord will not be liable for any loss, injury, or damage to persons or property resulting from falling plaster, steam, electricity, water, rain, snow or dampness, or from any other cause.
66. It is agreed between the Landlord and the Tenant that the Landlord will not be liable for any loss or damage caused by acts or omissions of other tenants or occupants, their employees or agents or any persons not the employees or agents of the Landlord, or for any damage caused by the construction of any public or quasi-public works, and in no event will the Landlord be liable for any consequential or indirect damages suffered by the Tenant.
67. It is agreed between the Landlord and the Tenant that the Landlord will not be liable for any loss, injury or damage caused to persons using the Common Areas and Facilities or to vehicles or their contents or any other property on them, or for any damage to property entrusted to its or their employees, or for the loss of any property by theft or otherwise, and all property kept or stored in the Building and Lettable Area will be at the sole risk of the Tenant.

Legal Fees

68. All costs, expenses and expenditures including and without limitation, complete legal costs incurred by the Landlord on a solicitor/client basis as a result of unlawful detainer of the Building or Lettable Area, the recovery of any rent due under the Lease, or any breach by the Tenant of any other condition contained in the Lease, will forthwith upon demand be paid by the Tenant as Additional Rent. All rents including the Base Rent and Additional Rent will bear interest at a rate of twelve percent (12%) per annum from the due date until paid.

Governing Law

69. This Agreement will be construed in accordance with and governed by the laws of Scotland and the Parties submit to the exclusive jurisdiction of the Scottish Courts.

Severability

70. If there is a conflict between any provision of this Lease and the applicable legislation of Scotland (the 'Act'), the Act will prevail and such provisions of the lease will be amended or deleted as necessary in order to comply with that prescribed form. Further, any provisions that are required by the Act are incorporated into this Lease.
71. If there is a conflict between any provision of this Lease and any form of lease prescribed by the Act, that prescribed form will prevail and such provisions of the lease will be amended or deleted as necessary in

order to comply with that prescribed form. Further, any provisions that are required by that prescribed form are incorporated into this Lease.

Amendment of Lease

72. Any amendment or modification of this Lease or additional obligation assumed by either party to this Lease in connection with this Lease will only be binding if evidenced in writing signed by each party or an authorised representative of each party.

Assignment and Subletting

73. The Tenant will not assign this Lease, or sublet or grant any concession or licence to use the Lettable Area. An assignment, subletting, concession, or licence, whether by operation of law or otherwise, will be void and will, at Landlord's option, terminate this Lease.

Bulk Sale

74. No bulk sale of goods and assets of the Tenant may take place without first obtaining the written consent of the Landlord, which consent will not be unreasonably withheld so long as the Tenant and the Purchaser are able to provide the Landlord with assurances, in a form satisfactory to the Landlord, that the Tenant's obligations in this Lease will continue to be performed and respected, in the manner satisfactory to the Landlord, after completion of said bulk sale.

Additional Provisions

75. The Tenant, the Tenant's agents and the Tenant's service users will be permitted to pass through the Front of House area of the Building at all times.
76. During specified showtimes the Front of House area will be available to the Tenant for the reasonable carrying out of Front of House duties which can reasonably be considered a part of the business of the Tenant. During showtimes, the Front of House area of the Building will be considered to be part of the Lettable Area and will be subject to the same conditions as the rest of the Lettable Area.
77. Outside specified showtimes the Landlord may, at its sole discretion, use and allow the use, hire or lease of the Front of House area of the Building.
78. Specified showtimes is referred to in this Lease to mean the period an hour before, during and an hour after any times where the Tenant is to hold any event, show or productions within the Lettable Area. These times will be made accessible to the Landlord by the Tenant.

79. The Tenant agrees to erect and maintain two screens in the front of house area and will, outside specified showtimes, play a recording (video/dvd), as supplied by the Landlord or agreed, which directly relates to Invergordon and the wider Scottish area.
80. If the Tenant wishes to use other areas of the Building, which are outside of the Lettable Area, the Tenant can submit a written request to the Landlord detailing the reason and times for the usage. If approved, the Landlord will only charge a fee for the usage if it results in the loss of other income the Landlord would have otherwise expected to receive or if it requires the movement of any fixtures, fittings or exhibits. The Tenant will be liable for any damage and the costs of cleaning the area which result from its usage of these areas.
81. The Tenant agrees to pay ___% of its profits, on a quarterly basis, to the Landlord for the maintenance of the Building.

Damage to Lettable Area

82. If the Lettable Area, or any part of the Lettable Area, will be partially damaged by fire or other casualty not due to the Tenant's negligence or wilful act or that of the Tenant's employee, family, agent or visitor, the Lettable Area will be promptly repaired by the Landlord and there will be an abatement of rent corresponding with the time during which, and the extent to which, the Lettable Area may have been untenable. However, if the Lettable Area should be damaged other than by the Tenant's negligence or wilful act or that of the Tenant's employee, family, agent or visitor to the extent that the Landlord will decide not to rebuild or repair, the term of this Lease will end and the Rent will be prorated up to the time of the damage.

Force Majeure

83. In the event that the Landlord or the Tenant will be unable to fulfil, or shall be delayed or prevented from the fulfilment of, any obligation in this Lease by reason of municipal delays in providing necessary approvals or permits, the other party's delay in providing approvals as required in this Lease, strikes, third party lockouts, fire, flood, earthquake, lightening, storm, acts of God or our Country's enemies, riots, insurrections or other reasons of like nature beyond the reasonable control of the party delayed or prevented from fulfilling any obligation in this Lease (expecting any delay or prevention from such fulfilment caused by a lack of funds or other financial reasons) and provided that such party uses all reasonable diligence to overcome such unavoidable delay, then the time period for performance of such an obligation will be extended for a period equivalent to the duration of such unavoidable delay.

Compulsory Purchase

84. If during the Term, title is taken to the whole or any part of the Building by any competent authority pursuant to a compulsory purchase order, which taking, in the reasonable opinion of the Landlord, does not leave a sufficient remainder to constitute an economically viable building, the Landlord may at its option terminate this Lease on the date possession is taken by or on behalf of such authority. Upon such termination, the Tenant will immediately deliver up possession of the Lettable Area, Base Rent and any Additional Rent will be payable up to the date of such termination, and the Tenant will be entitled to be repaid by the Landlord any rent paid in advance and unearned or an appropriate portion of that rent. In the event of any such taking, the Tenant will have no claim upon the Landlord for the value of its property or the unexpired portion of the Term, but the Parties will each be entitled to separately advance their claims for compensation as may be awarded to each respectively. If an award of compensation made to the Landlord specifically included an award for the Tenant, the Landlord will account for that award to the Tenant and vice versa.

Building Enforcement Action

85. A finding by a competent authority that the Building, or any portion of the Lettable Area, is such that the Tenant must remove from the Building or Lettable Area, will result in termination of this Lease. The Landlord will receive the total of any consequential damages awarded as a result of the finding. All future rent instalments to be paid by the Tenant under this Lease will be terminated.

Tenant's Repairs and Alterations

86. The Tenant covenants with the Landlord to occupy the Lettable Area in a tenant-like manner and not permit waste. The Tenant will at all times and at its sole expenses, subject to the Landlord's repair, maintain and keep the Lettable Area in a state of reasonable wear and tear, damage by fire, lightening, tempest, structural repairs and repairs necessitated from hazards and perils against which the Landlord is required to insure excepted. Without limiting the generality of the foregoing, the Tenant will keep, repair, replace and maintain all glass, wiring, pipes and mechanical apparatus in, upon or serving the Lettable Area in good and tenable repair at its sole expense. When it becomes (or, acting reasonably, should have become) aware of same, the Tenant will notify the Landlord of any damage to or deficiency defect in any part of the Lettable Area or the Building.
87. The Tenant covenants with the Landlord that the Landlord that the Landlord, its servants, agent and workmen may enter and view the state of repair of the Lettable Area and that the Tenant will repair the

Lettable Area according to notice in writing received from the Landlord, subject to the Landlord's repair obligations. If the Tenant refuses or neglects to repair as soon as reasonably possible after written demand, the Landlord may, but will not be obligated to, undertake such repairs without liability to the Tenant for any loss or damage that may occur to the Tenant's merchandise, fixtures or other property or to the Tenant's business by such reason, and upon such completion, the Tenant will pay, upon demand, as Additional Rent, the Landlord's cost of making such repairs plus fifteen percent (15%) of such cost for overhead and supervision.

88. The Tenant will keep in good order, condition and repair the non-structural portions of the interior of the Lettable Area and every part of that Lettable Area, including, without limiting the generality of the foregoing, all equipment within the Lettable Area, fixtures, walls ceilings, floors, windows, doors, plate glass and skylights located within the Lettable Area. Without limiting the generality of the foregoing, the Tenant will keep, repair, replace and maintain all glass, wiring, pipes and mechanical apparatus in, upon or servicing the Lettable Area in good and tenantable repair at its sole expense. When it becomes (or, acting reasonably, should have become) aware of same, the Tenant will notify the Landlord of any damage to or deficiency or defect in any part of the Lettable Area or the Building. The Tenant will not use or keep any device which might overload the capacity of any floor, wall, utility, electrical or mechanical facility or service in the Lettable Area or the Building.
89. The Tenant will not make or permit others to make alterations, additions or improvements or erect or have others erect any partitions or install any trade fixtures, exterior signs, floor covering, interior or exterior lighting, plumbing fixtures, shades, awnings, exterior decorations or make any changes to the Lettable Area or otherwise without first obtaining the Landlord's written approval thereto, such written approval not to be unreasonably withheld in the case of alterations, additions or improvements to the interior of the Lettable Area.
90. The Tenant will not install in or for the Lettable Area any special locks, safes or apparatus for air conditioning, cooling, heating, illuminating, refrigerating or ventilating the Lettable Area without first obtaining the Landlord's written approval thereto. Locks may not be added or changed without the prior written agreement of both the Landlord and the Tenant.
91. When seeking any approval of the Landlord for Tenant repairs as required in this Lease, the Tenant will present the Landlord plans and specifications of the proposed work which will be subject to the prior approval of the Landlord, not to be unreasonably withheld or delayed.

Landlord's Repairs

92. The standard of repair of a structural nature to the structural elements of the roof, foundation and outside walls of the building at the start of this Lease will be considered the minimum and acceptable state of repair of the entire building. Beyond the minimum and acceptable state of repair, the Landlord covenants and agrees to effect at its expense repairs of a structural nature to the structural elements of the roof, foundation and outside walls of the Building, whether occasioned or necessitated by faulty workmanship, materials, improper installation, construction defects or settling, or otherwise, unless such repair is necessitated by the negligence of the Tenant, its servants, agents, employees or invitees, in which event the cost of such repairs will be paid by the Tenant together with an administration fee of fifteen percent (15%) for the Landlord's overhead and supervision.

Maintenance

93. The Tenant will, at its sole expense, keep and maintain the Lettable Area and appurtenances in good and sanitary condition and repair during the Term and any renewal of this Lease.
94. In particular, the Tenant will keep the fixtures in the Lettable Area in good order and repair. The Tenant will, at Tenant's sole expense, make all required repairs to the plumbing, range, heating apparatus and electric and gas fixtures whenever damage to such items will have resulted from the Tenant's misuse, waste or neglect or that of the Tenant's employee, family, agent or visitor.
95. The Tenant will be responsible at its own expense to replace all electric light bulbs, tubes, ballasts or fixtures serving the Lettable Area.
96. Major maintenance and repair of the Lettable Area involving anticipated or actual costs in excess of £100.00 per incident not due to the Tenant's misuse, waste or neglect or that of the Tenant's employee, family, agent or visitor will be the responsibility of the Landlord or the Landlord's assigns.
97. Where the Lettable Area has its own sidewalk, footpath, entrance, driveway or carpark which is for the exclusive use of the Tenant and its guests, the Tenant will keep the footpath, entrance, driveway or parking space clean, tidy and free of objectionable material including dirt, debris, snow and ice.

Care of Use of Lettable Area

98. The Tenant will promptly notify the Landlord of any damage, or of any situation that may significantly interfere with the normal use of the Lettable Area.

99. The Tenant will not make (or allow to be made) any noise or nuisance which, in the reasonable opinion of the Landlord, disturbs the comfort or convenience of other tenants.
100. The Tenant will dispose of its rubbish in a timely, tidy, proper and sanitary manner.
101. The Tenant will not engage in any illegal trade or activity on or near the building.
102. The Landlord and Tenant will comply with standards of health, sanitation, fire, housing and safety as required by law.
103. The hallways, passages and stairs of the Building in which the Lettable Area is situated will be used for no purpose other than going to and from the Lettable Area and the Tenant will not in any way encumber those areas with boxes, furniture or other material or place or leave rubbish in those areas and other areas used in common with any other tenant.

Surrender of Lettable Area

104. The Tenant covenants to surrender the Lettable Area, at the expiration of the tenancy created in this Lease, in the same condition as the Lettable area was in upon delivery of possession under this Lease, reasonable wear and tear, damage by fire or elements, and unavoidable casualty excepted, and agrees to surrender all keys for the Lettable Area and Building to the Landlord at the place then fixed for payment of Rent and will inform the Landlord of all combinations to locks, safes and vaults, if any. All alterations, additions and improvements construed or installed in the Lettable area and attached in any manner to the floor, walls or ceiling, including any leasehold improvements, equipment, floor covering or fixtures (including trade fixtures), will remain upon and be surrendered with the Lettable Area and will become the absolute property of the Landlord except to the extent that the Landlord requires removal of such items. If the Tenant abandons the Lettable Area or if the Lease is terminated before the proper expiration of the Term due to a default on the part of the Tenant then, in such event, as of the moment of default of the Tenant all trade fixtures and furnishings of the Tenant (whether or not attached in any manner to the Lettable Area) will, except to the extent the Landlord requires removal of such items, become and be deemed to be the property of the Landlord without indemnity to the Tenant and as liquidated damages in respect of such default but without prejudice to any other right or remedy of the Landlord. Notwithstanding that any trade fixtures, furnishings, alterations, additions, improvements or fixtures are or may become the property of the Landlord, the Tenant will immediately remove all or part of the same and will make good any

damage caused to the Lettable Area resulting from the installation or removal of such fixtures, all at the Tenant's expense, should the Landlord so require by notice to the Tenant. If the Tenant, after receipt of such notice from the Landlord, fails to promptly remove any trade fixtures, furnishings, alterations, improvements and fixtures in accordance with such notice, the Landlord may enter into the Lettable Area and remove from the Lettable Area all or part of such trade fixtures, furnishings, alterations, additions, improvements and fixtures without any liability and at the expense of the Tenant, which expense will immediately be paid by the Tenant to the Landlord. The Tenant's obligation to observe or perform the covenant contained in this lease will survive the expiration or other termination of the Term.

Hazardous Materials

105. The Tenant will not keep or have in the Building any article or thing of a dangerous, flammable, or explosive character that might unreasonably increase the danger of fire in the Building or that might be considered hazardous by any responsible insurance company.

Rules and Regulations

106. The Tenant will obey all rules and regulations posted by the Landlord regarding the use and care of the Building and other common facilities that are provided for the use of the Tenant in and around the Building.

Address for Notice

107. For any matter relating to this tenancy, whether during or after this tenancy has been terminated:
- a. the address for service of the Tenant is 29 High Street, Invergordon, Ross-Shire, IV18 ODG, both during this tenancy and after this tenancy is terminated. The phone number of the Tenant is _____.
 - b. the address for service on the Landlord is Invergordon Naval Museum and Heritage Centre, 140 High Street, Invergordon, Ross-Shire, IV18 OAE, both during this tenancy and after this tenancy is terminated. The phone number of the Landlord is 07955 178240.

The Landlord or the Tenant may, on written notice to each other, change their respective addresses for notice under this Lease.

No Waiver

108. No provision of this Lease will be deemed to have been waived by the Landlord unless a written waiver from the Landlord has first been

obtained and, without limiting the generality of the foregoing, no acceptance of rent subsequent to any default and no condoning, excusing or overlooking by the Landlord on previous occasions of any default nor any earlier written waiver will be taken to operate as a waiver by the Landlord or in any way to defeat or affect the rights and remedies of the Landlord.

Landlord's Performance

109. Notwithstanding anything to the contrary contained in this Lease, if the Landlord is delayed or hindered or prevented from the performance of any term, covenant or act required under this Lease by reason of strikes, labour troubles, inability to procure materials or services, power failure, restrictive governmental laws or regulations, riots, insurrection, sabotage, rebellion, war, act of God or other reason, whether of a like nature or not, which is not the fault of the Landlord, then performance of such term, covenant or act will be excused for the period of the delay and the Landlord will be entitled to perform such term, covenant or act within the appropriate time period after expiration of the period of such delay.

Limited Liability Beyond Insurance Coverage

110. Notwithstanding anything contained in this Lease to the contrary, for issues relating to this Lease, presuming the Landlord obtains its required insurance, the Landlord will not be liable for loss of Tenant business income, Tenant moving expenses, and consequential, incidental, punitive and indirect damages which are not covered by the Landlord's insurance.

Remedies Cumulative

111. No reference to or exercise of any specific right or remedy by the Landlord will prejudice or preclude the Landlord from any other remedy whether allowed at law or in equity or expressly provided for in this Lease. No such remedy will be exclusive or dependant upon any other such remedy, but the Landlord may from time to time exercise any one or more of such remedies independently or in combination.

Landlord May Perform

112. If the Tenant fails to observe, perform or keep any of the provisions of this Lease to be observed, performed or kept by it and such failure is not rectified within the time limits specified in this Lease, the Landlord may, but will not be obliged to, at its discretion and without prejudice, rectify the default of the Tenant. The Landlord will have the right to enter the Lettable Area for the purpose of correcting or remedying any default of the Tenant and to remain until the default has been corrected or remedied. However, any expenditure by the Landlord

incurred in any correction of a default of the Tenant will not be deemed to waive or release the Tenant's default or the Landlord's right to take any action as may be otherwise permissible under this Lease in the case of any default.

General Provisions

113. The Tenant authorises the Landlord to make inquiries to any agency related to the Tenant's compliance with any laws, regulations, or other rules, related to the Tenant or the Tenant's use of the Lettable Area. The Tenant will provide to the Landlord any written authorisation that the Landlord may reasonably require to facilitate these inquiries.
114. This Lease will extend to and be binding upon and inure to the benefit of the respective heirs, executors, administrators, successors and assigns, as the case may be, of each party to this Lease. All covenants are to be construed as conditions of this Lease.
115. All sums payable by the Tenant to the Landlord pursuant to any provision of this Lease will be deemed to be Additional Rent and will be recoverable by the Landlord as rental arrears.
116. Where there is more than one Tenant executing this Lease, all Tenants are jointly and severally liable for each other's acts, omissions and liabilities pursuant to this Lease.
117. All parts of the schedule to this Lease are incorporated into and form an integral part of this Lease.
118. Headings are inserted for the convenience of the Parties only and are not to be considered when interpreting this Lease. Words in the singular mean and include the plural and vice versa. Words in the masculine mean and include the feminine and vice versa.
119. This Lease may be executed in counterparts. Facsimile signatures are binding and are considered to be original signatures.
120. Time is of the essence in this Lease.
121. This Lease will constitute the entire agreement between the Landlord and the Tenant pursuant to section 1(3) of the Contract (Scotland) Act 1997. Any prior understanding or representation of any kind preceding the date of this Lease will not be binding on either party to this Lease except to the extent incorporated in this Lease. In particular, no warranties of the Landlord not expressed in this Lease are to be implied.
122. The Parties consent to the registration of this Lease for preservation and execution.

123. Nothing contained in this Lease is intended by the Parties to create a relationship of principal and agent, partnership, nor joint venture. The Parties intend only to create a relationship of landlord and tenant.

124. The Tenant will pay the stamp duty land tax on this Lease and any amending document, the dues of registering this Lease and any amending documents in the Books of Council and the dues of obtaining three (3) official extracts (two (2) of which are for the Landlord's purposes).

IN WITNESS WHEREOF the Parties to this Lease have duly affixed their signatures under hand and seal, or by a duly authorised officer under seal.

Signed for and on behalf of
Invergordon Naval Museum and Heritage
Centre (Landlord) by

(Witness)

(Address)

Per: _____(SEAL)
James Collier (Vice-Chair)

Date

Signed for and on behalf of
Highland Castle Entertainment Limited
(Tenant) by

(Witness)

(Address)

Per: _____(SEAL)

Date