

KPMG LLP
Restructuring
8 Salisbury Square
London
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United Kingdom

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Our ref 2\English SOA
<<Branch No>>
Contact 0844 576 8862

<<Date>>

Dear Sirs

First Quench Retailing Limited (in administration) (the “Company”)
Ian Corfield, Mick McLoughlin and Richard Fleming (the “Joint Administrators”)
<<Branch Address>> (the “Property”)

Further to the appointment of Richard Fleming, Michael McLoughlin and myself as Joint Administrators of First Quench Retailing Limited, I write to confirm that the Company no longer has an interest in the above Property with effect from <<Cease to Trade>>.

Unfortunately, we have not been able to assign the leasehold interest in the Property despite the substantial interest we have had in the portfolio as a whole.

The Joint Administrators are therefore offering a surrender of the lease of the Property by operation of law. We do not hold a copy of this lease, but please accept this letter as surrender of the lease of the Property.

The Joint Administrators hold limited information in relation to the Property, but believe it may at present be occupied by a service occupier. The right of the former employee to occupy as a service occupier ended when their employment contract was terminated, and the Joint Administrators have served notice on them requiring them to vacate the Property. The Joint Administrators are however unable to confirm or warrant that the former employee has yet vacated the Property. The Joint Administrators are offering to surrender the Lease with no guarantee that it is being surrendered with vacant possession. Upon surrender of the Lease, subleases granted out of the Lease will not automatically come to an end and you may have a right to receive rent directly from any existing sub-tenant. If in doubt, you should take professional advice as to whether that is the case here. You may wish to discuss making direct arrangements with existing sub-tenants and occupiers. The sub tenants contact details are as follows:

<<Service Occupier Details>>

For information we can advise that according to the Company records approximately 95% of the Company estate has a rateable value less than £15,000 (£21,499 in London) which would fall under the Small Business Relief threshold. Empty properties under this threshold are likely to be exempt from paying business rates. For more information please refer to:

http://www.voa.gov.uk/business_rates/rating-multipliers.htm .

The Joint Administrators are not able to undertake any emergency maintenance and repairs on the Property and no longer accept liability for utility supplies.

Please note that the property will no longer have a premises licence for the sale of alcohol. You will have to apply directly to your local authority for a new premises licence if you want the property to sell alcohol in the future.

Please also be aware that the Joint Administrators have not made any arrangements to insure the Property going forward (whether or not this offer to surrender is accepted), other than providing standard Public Liability Insurance, which will be cancelled shortly. The landlord is given notice that it should take steps to implement its own insurance and compliance with all relevant conditions, especially now that the Property is vacant, as any uninsured loss will commercially fall on the landlord.

If you wish to accept the surrender of the lease offered herein please sign and return a copy of this letter, upon receipt of which we will make arrangements to send you the keys (please allow 14 days for delivery). If you are accepting this surrender of the lease and require urgent access, please first sign and return the copy letter and then make your own arrangements with the sub-tenant or occupier. You should be aware that it may be unlawful for you to enter the premises or change the locks without prior warning or the consent of a sub-tenant, and you should take professional advice if you are in any doubt. If you are not accepting the surrender, the keys to the property can be issued to you to retain for access purposes and to make arrangements in respect of buildings insurance and maintenance (again subject to the continuing rights of any existing occupier or sub-tenant). If you require this, please put your request in writing on the form attached and fax to FQR Surrender Key Holder, First Quench Retailing Limited in administration, 0117 905 4058. The keys will be sent by Royal Mail “signed for” post. Again, please allow 14 days for delivery.

If neither of the above options are accepted by the landlord the Joint Administrators will hold the keys but there is a cost to this that will be of no benefit to the general body of creditors. In these cases access to the Property will be at the authority of the Joint Administrators only and we will have to make a charge to provide access to the Property to cover the costs.

- An emergency call out within office hours will be £200 per hour or part thereof.
- Planned access subject to 48 hours written request will be £100 per hour or part thereof.
- All costs are subject to variation, allow single entry to the premises and are subject to VAT.

Please note that the Joint Administrators have not adopted the lease or any covenants or obligations in connection with the lease at any time and act at all times as agents of the Company without personal liability.

Please also note that the Joint Administrators and the Company relinquish such right, title and interest that the Company has in relation to any Company owned stock or other items remaining at the Property.

Under this surrender the Company releases (without giving any covenant, representation or warranty of any description, whether as to title or otherwise) to you all such estate interest and rights as they have in the lease with the intent that the residue of the term of years granted by the lease between the parties and all or any other estate interest or rights of the Company in the Property, whether granted by or arising from the lease or by any deed or document supplemental to the lease or otherwise, is to merge and be extinguished in the reversion immediately expectant on the term of years granted by the lease.

By signing and returning the duplicate of this letter, you are (i) accepting a surrender of the lease by operation of law; (ii) releasing the Company from all of their obligations contained in all liabilities whatever under the lease or any other deed or document supplemental to the lease or otherwise relating to the Property whether past, present or future and all damages, actions, proceedings, costs, demands and expenses arising from such obligations and liabilities; and (iii) confirming that to the extent that third party property remains on the premises you will reasonably assist the third party to recover their property.

Yours faithfully
for First Quench Retailing Limited

I Corfield
Joint Administrator

The affairs, business and property of the company are being managed by the joint administrators

Ian James Corfield and Michael Vincent McLoughlin are authorised to act as insolvency practitioners by the Institute of Chartered Accountants in England & Wales

Richard Dixon Fleming is authorised to act as an insolvency practitioner by the Insolvency Practitioners Association

<<Branch No>>

<<Branch Address>>

<<Landlord Name>>

We hereby acknowledge receipt of this letter and agree to accept the surrender offered on the terms specified and without limitation agree that the Joint Administrators act only as agents of the Company, have not given or entered into any collateral understandings, representations, warranties or agreement as principal and no reliance is placed upon them and they have no personal liability in relation to this letter or any of its terms.

Name of Signatory

Signed
For (the Landlord)

Dated

From: <<Landlord Name>>

To: The Key Holder of First Quench Retailing Limited in administration
c/o FQR House, Bessemer Road, Welwyn Garden City, Herts. AL7 1BL

Fax No: 0117 905 4058

Dear Sirs

First Quench Retailing Limited (in administration) (the “Company”)
Ian Corfield, Mick McLoughlin and Richard Fleming (the “Joint Administrators”)
<<Branch Address>> (the “Property”)
Key Retention Request for Access

We confirm our request to be supplied with a set of keys for the Property, solely to allow us to inspect the Property and to deal with the management, maintenance and insurance of the Property.

The supply and receipt of keys in no way constitutes a surrender of the lease currently in place for the Property. The keys have only been accepted by us on a Without Prejudice basis.

We acknowledge and undertake that:

- 1 We will not ourselves and will not let anyone else occupy the property or any part with the exception of any existing occupier entitled to occupation under a sublease of the Property or occupying under any other pre-existing arrangement with the Company.
- 2 Entry to the Property is entirely at our own risk and will not be exercised in breach of any rights on the part of an existing occupier or sub-tenant.
- 3 The right to hold and use the keys is personal to us or our agents and we will not part with the keys other than by way of return to you.
- 4 We will pay for any services/utilities we use at any time in respect of the Property.
- 5 We will keep you fully indemnified from and against all losses, damages, costs, liabilities and expenses directly or indirectly arising out of or attributable to our access to the Property pursuant to this letter.

We hereby authorise you to release the keys to:

Name: _____ Signed: _____

Address: _____ Dated: _____

Contact Telephone: _____