
**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION**
Washington, D.C. 20549

FORM 10-Q

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended March 31, 2018

or

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

Commission file number: 000-24049

CRA International, Inc.

(Exact name of registrant as specified in its charter)

Massachusetts
(State or other jurisdiction of
incorporation or organization)

04-2372210
(I.R.S. Employer Identification No.)

200 Clarendon Street, Boston, MA
(Address of principal executive offices)

02116-5092
(Zip Code)

(617) 425-3000
(Registrant's telephone number, including area code)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§ 232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer

Accelerated filer

Non-accelerated filer
(Do not check if a smaller
reporting company)

Smaller reporting company
Emerging growth company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes No

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date.

Class
Common Stock, no par value per share

Outstanding at April 27, 2018
8,079,661 shares

CRA International, Inc.**INDEX****PART I. FINANCIAL INFORMATION**

ITEM 1.	Financial Statements	3
	Condensed Consolidated Income Statements (unaudited)—Quarters Ended March 31, 2018 and April 1, 2017	3
	Condensed Consolidated Statements of Comprehensive Income (unaudited)—Quarters Ended March 31, 2018 and April 1, 2017	4
	Condensed Consolidated Balance Sheets (unaudited)—March 31, 2018 and December 30, 2017	5
	Condensed Consolidated Statements of Cash Flows (unaudited)—Quarters March 31, 2018 and April 1, 2017	6
	Condensed Consolidated Statement of Shareholders' Equity (unaudited)—Quarter Ended March 31, 2018	7
	Notes to Condensed Consolidated Financial Statements (unaudited)	8
ITEM 2.	Management's Discussion and Analysis of Financial Condition and Results of Operations	25
ITEM 3.	Quantitative and Qualitative Disclosures About Market Risk	32
ITEM 4.	Controls and Procedures	32

PART II. OTHER INFORMATION

ITEM 1.	Legal Proceedings	34
ITEM 1A.	Risk Factors	34
ITEM 2.	Unregistered Sales of Equity Securities and Use of Proceeds	34
ITEM 3.	Defaults Upon Senior Securities	35
ITEM 4.	Mine Safety Disclosures	35
ITEM 5.	Other Information	35
ITEM 6.	Exhibits	36
Signatures		37

PART I. FINANCIAL INFORMATION

ITEM 1. Financial Statements

CRA INTERNATIONAL, INC.

CONDENSED CONSOLIDATED INCOME STATEMENTS (unaudited)

(In thousands, except per share data)

	Quarter Ended	
	March 31, 2018	April 1, 2017
Revenues	\$ 99,476	\$ 88,171
Costs of services (exclusive of depreciation and amortization)	69,391	62,581
Selling, general and administrative expenses	21,650	18,716
Depreciation and amortization	2,231	1,963
Income from operations	6,204	4,911
Interest expense, net	(37)	(112)
Other expense, net	(241)	(191)
Income before provision for income taxes	5,926	4,608
Provision for income taxes	1,040	1,778
Net income	4,886	2,830
Net loss attributable to noncontrolling interest, net of tax	—	23
Net income attributable to CRA International, Inc.	\$ 4,886	\$ 2,853
Net income per share attributable to CRA International, Inc.:		
Basic	\$ 0.59	\$ 0.34
Diluted	\$ 0.57	\$ 0.33
Weighted average number of shares outstanding:		
Basic	8,285	8,419
Diluted	8,580	8,621
Dividends per share	\$ 0.17	\$ 0.14

See accompanying notes to the condensed consolidated financial statements.

CRA INTERNATIONAL, INC.

CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (unaudited)

(In thousands)

	Quarter Ended	
	March 31, 2018	April 1, 2017
Net income	\$ 4,886	\$ 2,830
Other comprehensive income		
Foreign currency translation adjustments	1,318	584
Comprehensive income	6,204	3,414
Less: comprehensive loss attributable to noncontrolling interest	—	23
Comprehensive income attributable to CRA International, Inc.	<u>\$ 6,204</u>	<u>\$ 3,437</u>

See accompanying notes to the condensed consolidated financial statements.

CRA INTERNATIONAL, INC.

CONDENSED CONSOLIDATED BALANCE SHEETS (unaudited)

(In thousands, except share data)

	March 31, 2018	December 30, 2017
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 10,852	\$ 54,035
Accounts receivable, net of allowances of \$6,912 at March 31, 2018 and \$7,378 at December 30, 2017	77,504	79,803
Unbilled services, net of allowances of \$2,659 at March 31, 2018 and \$1,746 at December 30, 2017	42,687	33,530
Prepaid expenses and other current assets	10,755	11,373
Forgivable loans	6,651	5,540
Total current assets	148,449	184,281
Property and equipment, net	46,917	44,643
Goodwill	89,527	89,000
Intangible assets, net	8,881	9,208
Deferred income taxes	8,686	8,713
Forgivable loans, net of current portion	38,142	23,088
Other assets	2,452	2,824
Total assets	<u>\$ 343,054</u>	<u>\$ 361,757</u>
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	\$ 19,472	\$ 18,473
Accrued expenses	67,538	94,573
Deferred revenue and other liabilities	4,798	6,896
Current portion of deferred compensation	1,014	908
Current portion revolving line of credit	10,000	—
Current portion of deferred rent	1,450	1,131
Total current liabilities	104,272	121,981
Non-current liabilities:		
Deferred compensation and other non-current liabilities	11,482	11,526
Deferred rent and facility-related non-current liabilities	22,625	20,656
Deferred income taxes	400	365
Total non-current liabilities	34,507	32,547
Commitments and contingencies (Note 17)		
Shareholders' equity:		
Preferred stock, no par value; 1,000,000 shares authorized; none issued and outstanding	—	—
Common stock, no par value; 25,000,000 shares authorized; 8,221,403 and 8,297,172 shares issued and outstanding at March 31, 2018 and December 30, 2017, respectively	39,401	47,414
Retained earnings	173,131	169,390
Accumulated other comprehensive loss	(8,578)	(9,896)
Total CRA International, Inc. shareholders' equity	203,954	206,908
Noncontrolling interest	321	321
Total shareholders' equity	204,275	207,229
Total liabilities and shareholders' equity	<u>\$ 343,054</u>	<u>\$ 361,757</u>

See accompanying notes to the condensed consolidated financial statements.

CRA INTERNATIONAL, INC.

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS (unaudited)

(In thousands)

	Quarter Ended	
	March 31, 2018	April 1, 2017
OPERATING ACTIVITIES:		
Net income	\$ 4,886	\$ 2,830
Adjustments to reconcile net income to net cash used in operating activities, net of effect of acquired businesses:		
Depreciation and amortization	2,223	1,966
Deferred rent	1,896	395
Deferred income taxes	(68)	201
Share-based compensation expenses	1,292	1,655
Accounts receivable allowances	174	1,004
Changes in operating assets and liabilities:		
Accounts receivable	3,435	3,061
Unbilled services	(8,871)	(12,657)
Prepaid expenses and other current asset, and other assets	972	1,865
Forgivable loans	(16,045)	2,150
Incentive cash awards	684	245
Accounts payable, accrued expenses, and other liabilities	(31,117)	(23,086)
Net cash used in operating activities	(40,539)	(20,371)
INVESTING ACTIVITIES:		
Consideration paid for acquisitions, net	—	(16,163)
Purchases of property and equipment	(3,248)	(823)
Net cash used in investing activities	(3,248)	(16,986)
FINANCING ACTIVITIES:		
Issuance of common stock, principally stock options exercises	535	1,266
Borrowings under revolving line of credit	10,000	6,000
Tax withholding payments reimbursed by restricted shares	(1,783)	(703)
Cash paid on dividend equivalents	(98)	(24)
Cash dividends paid to stockholders	(1,423)	(1,188)
Repurchases of common stock	(7,230)	—
Net cash provided by financing activities	1	5,351
Effect of foreign exchange rates on cash and cash equivalents	603	295
Net decrease in cash and cash equivalents	(43,183)	(31,711)
Cash and cash equivalents at beginning of period	54,035	53,530
Cash and cash equivalents at end of period	<u>\$ 10,852</u>	<u>\$ 21,819</u>
Noncash investing and financing activities:		
Issuance of restricted common stock for acquired business	\$ —	\$ 3,000
Repurchases of common stock payable	\$ 1,095	\$ —
Purchases of property and equipment not yet paid for	\$ 3,923	\$ 512
Purchases of property and equipment paid for by a third party	\$ —	\$ 153
Asset retirement obligations	\$ 223	\$ —
Supplemental cash flow information:		
Cash paid for income taxes	\$ 212	\$ 281
Cash paid for interest	\$ 60	\$ 78

See accompanying notes to the condensed consolidated financial statements.

CRA INTERNATIONAL, INC.

CONDENSED CONSOLIDATED STATEMENT OF SHAREHOLDERS' EQUITY (unaudited)

(in thousands, except share data)

	Common Stock		Retained Earnings	Accumulated Other Comprehensive Loss	CRA International, Inc. Shareholders' Equity	Noncontrolling Interest	Total Shareholders' Equity
	Shares Issued	Amount					
BALANCE AT DECEMBER 30, 2017	8,297,172	\$ 47,414	\$ 169,390	\$ (9,896)	\$ 206,908	\$ 321	\$ 207,229
Net income			4,886		4,886		4,886
Foreign currency translation adjustment				1,318	1,318		1,318
Cumulative effect of a change in accounting principle related to ASC 606, net of tax			366		366		366
Exercise of stock options	24,688	535			535		535
Share-based compensation expense		1,292			1,292		1,292
Restricted share vestings	97,722						
Redemption of vested employee restricted shares for tax withholding	(35,287)	(1,783)			(1,783)		(1,783)
Shares repurchased	(162,892)	(8,057)			(8,057)		(8,057)
Accrued dividends on unvested shares			10		10		10
Cash paid on dividend equivalents			(98)		(98)		(98)
Cash dividends paid to stockholders			(1,423)		(1,423)		(1,423)
BALANCE AT MARCH 31, 2018	<u>8,221,403</u>	<u>\$ 39,401</u>	<u>\$ 173,131</u>	<u>\$ (8,578)</u>	<u>\$ 203,954</u>	<u>\$ 321</u>	<u>\$ 204,275</u>

See accompanying notes to the condensed consolidated financial statements.

CRA INTERNATIONAL, INC.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

(Unaudited)

1. Description of Business

CRA International, Inc. ("CRA") is a worldwide leading consulting services firm that applies advanced analytic techniques and in-depth industry knowledge to complex engagements for a broad range of clients. CRA offers services in two broad areas: litigation, regulatory, and financial consulting and management consulting. CRA operates in one business segment. CRA operates its business under its registered trade name, Charles River Associates.

2. Basis of Presentation and Estimates

The accompanying unaudited condensed consolidated financial statements reflect the results of operations, financial position, cash flows, and stockholders' equity as of and for the quarters ending March 31, 2018 and April 1, 2017, respectively. These financial statements have been prepared in accordance with the rules and regulations of the U.S. Securities and Exchange Commission ("SEC") for Quarterly Reports on Form 10-Q. Accordingly, these financial statements do not include all the information and note disclosures required by accounting principles generally accepted in the United States of America ("GAAP") for annual financial statements. In the opinion of management, these financial statements reflect all adjustments of a normal, recurring nature necessary for the fair statement of CRA's results of operations, financial position, cash flows, and stockholders' equity for the interim periods presented in conformity with GAAP. Results of operations for the interim periods presented herein are not necessarily indicative of results of operations for a full year. These financial statements should be read in conjunction with the consolidated financial statements and notes thereto for the year ended December 30, 2017 included in our Annual Report on Form 10-K filed with the SEC on March 12, 2018.

The preparation of financial statements in conformity with GAAP requires management to make significant estimates and judgments that affect the reported amounts of assets and liabilities, as well as the related disclosure of contingent assets and liabilities, at the date of the financial statements, and the reported amounts of consolidated revenues and expenses during the reporting period. Estimates in these condensed consolidated financial statements include, but are not limited to, allowances for accounts receivable and unbilled services, revenue recognition on fixed price contracts, depreciation of property and equipment, share-based compensation, valuation of acquired intangible assets, impairment of long lived assets, goodwill, accrued and deferred income taxes, valuation allowances on deferred tax assets, accrued compensation, accrued exit costs, and other accrued expenses. These items are monitored and analyzed by CRA for changes in facts and circumstances, and material changes in these estimates could occur in the future. Changes in estimates are recorded in the period in which they become known. CRA bases its estimates on historical experience and various other assumptions that CRA believes to be reasonable under the circumstances. Actual results may differ from those estimates if CRA's assumptions based on past experience or other assumptions do not turn out to be substantially accurate.

3. Principles of Consolidation

The condensed consolidated financial statements include the accounts of CRA and its wholly owned subsidiaries. In addition, as more fully explained below, the condensed consolidated financial statements include CRA's interest in GNU123 Liquidating Corporation ("GNU", formerly known as

CRA INTERNATIONAL, INC.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(Unaudited)

3. Principles of Consolidation (Continued)

NeuCo, Inc). All significant intercompany transactions and accounts have been eliminated in consolidation.

CRA's ownership interest in GNU was 55.89% for all periods presented. GNU's financial results have been consolidated with CRA, and the portion of GNU's results allocable to its other owners is shown as "noncontrolling interest."

On April 13, 2016, a buyer acquired substantially all the business assets and assumed substantially all the liabilities of GNU for a purchase price of \$1.35 million. Of this amount, \$1.1 million was received at closing, with the remaining \$0.25 million payable on or after April 13, 2017, subject to contingencies, as outlined in the asset purchase agreement, which remaining amount was paid in full on May 3, 2017. GNU recognized a gain on sale of its business assets of \$0.25 million during the second quarter of fiscal 2017, of which \$0.14 million is attributed to CRA, and received \$3.8 million during the second quarter of fiscal 2016, of which \$2.1 million is attributed to CRA. GNU was dissolved on December 15, 2017. Subsequent to the dissolution, CRA received a partial distribution of \$0.6 million in accordance with the asset purchase agreement. The final distribution is expected to be received during fiscal 2018.

4. Recent Accounting Standards Adopted

Revenue from Contracts with Customers

CRA adopted Accounting Standards Update ("ASU") No. 2014-09, *Revenue from Contracts with Customers (Topic 606)* (ASC 606) on December 31, 2017, using the modified retrospective method for all contracts not completed as of the date of adoption. The reported results for 2018 reflect the application of ASC 606 guidance while the reported results for 2017 were prepared under the guidance of ASC 605, *Revenue Recognition* (ASC 605). The cumulative effect of applying ASC 606 to all contracts with customers that were not completed as of December 30, 2017 amounted to \$0.4 million. The cumulative effect adjustment resulted in an increase to CRA's opening balance of retained earnings of \$0.4 million, net of tax. Prior periods were not retrospectively adjusted.

Statement of Cash Flows (Topic 230): Restricted Cash

CRA adopted ASU No. 2016-18, *Statement of Cash Flows (Topic 230): Restricted Cash* ("ASU 2016-18"). ASU 2016-18 amends ASC 230 to add or clarify guidance on the classification and presentation of restricted cash in the statement of cash flows. The new standard requires cash and cash equivalents balances on the statement of cash flows to include restricted cash and cash equivalent balances. ASU 2016-18 requires the registrant to provide appropriate disclosures about its accounting policies pertaining to restricted cash in accordance with GAAP. Additionally, changes in restricted cash and restricted cash equivalents that result from transfers between cash, cash equivalents, and restricted cash and restricted cash equivalents are not to be presented as cash flow activities in the statement of cash flows. The adoption of ASU 2016-18 did not have a material impact on CRA's financial position, results of operations, cash flows, or disclosures.

CRA INTERNATIONAL, INC.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(Unaudited)

4. Recent Accounting Standards Adopted (Continued)*Business Combinations (Topic 805): Clarifying the Definition of a Business*

CRA adopted ASU No. 2017-01, *Business Combinations (Topic 805): Clarifying the Definition of a Business* ("ASU 2017-01"). ASU 2017-01 clarifies the definition of a business with the objective of adding guidance to assist companies and other reporting organizations with evaluating whether transactions should be accounted for as acquisitions (or disposals) of assets or businesses. Under the amendments, a business is an integrated set of activities and assets that is capable of being conducted and managed for the purpose of providing a return in the form of dividends, lower costs, or other economic benefits directly to investors or other owners, members, or participants. The adoption of ASU 2017-01 did not have a material impact on CRA's financial position, results of operations, cash flows, or disclosures.

Intangibles—Goodwill and Other (Topic 350): Simplifying the Test for Goodwill Impairment

CRA adopted ASU No. 2017-04, *Intangibles—Goodwill and Other (Topic 350): Simplifying the Test for Goodwill Impairment* ("ASU 2017-04"). ASU 2017-04 simplifies the subsequent measurement of goodwill, and eliminates Step 2 from the goodwill impairment test. Under the amendments, an entity should perform its annual, or interim, goodwill impairment test by comparing the fair value of a reporting unit with its carrying amount. An entity should recognize an impairment charge for the amount by which the carrying amount exceeds the reporting unit's fair value; however, the loss recognized should not exceed the total amount of goodwill allocated to that reporting unit. Additionally, an entity should consider income tax effects from any tax-deductible goodwill on the carrying amount of the reporting unit when measuring the goodwill impairment loss, if applicable. The amendment also eliminated the requirements for any reporting unit with a zero or negative carrying amount to perform a qualitative assessment and, if it fails that qualitative test, to perform Step 2 of the goodwill impairment test. Therefore, the same impairment assessment applies to all reporting units. An entity is required to disclose the amount of goodwill allocated to each reporting unit with a zero or negative carrying amount of net assets. The adoption of ASU 2017-04 did not have a material impact on CRA's financial position, results of operations, cash flows, or disclosures.

Compensation—Stock Compensation (Topic 718): Scope of Modification Accounting

CRA adopted ASU No. 2017-09, *Compensation—Stock Compensation (Topic 718): Scope of Modification Accounting* ("ASU 2017-09"). ASU 2017-09 updates guidance about which changes to the terms or conditions of a share-based payment award require an entity to apply modification accounting in Topic 718. Under the amendments, an entity should account for the effects of a modification unless all the following conditions are met. First, the fair value (or calculated value or intrinsic value, if such an alternative measurement method is used) of the modified award is the same as the fair value (or calculated value or intrinsic value, if such an alternative measurement method is used) of the original award immediately before the original award is modified. If the modification does not affect any of the inputs to the valuation technique that the entity uses to value the award, the entity is not required to estimate the value immediately before and after the modification. Second, the vesting conditions of the modified award are the same as the vesting conditions of the original award immediately before the original award is modified. Third, the classification of the modified award as an equity instrument or a liability instrument is the same as the classification of the original award immediately before the

CRA INTERNATIONAL, INC.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(Unaudited)

4. Recent Accounting Standards Adopted (Continued)

original award is modified. The adoption of ASU 2017-09 did not have a material impact on CRA's financial position, results of operations, cash flows, or disclosures.

Staff Accounting Bulletin No. 118 (SAB 118)

On December 22, 2017, the SEC staff issued Staff Accounting Bulletin No. 118, "*Income Tax Accounting Implications of the Tax Cuts and Jobs Act*" ("SAB 118"), to address the application of US GAAP in situations when a registrant does not have the necessary information available, prepared, or analyzed (including computations) in reasonable detail to complete the accounting for certain income tax effects of the Tax Cuts and Jobs Act (the "Tax Act"). SAB 118 summarizes a three-step process to be applied at each reporting period to account for and disclose: (1) the effects of the change in tax law for which accounting is complete; (2) provisional amounts (or adjustments to provisional amounts) for the effects of the change in tax law where accounting is not complete, but a reasonable estimate has been determined; and (3) current or deferred tax amounts reflected in accordance with law prior to the enactment of the change in tax law because the accounting of the effects of the change in tax law are not complete and a reasonable estimate has not been determined, together with qualitative disclosure of the effects of the changes in tax law for which the accounting is not complete, the reason why the accounting is not complete, and the additional information that is needed to be obtained, prepared or analyzed in order to complete the accounting. Because the Tax Act was passed late in the fourth quarter of 2017, and ongoing guidance and accounting interpretation are expected over the next 12 months, CRA considers the accounting of deferred tax remeasurements and other items to be incomplete due to the forthcoming guidance and its ongoing analysis of final year-end data and tax positions. Adjustments to these preliminary amounts identified during the measurement period, as defined, will be included as an adjustment to tax expense from continuing operations in the period the amounts are determined. CRA believes that it has made a good faith effort to complete the accounting under ASC 740 with respect to the Tax Act. SAB 118 provides that the measurement period is complete when a company's accounting is complete and in no circumstances, should the measurement period extend beyond one year from the enactment date of the applicable change in tax law.

5. Recent Accounting Standards Not Yet Adopted

Leases (Topic 842)

In February 2016, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") No. 2016-02, *Leases (Topic 842)* ("ASU 2016-02"). ASU 2016-02 establishes a comprehensive new lease accounting model. The new standard clarifies the definition of a lease, requires a dual approach to lease classification similar to current lease classifications, and causes lessees to recognize leases on the balance sheet as a lease liability with a corresponding right-of-use asset for leases with a lease term of more than twelve months. The new standard is effective for interim and annual periods beginning after December 15, 2018. Early adoption is permitted. The new standard requires a modified retrospective transition for capital or operating leases existing at or entered into after the beginning of the earliest comparative period presented in the financial statements, but it does not require transition accounting for leases that expire prior to the date of initial application. CRA has

CRA INTERNATIONAL, INC.**NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued)****(Unaudited)****5. Recent Accounting Standards Not Yet Adopted (Continued)**

not yet determined the effects, if any, that the adoption of ASU 2016-02 may have on its financial position, results of operations, cash flows, or disclosures.

6. Business Acquisitions

On January 31, 2017, CRA acquired C1 Consulting LLC, an independent consulting firm, and its wholly-owned subsidiary C1 Associates (collectively, "C1") for initial consideration comprised of cash and CRA restricted common stock. The asset purchase agreement provided for additional purchase consideration to be paid for up to four years following the transaction in the form of an earnout, if specific performance targets are met. These earnout payments are payable in cash and CRA restricted common stock. The fair value of this obligation was measured as of the acquisition date and accounted for as a component of the purchase consideration, any adjustments to this initial valuation in future accounting periods will be reported as an adjustment to net income. The purchase price allocation resulted in the recognition of goodwill of \$13.0 million and amortizable intangible assets of \$8.5 million and contingent consideration liability of \$2.4 million.

7. Cash and Cash Equivalents

Cash equivalents consist principally of money market funds with maturities of three months or less when purchased. As of March 31, 2018, a substantial portion of CRA's cash accounts was concentrated at a single financial institution, which potentially exposes CRA to credit risks. The financial institution has a short-term credit rating of A-2 by Standard & Poor's ratings services. CRA has not experienced any losses related to such accounts. CRA does not believe that there is significant risk of non-performance by the financial institution, and its cash on deposit is fully liquid. CRA continually monitors the credit ratings of the institution.

8. Foreign Currency

Results of operations for our non-U.S. subsidiaries are translated from the designated functional currency to the reporting currency of the U.S. dollar. Revenues and expenses are translated at average exchange rates for each month, while assets and liabilities are translated at balance sheet date exchange rates. Resulting net translation adjustments are recorded as a component of stockholders' equity in "Accumulated other comprehensive income (loss)."

Transaction gains and losses arising from currency exchange rate fluctuations on transactions denominated in a currency other than the local functional currency are included in "Foreign currency translation adjustments" on the Condensed Consolidated Statements of Comprehensive Income. Such transaction gains and losses may be realized or unrealized depending upon whether the transaction settled during the period or remains outstanding at the balance sheet date.

9. Fair Value of Financial Instruments

Accounting Standards Codification ("ASC") Topic 820, *Fair Value Measurements and Disclosures*, establishes a fair value hierarchy that prioritizes the inputs used to measure fair value. The hierarchy gives the highest priority to quoted prices in active markets for identical assets or liabilities (Level 1 measurement), then priority to quoted prices for similar instruments in active markets, quoted prices

CRA INTERNATIONAL, INC.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(Unaudited)

9. Fair Value of Financial Instruments (Continued)

for identical or similar instruments in markets that are not active and model-based valuation techniques for which all significant assumptions are observable in the market (Level 2 measurement), then the lowest priority to unobservable inputs (Level 3 measurement).

The following table shows CRA's financial instruments as of March 31, 2018 and December 30, 2017 that are measured and recorded in the financial statements at fair value on a recurring basis (in thousands):

	March 31, 2018		
	Quoted Prices in Active Markets for Identical Assets or Liabilities	Significant Other Observable Inputs	Significant Unobservable Inputs
	Level 1	Level 2	Level 3
<i>Assets:</i>			
Money market funds	\$ 24	\$ —	\$ —
Total Assets	\$ 24	\$ —	\$ —
<i>Liabilities:</i>			
Contingent consideration liability	\$ —	\$ —	\$ 5,030
Total Liabilities	\$ —	\$ —	\$ 5,030
	December 30, 2017		
	Quoted Prices in Active Markets for Identical Assets or Liabilities	Significant Other Observable Inputs	Significant Unobservable Inputs
	Level 1	Level 2	Level 3
<i>Assets:</i>			
Money market funds	\$ 5,006	\$ —	\$ —
Total Assets	\$ 5,006	\$ —	\$ —
<i>Liabilities:</i>			
Contingent consideration liability	\$ —	\$ —	\$ 5,137
Total Liabilities	\$ —	\$ —	\$ 5,137

The fair values of CRA's money market funds are based on quotes received from third-party banks.

The contingent consideration liabilities in the tables above are for estimated future contingent consideration payments related to prior acquisitions. The fair value measurement of this liability is based on significant inputs not observed in the market and thus represents a Level 3 measurement. The significant unobservable inputs used in the fair value measurements of this contingent consideration liability are CRA's measures of the estimated payouts based on internally generated financial projections and discount rates. The fair value of the contingent consideration liability is reassessed on a quarterly basis by CRA using additional information as it becomes available and any change in the fair value estimate is recorded in the earnings of that period.

CRA INTERNATIONAL, INC.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(Unaudited)

9. Fair Value of Financial Instruments (Continued)

The following table summarizes the changes in the contingent consideration liability over the fiscal quarter ended March 31, 2018 and the fiscal year ended December 30, 2017 (in thousands):

	March 31, 2018	December 30, 2017
Beginning balance	\$ 5,137	\$ 549
Acquisitions	—	2,357
Remeasurement of acquisition-related contingent consideration	(264)	1,155
Accretion	157	1,328
Payments	—	(299)
Effects of foreign currency translation	—	47
Ending balance	<u>\$ 5,030</u>	<u>\$ 5,137</u>

10. Forgivable Loans

Forgivable loan activity for the fiscal quarter ended March 31, 2018 and the fiscal year ended December 30, 2017 is as follows (in thousands):

	March 31, 2018	December 30, 2017
Beginning balance	\$ 28,628	\$ 33,962
Advances	23,028	11,672
Repayments	(3,333)	(2,135)
Reclassification to other assets	—	(1,100)
Amortization	(3,552)	(14,155)
Effects of foreign currency translation	22	384
Ending balance	<u>\$ 44,793</u>	<u>\$ 28,628</u>
Current portion of forgivable loans	<u>\$ 6,651</u>	<u>\$ 5,540</u>
Non-current portion of forgivable loans	<u>\$ 38,142</u>	<u>\$ 23,088</u>

11. Goodwill and Intangible Assets

The changes in the carrying amount of goodwill during the fiscal quarter ended March 31, 2018, is as follows (in thousands):

	Goodwill, gross	Accumulated impairment losses	Goodwill, net
Balance at December 30, 2017	\$ 165,417	\$ (76,417)	\$ 89,000
Effect of foreign currency translation	527	—	527
Balance at March 31, 2018	<u>\$ 165,944</u>	<u>\$ (76,417)</u>	<u>\$ 89,527</u>

CRA INTERNATIONAL, INC.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(Unaudited)

11. Goodwill and Intangible Assets (Continued)

Intangible assets that are separable from goodwill and have determinable useful lives are valued separately and amortized over their expected useful lives. There were no impairment losses related to intangible assets during the first quarter of fiscal 2018 or the first quarter of fiscal 2017.

The components of acquired identifiable intangible assets are as follows (in thousands):

	March 31, 2018	December 30, 2017
Non-competition agreements, net of accumulated amortization of \$490 and \$464, respectively	\$ 233	\$ 260
Customer relationships, net of accumulated amortization of \$3,472 and \$3,172, respectively	8,648	8,948
Total, net of accumulated amortization of \$3,962 and \$3,636, respectively	<u>\$ 8,881</u>	<u>\$ 9,208</u>

12. Accrued Expenses

Accrued expenses consist of the following (in thousands):

	March 31, 2018	December 30, 2017
Compensation and related expenses	\$ 51,346	\$ 80,105
Income taxes payable	275	153
Other	15,917	14,315
Total	<u>\$ 67,538</u>	<u>\$ 94,573</u>

As of March 31, 2018 and December 30, 2017, approximately \$29.0 million and \$63.8 million, respectively, of accrued bonuses were included above in "Compensation and related expenses".

13. Credit Agreement

CRA is party to a credit agreement that provides CRA with a \$125.0 million revolving credit facility and a \$15.0 million sublimit for the issuance of letters of credit. CRA may use the proceeds of the revolving credit facility to provide working capital and for other general corporate purposes. CRA may repay any borrowings under the revolving credit facility at any time, but no later than October 24, 2022. There were \$10.0 million in borrowings outstanding under this revolving credit facility as of March 31, 2018. There were no outstanding borrowings on this facility as of December 30, 2017.

As of March 31, 2018, the amount available under this revolving credit facility was reduced by certain letters of credit outstanding, which amounted to \$3.6 million. Under the credit agreement, CRA must comply with various financial and non-financial covenants. Compliance with these financial covenants is tested on a fiscal quarterly basis. As of March 31, 2018 and December 30, 2017, CRA was in compliance with the covenants of its credit agreement.

CRA INTERNATIONAL, INC.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(Unaudited)

14. Revenue Recognition

CRA offers consulting services in two broad areas: litigation, regulatory, and financial consulting and management consulting. Together, these two service areas comprised all of CRA's consolidated revenues during the fiscal quarter ended March 31, 2018. CRA recognizes all project revenue on a gross basis based on consideration of the criteria set forth in ASC Topic 606-10-55, *Principal versus Agent Considerations*.

CRA evaluates its revenue contracts with customers based on the five-step model under ASC 606: (1) Identify the contract with the customer; (2) Identify the performance obligations in the contract; (3) Determine the transaction price; (4) Allocate the transaction price to separate performance obligations; and (5) Recognize revenue when (or as) each performance obligation is satisfied. CRA evaluates its contracts for legal enforceability at contract inception and subsequently throughout the CRA's relationship with its customers. If legal enforceability with regards to the rights and obligations exist for both CRA and the customer, then CRA has an enforceable contract and revenue recognition is permitted subject to the satisfaction of the other criteria. If, at the outset of an arrangement, CRA determines that a contract with enforceable rights and obligations does not exist, revenues are deferred until all criteria for an enforceable contract are met.

Revenue is recognized when, or as, obligations under the terms of a contract are satisfied, which occurs when control of the promised consulting services are transferred to customers. Revenue is measured as the amount of consideration CRA expects to receive in exchange for transferring consulting services to a customer ("transaction price"). To the extent the transaction price includes variable consideration, CRA estimates the amount of variable consideration that should be included in the transaction price utilizing the most likely amount to which it expects to be entitled. Variable consideration is included in the transaction price if, in CRA's judgment, it is probable that a significant future reversal of cumulative revenue under the contract will not occur. Estimates of variable consideration and determination of whether to include estimated amounts in the transaction price are based largely on an assessment of CRA's anticipated performance and all information (historical, current and forecasted) that is reasonably available. Sales, value add, and other taxes collected on behalf of third parties are excluded from revenue.

When determining the transaction price of a contract, an adjustment is made if payment from a customer occurs either significantly before or significantly after performance, resulting in a significant financing component. Applying the practical expedient in paragraph 606-10-32-18, CRA does not assess whether a significant financing component exists if the period between when it performs its obligations under the contract and when the customer pays is one year or less. None of the CRA's contracts contained a significant financing component as of March 31, 2018.

If the contract contains a single performance obligation, the entire transaction price is allocated to the single performance obligation. Contracts that contain multiple performance obligations require an allocation of the transaction price based on the estimated relative standalone selling prices of the promised consulting services underlying each performance obligation. CRA determines standalone selling prices based on the price at which the performance obligation is sold separately. If the standalone selling price is not observable through past transactions, CRA estimates the standalone selling price considering all available information such as market conditions and internally approved pricing guidelines related to the performance obligations.

CRA INTERNATIONAL, INC.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(Unaudited)

14. Revenue Recognition (Continued)

Contracts are often modified to account for changes in project scope. Contract modifications exist when the modification either creates new or changes the existing enforceable rights and obligations. Generally, contract modifications for consulting services are not distinct from the existing contract as the modification expands CRA's consulting services and thus are accounted for as if they were part of that existing contract. The effect of a contract modification on the transaction price and measure of progress for the performance obligation to which it relates is recognized as an adjustment to revenue on a cumulative catch-up basis.

Consulting services revenue is generally recognized over time as the services are delivered to the customer based on the extent of progress towards completion of the performance obligation. The selection of the method to measure progress towards completion requires judgment and is based on the nature of the consulting services to be provided. Depending on which better depicts the transfer of value to the customer, CRA generally measures its progress using either right-to-invoice for time and materials projects, or cost-to-cost for fixed-price projects. CRA uses the right-to-invoice measure of progress when it has a right to invoice the customer for an amount that corresponds directly with the value to the customer of its performance to date. Under the right-to-invoice measure of progress, revenues are recorded equal to the amount CRA could invoice the customer. CRA uses the cost-to-cost measure of progress when it best depicts the transfer of value to the customer which occurs as it incurs costs on its contract. Under the cost-to-cost measure of progress, the extent of progress towards completion is measured based on the ratio of costs incurred to date to the total estimated costs at completion of the performance obligation. Revenues are recorded proportionally as costs are incurred.

Consulting Services Revenues

The contracts CRA enters into and operates under specify whether the engagements are billed on a time-and-materials or a fixed-price basis. Most of CRA's revenue is derived from time-and-materials service contracts. Revenues from time-and-materials service contracts are recognized as services are provided based upon hours worked and contractually agreed-upon hourly rates, as well as indirect fees based upon hours worked. Revenues from a majority of CRA's fixed-price engagements are recognized on a proportional performance method based on the ratio of costs incurred (input method), substantially all of which are labor-related, to the total estimated project costs. In general, project costs are classified in costs of services and are based on the direct salary of our employee consultants on the engagement plus all direct expenses incurred to complete the engagement, including any amounts billed to CRA by its non-employee experts.

Disaggregation of Revenue

The following table disaggregates CRA's revenue by major business line and timing of transfer of its consulting services. Refer to Note 12 to CRA's consolidated financial statements included in the

CRA INTERNATIONAL, INC.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(Unaudited)

14. Revenue Recognition (Continued)

annual report on Form 10-K for fiscal 2017, which was filed with the SEC on March 12, 2018, for further detail on revenues by geographical location (in thousands).

Type of Contract	Fiscal Quarter Ended	
	March 31, 2018	April 1, 2017(1)
Consulting services revenues		
Fixed Price	\$ 20,714	\$ 18,774
Time-and-materials	78,762	69,397
Total	<u>\$ 99,476</u>	<u>\$ 88,171</u>

Geographic Breakdown	Fiscal Quarter Ended	
	March 31, 2018	April 1, 2017(1)
Consulting services revenues		
United States	\$ 76,860	\$ 72,628
United Kingdom	17,505	10,542
Other	5,111	5,001
Total	<u>\$ 99,476</u>	<u>\$ 88,171</u>

(1) As noted above, prior period amounts have not been adjusted under the modified retrospective method.

Reserves for Variable Consideration and Credit Risk

Revenues from our consulting services are recorded at the net sales price, or transaction price, which includes estimates of variable consideration for which reserves are established and result from price concessions that are extended to our customers. These reserves on the variable consideration components subject to constraint are classified as reductions of accounts receivable. These calculated estimates take into consideration CRA's historical experiences of prior period revenues which were subsequently reversed due to these price concessions. Overall, these reserves reflect CRA's best estimates of the amount of consideration to which it is entitled based on the terms of its contracts with its customers. The amount of variable consideration which is included in the transaction price may be constrained, and is included in the net sales price only to the extent that it is probable that a significant reversal in the amount of the cumulative revenue recognized will not occur in a future period. Actual amounts of consideration ultimately received may differ from its estimates. If actual results in the future vary from the its estimates, CRA adjusts these estimates, which would affect net revenue and earnings in the period such variances become known.

CRA's billed and unbilled receivables consist of receivables from a broad range of clients in a variety of industries located throughout the U.S. and in other countries. CRA performs a credit evaluation of its clients to minimize its collectability risk. Periodically, CRA will require advance

CRA INTERNATIONAL, INC.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(Unaudited)

14. Revenue Recognition (Continued)

payment from certain clients. However, CRA does not require collateral or other security. CRA maintains accounts receivable allowances for estimated losses and disputed amounts resulting from clients' failures to make required payments. CRA bases its estimates on historical collection experience, current trends, and credit policy. In determining these estimates, CRA examines historical write-offs of its receivables and reviews client accounts to identify any specific customer collection issues. If the financial condition of any of CRA's customers were to deteriorate, resulting in an impairment of their ability or intent to make payment, additional allowances may be required.

Generally, accounts and unbilled receivables allowances are recorded as a reduction to revenues. During the first quarter of 2018, \$0.3 million was recorded as a bad debt expense and reported as a component of selling, general and administrative expenses related to credit-related losses.

Revenues also include reimbursable expenses, which include travel and other out-of-pocket expenses, outside consultants, and other reimbursable expenses. Reimbursable expenses are as follows (in thousands):

	Fiscal Quarter Ended	
	March 31, 2018	April 1, 2017
Reimbursable expenses	\$ 11,229	\$ 9,140

CRA collects goods and services and value added taxes from customers and records these amounts on a net basis, which is within the scope of ASC Topic 606-10-55, *Principal versus Agent Considerations*.

Transaction Price Allocated to Future Performance Obligations

ASC 606 requires that CRA disclose the aggregate amount of transaction price that is allocated to performance obligations that have not yet been satisfied as of March 31, 2018. The guidance provides certain practical expedients that limit this requirement for (i) contracts with an original expected length of one year or less and (ii) contracts for which revenue is recognized at the amount to which CRA has the right to invoice for consulting services performed. Given the nature of its business, CRA does not disclose the value of unsatisfied performance obligations as the practical expedients apply to its unsatisfied performance obligations as of March 31, 2018.

CRA INTERNATIONAL, INC.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(Unaudited)

14. Revenue Recognition (Continued)

Contract Balances from Contracts with Customers

The following table presents changes in CRA's contract assets and contract liabilities during the fiscal quarter ended March 31, 2018 (in thousands):

<u>Fiscal Quarter Ended March 31, 2018</u>	<u>Balance at Beginning of Period</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance at End of Period</u>
Contract assets:				
Accounts receivable	\$ 87,181	\$ 97,956	\$ 100,721	\$ 84,416
Allowance for doubtful accounts	7,378	1,031	1,497	6,912
Accounts receivable, net of allowances	<u>\$ 79,803</u>	<u>\$ 96,925</u>	<u>\$ 99,224</u>	<u>\$ 77,504</u>
Unbilled services	\$ 35,276	\$ 148,308	\$ 138,238	\$ 45,346
Unbilled receivables allowance	1,746	1,583	670	2,659
Unbilled services, net of allowances	<u>\$ 33,530</u>	<u>\$ 146,725</u>	<u>\$ 137,568</u>	<u>\$ 42,687</u>
Contract liabilities:				
Deferred revenue	<u>\$ 6,896</u>	<u>\$ 15,301</u>	<u>\$ 17,399</u>	<u>\$ 4,798</u>

During the fiscal quarter ended March 31, 2018, CRA recognized the following revenue as a result of changes in the contract asset and the contract liability balances (in thousands):

	<u>March 31, 2018</u>
Revenue recognized in the period from:	
Amounts included in the contract liability at the beginning of the period	\$ 2,858
Performance obligations satisfied in previous periods	\$ 2,135

The timing of revenue recognition, billings and cash collections results in billed receivables, contract assets and contract liabilities on the condensed consolidated balance sheets.

When consideration is received, or such consideration is unconditionally due from a customer prior to transferring consulting services to the customer under the terms of a contract, a contract liability is recorded. Contract liabilities are recognized as revenue after control of the consulting services are transferred to the customer and all revenue recognition criteria have been met.

Costs to Obtain or Fulfill a Customer Contract

Prior to the adoption of ASC 606, CRA expensed bonuses paid to its employees. Under ASC 606, bonuses are not linked or paid based on specific contract billings or revenues and therefore do not represent incremental costs of obtaining a contract with a customer. Furthermore, even if the bonuses paid were incremental, the practical expedient in paragraph 340-40-25-4 would apply, allowing for incremental costs of obtaining contracts to be expensed as incurred if the amortization period of the assets that it otherwise would have recognized is one year or less. As such, these costs are included in both cost of services and selling, general, and administrative expenses.

CRA INTERNATIONAL, INC.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(Unaudited)

15. Net Income per Share

CRA calculates basic and diluted earnings per common share using the two-class method. Under the two-class method, net earnings are allocated to each class of common stock and participating security as if all the net earnings for the period had been distributed. CRA's participating securities consist of unvested share-based payment awards that contain a nonforfeitable right to receive dividends and therefore are considered to participate in undistributed earnings with common shareholders. Basic earnings per common share excludes dilution and is calculated by dividing net earnings allocable to common shares by the weighted-average number of common shares outstanding for the period. Diluted earnings per common share is calculated by dividing net earnings allocable to common shares by the weighted-average number of common shares as of the balance sheet date, as adjusted for the potential dilutive effect of non-participating share-based awards. Net earnings allocable to these participating securities were not significant for the first quarter of fiscal 2018 or fiscal 2017.

The following table presents a reconciliation from net income to the net income available to common shareholders (in thousands):

	March 31, 2018	April 1, 2017
Net income, as reported	\$ 4,886	\$ 2,853
Less: net income attributable to participating shares	29	20
Net income available to common shareholders	<u>\$ 4,857</u>	<u>\$ 2,833</u>

The following presents a reconciliation of basic to diluted weighted average shares of common stock outstanding (in thousands):

	March 31, 2018	April 1, 2017
Basic weighted average shares outstanding	8,285	8,419
Stock options and restricted stock units	295	202
Diluted weighted average shares outstanding	<u>8,580</u>	<u>8,621</u>

For the first quarter ended March 31, 2018, the anti-dilutive share based awards that were excluded from the calculation of common stock equivalents for purposes of computing diluted weighted average shares outstanding amounted to 5,689 shares. For the first quarter ended April 1, 2017, the anti-dilutive share based awards that were excluded from the calculation of common stock equivalents for purposes of computing diluted weighted average shares outstanding amounted to 8,234 shares. These share-based awards each period were anti-dilutive because their exercise price exceeded the average market price over the respective period.

On May 3, 2017 and February 15, 2018, CRA announced its Board of Directors authorized the repurchase of up to an additional \$20.0 million and \$20.0 million, respectively, of CRA's common stock. Repurchases under these programs are discretionary and CRA may make such purchases under any of these programs in the open market (including under any Rule 10b5-1 plan adopted by CRA) or in privately negotiated transactions, in each case in accordance with applicable insider trading and other securities laws and regulations. CRA records the retirement of its repurchased shares as a reduction to common stock. During the first quarter ended March 31, 2018, CRA repurchased and retired 162,892

CRA INTERNATIONAL, INC.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(Unaudited)

15. Net Income per Share (Continued)

shares under these share repurchase programs at an average price per share of \$51.13 and in the first quarter ended April 1, 2017, there were no shares repurchased or retired under these share repurchase programs. As of March 31, 2018, there was approximately \$21.2 million available for future repurchases under these programs.

16. Income Taxes*Effects of the Tax Cuts and Jobs Act*

On December 22, 2017, the Tax Cuts and Jobs Act (the "Tax Act") was signed into U.S. law. The Tax Act significantly changes the Internal Revenue Code of 1986, as amended. The Tax Act, among other things, includes changes to the U.S. corporate tax rate, expands limitations on the deductibility of meals and entertainment, eliminates the exception to the section 162(m) limitation on the deductibility of the compensation paid to certain executive officers for "qualified performance-based compensation," allows for the expensing of capital expenditures, the migration from a "worldwide" system of taxation to a territorial system, and a one-time transition tax on the mandatory deemed repatriation of cumulative foreign earnings as of December 31, 2017. ASC Topic 740, "Accounting for Income Taxes," requires companies to recognize the effect of tax law changes in the period of enactment even though the effective date for most provisions is for tax years beginning after December 31, 2017, or in the case of certain other provisions of the law, January 1, 2018.

Given the significance of the legislation, the U.S. Securities and Exchange Commission staff issued Staff Accounting Bulletin No. 118 ("SAB 118"), which allows registrants to record provisional amounts during a one year "measurement period" similar to that used when accounting for business combinations. However, the measurement period is deemed to have ended earlier when the registrant has obtained, prepared, and analyzed the information necessary to finalize its accounting. During the measurement period, impacts of the law are expected to be recorded at the time a reasonable estimate for all or a portion of the effects can be made, and provisional amounts can be recognized and adjusted as information becomes available, prepared, or analyzed.

SAB 118 summarizes a three-step process to be applied at each reporting period to account for and disclose: (1) the effects of the change in tax law for which accounting is complete; (2) provisional amounts (or adjustments to provisional amounts) for the effects of the change in tax law where accounting is not complete, but a reasonable estimate has been determined; and (3) current or deferred tax amounts reflected in accordance with law prior to the enactment of the change in tax law because the accounting of the effects of the change in tax law are not complete and a reasonable estimate has not been determined, together with qualitative disclosure of the effects of the changes in tax law for which the accounting is not complete, the reason why the accounting is not complete, and the additional information that is needed to be obtained, prepared or analyzed in order to complete the accounting. CRA is applying the guidance in SAB 118 when accounting for the enactment-date effects of the Tax Act. As of March 31, 2018, CRA has not completed its accounting for all the tax effects of the Tax Act; however, in certain cases, as described below, aspects of accounting are complete. Additionally, CRA has made a reasonable estimate of other effects. As further discussed below, during the three-month period ended March 31, 2018, CRA recognized an adjustment of \$53,000 to the provisional amounts recorded at December 30, 2017 and included this adjustment as a component of income tax expense from continuing operations. In all cases, CRA will continue to make and refine its calculations as

CRA INTERNATIONAL, INC.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(Unaudited)

16. Income Taxes (Continued)

additional analysis is completed. CRA's estimates may also be affected as it gains a more thorough understanding of the tax law. These changes could be material to income tax expense.

Deferred tax assets and liabilities: CRA remeasured its U.S. related deferred tax assets and liabilities based on the expected rates at which they may reverse in the future, which is generally 21%. CRA recorded a provisional amount of \$3.6 million as of December 30, 2017 related to the remeasurement of its deferred tax balances. Upon refinement of its calculations during the three months ended March 31, 2018, CRA adjusted its provisional amount by \$53,000, which is included as a component of income tax expense from continuing operations. CRA will continue to analyze and refine its calculations related to the measurement of our deferred tax balances.

Foreign Tax Effects

The Tax Act includes a one-time mandatory repatriation transition tax on the net accumulated earnings and profits of a U.S. taxpayer's foreign subsidiaries. At December 30, 2017, CRA did not record any transition tax liability as it believes it is in an accumulated deficit position with respect to its foreign subsidiaries based on its E&P analysis. CRA considers its accounting for the transition tax to be complete.

The Tax Act subjects a US shareholder to current tax on global intangible low-taxed income ("GILTI") earned by certain foreign subsidiaries. The FASB Staff Q&A, Topic 740 No. 5, Accounting for Global Intangible Low-Taxed Income, states that an entity can make an accounting policy election to either recognize deferred taxes for temporary differences expected to reverse as GILTI in future years or provide for the tax expense related to GILTI resulting from those items in the year the tax is incurred. Given the complexity of the GILTI provisions, we are still evaluating the effects of the GILTI provisions and have not yet determined our accounting policy. At March 31, 2018, because we are still evaluating the GILTI provisions and our analysis of future taxable income that is subject to GILTI, we have included GILTI related to current-year operations only in our estimated annual effective tax rate ("EAETR") and have not provided additional GILTI on deferred items.

The Tax Act allows US Corporations to take a deduction related to its foreign-derived intangible income ("FDII") produced in the US. CRA expects to be able to take FDII deduction for the year ended December 29, 2018. CRA has made sufficient progress in its calculations to reasonably estimate the effect on its estimated annual effective tax rate but will continue to refine its calculations, which may result in changes to this amount.

CRA's effective income tax rates were 17.5% and 38.6% for the first quarters of fiscal 2018 and fiscal 2017, respectively. The effective tax rate for the first quarter of fiscal 2018 was lower than the prior year primarily due to a lower statutory US corporate tax rate of 21% as well as an increased tax benefit on stock-based compensation related to the adoption of ASU 2016-09, partially offset by higher non-deductible items as a result of the Tax Act, including limitations on the deductibility of compensation paid to executive officers, and limitations on the deductibility of meals and entertainment. The effective tax rate in the first quarter of fiscal 2018 was lower than the combined federal and state statutory tax rate primarily due to the tax benefit on stock-based compensation related to the adoption of ASU 2016-09, partially offset by non-deductible items referenced above as a

CRA INTERNATIONAL, INC.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(Unaudited)

16. Income Taxes (Continued)

result of the Tax Act. The effective tax rate in the first quarter of fiscal 2017 was lower than the combined federal and state statutory tax rate due to a favorable geographical mix of earnings.

CRA has not provided for deferred income taxes or foreign withholding taxes on undistributed earnings and other basis differences that may exist from its foreign subsidiaries as of March 31, 2018 because such earnings are considered to be indefinitely reinvested. CRA does not rely on these unremitted earnings as a source of funds for its domestic business as it expects to have sufficient cash flow in the U.S. to fund its U.S. operational and strategic needs. If CRA were to repatriate its foreign earnings that are indefinitely reinvested, it would accrue substantially no additional tax expense.

17. Contingencies

CRA is subject to legal actions arising in the ordinary course of business. In management's opinion, CRA believes it has adequate legal defenses and/or insurance coverage with respect to the eventuality of such actions. CRA does not believe any settlement or judgment relating to any pending legal action would materially affect its financial position or results of operations.

18. Correction

During the first quarter, CRA discovered the December 30, 2017 balances of deferred compensation and other non-current liabilities of \$20,656 thousand and deferred rent and facility-related non-current liabilities of \$11,526 thousand had been transposed. These immaterial offsetting errors had a net effect of \$0 on non-current liabilities and total liabilities and have been revised as follows in the presentation of the December 30, 2017 balance sheet in this quarterly report on Form 10-Q (in thousands):

	As previously reported	As revised
Deferred compensation and other non-current liabilities	\$ 20,656	\$ 11,526
Deferred rent and facility-related non-current liabilities	11,526	20,656

19. Subsequent Events

On April 26, 2018, CRA's Board of Directors declared a quarterly cash dividend of \$0.17 per share of CRA's common stock, payable on June 15, 2018 to shareholders of record as of May 29, 2018.

During the month of April 2018, CRA made borrowings of \$13.0 million in the U.S. and £5.0 million in the U.K. on its existing revolving line of credit to fund operations. These borrowings are expected to be repaid over the next twelve months in accordance with the terms of the agreement.

During the month of April 2018, CRA repurchased and retired 215,585 shares under its share repurchase program at an average price per share of \$55.99. As of May 8, 2018, there was approximately \$9.1 million available for future repurchases under this program.

ITEM 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

Forward-Looking Statements

Except for historical facts, the statements in this quarterly report are forward-looking statements. Forward-looking statements are merely our current predictions of future events. These statements are inherently uncertain, and actual events could differ materially from our predictions. Important factors that could cause actual events to vary from our predictions include those discussed below under the heading "Risk Factors." We assume no obligation to update our forward-looking statements to reflect new information or developments. We urge readers to review carefully the risk factors described in the other documents that we file with the Securities and Exchange Commission, or SEC. You can read these documents at www.sec.gov.

Our principal Internet address is www.crai.com. Our website provides a link to a third-party website through which our annual, quarterly, and current reports, and amendments to those reports, are available free of charge. We believe these reports are made available as soon as reasonably practicable after we file them electronically with, or furnish them to, the SEC. We do not maintain or provide any information directly to the third-party website, and we do not check its accuracy.

Our website also includes information about our corporate governance practices. The Investor Relations page of our website provides a link to a web page where you can obtain a copy of our code of business conduct and ethics applicable to our principal executive officer, principal financial officer, and principal accounting officer.

Critical Accounting Policies and Significant Estimates

The discussion and analysis of our financial condition and results of operations are based upon our condensed consolidated financial statements, which have been prepared in accordance with generally accepted accounting principles in the U.S. ("U.S. GAAP"). The preparation of these financial statements requires us to make significant estimates and judgments that affect the reported amounts of assets and liabilities, as well as the related disclosure of contingent assets and liabilities, at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Estimates in these condensed consolidated financial statements include, but are not limited to, allowances for accounts receivable and unbilled services, revenue recognition on fixed price contracts, depreciation of property and equipment, share-based compensation, valuation of acquired intangible assets, impairment of long lived assets, goodwill, accrued and deferred income taxes, valuation allowances on deferred tax assets, accrued compensation, accrued exit costs, and other accrued expenses. These items are monitored and analyzed by management for changes in facts and circumstances, and material changes in these estimates could occur in the future. Changes in estimates are recorded in the period in which they become known. We base our estimates on historical experience and various other assumptions that we believe to be reasonable under the circumstances. Actual results may differ from our estimates if our assumptions based on past experience or our other assumptions do not turn out to be substantially accurate.

Apart from the additional revenue recognition accounting policy included below, we have described our significant accounting policies in Note 1 to our consolidated financial statements included in our annual report on Form 10-K for fiscal 2017, which was filed with the SEC on March 12, 2018. We have reviewed our accounting policies, identifying those that we believe to be critical to the preparation and understanding of our consolidated financial statements in the list set forth below. See the disclosure under the heading "Critical Accounting Policies" in Item 7 of Part II of our Annual Report on Form 10-K for fiscal 2017 for a detailed description of these policies and their potential effects on our results of operations and financial condition.

- Revenue recognition and allowances for accounts receivable and unbilled services
- Share-based compensation expense
- Deferred compensation

- Valuation of goodwill and other intangible assets
- Accounting for income taxes

Except for the adoption of ASC 606, we did not adopt any changes in the fiscal quarter ended March 31, 2018 that had a material effect on these critical accounting policies, nor did we make any changes to our accounting policies in the fiscal quarter ended March 31, 2018 that changed these critical accounting policies.

Revenue from Contracts with Customers

We adopted Accounting Standards Update ("ASU") No. 2014-09, *Revenue from Contracts with Customers (Topic 606)* (ASC 606) on January 1, 2018, using the modified retrospective method for all contracts not completed as of the date of adoption. The reported results for 2018 reflect the application of ASC 606 guidance while the reported results for 2017 were prepared under the guidance of ASC 605, *Revenue Recognition* (ASC 605). The cumulative effect of applying ASC 606 to all contracts with customers that were not completed as of December 30, 2017 amounted to \$0.4 million. The cumulative effect adjustment will result in an increase to our opening balance of retained earnings of \$0.4 million, net of tax. Prior periods will not be retrospectively adjusted. See Note 14 of the consolidated condensed financial statements for a complete description of our accounting policy.

Recent Accounting Standards

See Note 5 to our condensed consolidated financial statements included in this quarterly report on Form 10-Q for a discussion of recent accounting standards that we have not yet adopted. Additionally, Note 5 should be read in conjunction with the disclosure under the heading "Recent Accounting Standards" contained in Note 1 of the consolidated financial statements and the notes contained in our Annual Report on Form 10-K for the fiscal year ended December 30, 2017.

Results of Operations—For the Fiscal Quarter Ended March 31, 2018 Compared to the Fiscal Quarter Ended April 1, 2017

The following table provides operating information as a percentage of revenues for the periods indicated:

	Fiscal Quarter Ended	
	March 31, 2018	April 1, 2017
Revenues	100.0%	100.0%
Costs of services (exclusive of depreciation and amortization)	69.8	71.0
Selling, general and administrative expenses	21.8	21.2
Depreciation and amortization	2.2	2.2
Income from operations	6.2	5.6
Other expense, net	(0.3)	(0.3)
Income before provision for income taxes	6.0	5.2
Provision for income taxes	1.0	2.0
Net income	4.9	3.2
Net loss attributable to noncontrolling interest, net of tax	0.0	0.0
Net income attributable to CRA International, Inc.	4.9%	3.2%

Fiscal Quarter Ended March 31, 2018 Compared to the Fiscal Quarter Ended April 1, 2017

Revenues. Revenues increased by \$11.3 million, or 12.8%, to \$99.5 million for the first quarter of fiscal 2018 from \$88.2 million for the first quarter of fiscal 2017. The increase in net revenue was a result of an increase in gross revenues of \$12.3 million as compared to the first quarter of fiscal 2017, while write-offs and reserves increased by \$1.0 million compared to the first quarter of 2017. Utilization increased to 73% for the first quarter of fiscal 2018 from 72% for the first quarter of fiscal 2017, while consultant headcount grew modestly from 627 at the end of the first quarter of fiscal 2017 to 647 at the end of the first quarter of fiscal 2018. We benefited from a full quarter of productivity from the consultant employees that joined us from C1 in February 2017. Client service hours increased by 6.8% for the first quarter 2018 when compared to the first quarter 2017.

Overall, revenues outside of the U.S. represented approximately 23% of total revenues for the first quarter of fiscal 2018 compared with approximately 18% of total revenues for the first quarter of fiscal 2017. Revenues derived from fixed-price engagements increased to 21% of total revenues for the first quarter of fiscal 2018 compared with 19% of total revenues for the first quarter of fiscal 2017. These percentages of revenue derived from fixed-price engagements depend largely on the proportion of our revenues derived from our management consulting business, which typically has a higher concentration of fixed-price service contracts.

Costs of Services. Costs of services increased by \$6.8 million, or 10.9%, to \$69.4 million for the first quarter of fiscal 2018 from \$62.6 million for the first quarter of fiscal 2017. The increase in costs of services was due primarily to an increase of \$2.9 million in employee compensation and fringe benefit costs attributable to salaries and benefits associated with our increased consulting headcount, and an increase in incentive and retention compensation costs of \$2.5 million, offset by a decrease in forgivable loan amortization of \$0.3 million and in contingent consideration valuation of \$0.3 million. Additionally, client reimbursable expenses increased by \$2.1 million in the first quarter of fiscal 2018 compared to the first quarter of fiscal 2017. As a percentage of revenues, costs of services decreased to 69.8% for the first quarter of fiscal 2018 from 71.0% for the first quarter of fiscal 2017.

Selling, General and Administrative Expenses. Selling, general and administrative expenses increased by \$3.0 million, or 16.0%, to \$21.7 million for the first quarter of fiscal 2018 from \$18.7 million for the first quarter of fiscal 2017. A significant contributor to this increase was a \$0.5 million increase in employee and incentive compensation, a \$1.7 million increase in rent expense due to \$0.6 million related to net costs related to a lease recapture and increased rent due to additional space in our New York, San Francisco, Chicago and London offices, as well as an increase in commissions to our nonemployee experts of \$0.3 million for the first quarter of fiscal 2018 as compared to the first quarter of fiscal 2017, as a higher percentage of our revenue for the quarter was sourced by our nonemployee experts.

As a percentage of revenues, selling, general and administrative expenses increased slightly to 21.8% for the first quarter of fiscal 2018 from 21.2% for the first quarter of fiscal 2017 due primarily to the aforementioned increase in selling, general and administrative expenses somewhat offset by the effect of an increase in revenues in the first quarter of fiscal 2018 as compared with the first quarter of fiscal 2017. Commissions to our nonemployee experts decreased slightly to 3.0% of revenues for the first quarter of fiscal 2018 compared to 3.1% of revenues for the first quarter of fiscal 2017.

Provision for Income Taxes. The income tax provision was \$1.0 million and the effective tax rate was 17.5% for the first quarter of fiscal 2018 compared to \$1.8 million and 38.6% for the first quarters of fiscal 2017. The effective tax rate for the first quarter of fiscal 2018 was lower than the prior year primarily due to a lower statutory US corporate tax rate of 21% as well as higher tax benefit on stock-based compensation related to the adoption of ASU 2016-09, partially offset by higher non-deductible items as a result of the Tax Act in the first quarter of fiscal 2018. The effective tax rate in the first

quarter of fiscal 2018 was lower than the combined federal and state statutory tax rate due to a favorable geographical mix of earnings as well as tax benefit on stock-based compensation related to the adoption of ASU 2016-09, partially offset by non-deductible items. The effective tax rate in the first quarter of fiscal 2017 was lower than the combined federal and state statutory tax rate due to a favorable geographical mix of earnings.

Net Income Attributable to CRA International, Inc. Net income attributable to CRA International, Inc. increased by \$2.0 million to \$4.9 million for the first quarter of fiscal 2018 from \$2.9 million for the first quarter of fiscal 2017. The net income per diluted share was \$0.57 per share for the first quarter of fiscal 2018, compared to \$0.33 of net income per diluted share for the first quarter of fiscal 2017. Weighted average diluted shares outstanding decreased by approximately 41,000 shares to approximately 8,580,000 shares for the first quarter of fiscal 2018 from approximately 8,621,000 shares for the first quarter of fiscal 2017. The decrease in weighted average diluted shares outstanding was primarily due to the full benefit from the share repurchases of common stock in the remainder of fiscal 2017, offset in part by an increase as a result of shares of restricted stock and time-vesting restricted stock units that have vested or that have been issued as part of the long-term incentive plan or C1 acquisition, and stock options that have been exercised, since the first quarter of fiscal 2017.

Liquidity and Capital Resources

We believe that our current cash, cash equivalents, cash generated from operations, and amounts available under our bank revolving line of credit will be sufficient to meet our anticipated working capital and capital expenditure requirements for at least the next 12 months.

General. In the fiscal quarter ended March 31, 2018, cash and cash equivalents decreased by \$43.2 million. We completed the period with cash and cash equivalents of \$10.9 million and working capital (defined as current assets less current liabilities) of \$44.2 million. The principal drivers of the reduction of cash was payment of a significant portion of our fiscal 2017 performance bonuses in the first quarter of 2018, the repurchase of shares, the funding of forgivable loans and the buildout costs of our Chicago and London offices.

Of the total cash and cash equivalents of \$10.9 million at March 31, 2018, \$2.1 million was held within the U.S. We have sufficient sources of liquidity in the U.S., including cash from operations and availability on our revolving line of credit, to fund U.S. activities. At March 31, 2018, we had outstanding borrowings on the revolving line of credit of \$10.0 million, which is expected to be paid within twelve months of borrowings.

Sources and Uses of Cash. During the fiscal quarter ended March 31, 2018, net cash used in operating activities was \$40.5 million. Net income was \$4.9 million for the fiscal quarter ended March 31, 2018. The primary factor in cash used in operations was the decrease in the "accounts payable, accrued expenses, and other liabilities" line item of the cash flow statement of \$31.1 million due to the payment of a significant portion of our fiscal 2017 performance bonuses during the first quarter of fiscal 2018. Other uses of cash included an increase of \$8.9 million in unbilled receivables. Offsetting these uses of cash was a \$1.0 million decrease in the prepaid expenses and other current assets, and other assets and a \$3.6 million decrease in the accounts receivable, net. Cash provided by operations included non-cash items including depreciation and amortization expense of \$2.2 million and share-based compensation expenses of \$1.3 million. The change in forgivable loans for the period of \$16.0 million was primarily driven by \$19.7 million of forgivable loan issuances, net of repayments, offset by \$3.6 million of forgivable loan amortization.

During the fiscal quarter ended March 31, 2018, net cash used in investing activities was \$3.2 million for capital expenditures.

Net cash from financing activities during the first quarter of fiscal 2018 was neutral, primarily as a result of borrowings under the line of credit of \$10.0 million and \$0.5 million received upon the issuance of shares of common stock related to the exercise of stock options. Offsetting these increases in cash was the tax withholding payments reimbursed by restricted shares of \$1.8 million, payment of \$1.5 million cash dividend to shareholders and \$7.2 million repurchases of common stock.

Indebtedness

We are party to a credit agreement that provides us with a \$125.0 million revolving credit facility and a \$15.0 million sublimit for the issuance of letters of credit. We may use the proceeds of the revolving credit facility to provide working capital and for other general corporate purposes. Generally, we may repay any borrowings under the revolving credit facility at any time, but must repay all borrowings no later than October 24, 2022. There was \$10.0 million in outstanding balances under this revolving line of credit as of March 31, 2018.

The amount available under this revolving line of credit is reduced by certain letters of credit outstanding, which amounted to \$3.6 million as of March 31, 2018. Borrowings under the revolving credit facility bear interest at a rate per annum, at our election, of either (i) the adjusted base rate, as defined in the credit agreement, plus an applicable margin, which varies between 0.25% and 1.25% depending on our total leverage ratio as determined under the credit agreement, or (ii) the adjusted eurocurrency rate, as defined in the credit agreement, plus an applicable margin, which varies between 1.25% and 2.25% depending on our total leverage ratio. We are required to pay a fee on the unused portion of the revolving credit facility at a rate per annum that varies between 0.20% and 0.35% depending on our total leverage ratio. Borrowings under the revolving credit facility are secured by 100% of the stock of certain of our U.S. subsidiaries and 65% of the stock of certain of our foreign subsidiaries, which represent approximately \$28.9 million in net assets as of March 31, 2018.

Under the credit agreement, we must comply with various financial and non-financial covenants. Compliance with these financial covenants is tested on a fiscal quarterly basis. Any indebtedness outstanding under the revolving credit facility may become immediately due and payable upon the occurrence of stated events of default, including our failure to pay principal, interest or fees or a violation of any financial covenant. The financial covenants require us to maintain an adjusted consolidated EBITDA to consolidated interest expense ratio of more than 2.5:1.0 and to comply with a consolidated debt to adjusted consolidated EBITDA ratio of not more than 3.0:1.0. The non-financial covenant restrictions of the senior credit agreement include, but are not limited to, our ability to incur additional indebtedness, engage in acquisitions or dispositions, and enter into business combinations.

Forgivable Loans and Term Loans

In order to attract and retain highly skilled professionals, we may issue forgivable loans or term loans to employees and non-employee experts. A portion of these loans is collateralized. The forgivable loans have terms that are generally between three and eight years. The principal amount of forgivable loans and accrued interest is forgiven by us over the term of the loans, so long as the employee or non-employee expert continues employment or affiliation with us and complies with certain contractual requirements. The expense associated with the forgiveness of the principal amount of the loans is recorded as compensation expense over the service period, which is consistent with the term of the loans.

Compensation Arrangements

We have entered into compensation arrangements for the payment of incentive performance awards to certain of our non-employee experts and employees if specific performance targets are met. The amounts of the awards to be paid under these compensation arrangements could fluctuate

depending on future performance through the respective measurement periods. Changes in the estimated award are expensed prospectively over the remaining service period. We believe that we will have sufficient funds to satisfy any obligations related to the incentive performance awards. We expect to fund these payments, if any, from existing cash resources, cash generated from operations, or borrowings on our existing revolving credit facility.

Business Acquisitions

As part of our business, we regularly evaluate opportunities to acquire other consulting firms, practices or groups or other businesses. In recent years, we have typically paid for acquisitions with cash, or a combination of cash and our common stock, and we may continue to do so in the future. To pay for an acquisition, we may use cash on hand, cash generated from our operations, borrowings under our revolving credit facility, or we may pursue other forms of financing. Our ability to secure short-term and long-term debt or equity financing in the future, including our ability to refinance our current senior loan agreement, will depend on several factors, including our future profitability, the levels of our debt and equity, restrictions under our existing revolving line of credit with our bank, and the overall credit and equity market environments. See Note 6 Business Acquisitions to the condensed consolidated financial statements to this Form 10-Q for further details of the C1 acquisition in 2017.

Share Repurchases

On May 3, 2017 and February 15, 2018, we announced our Board of Directors approved share repurchase programs of up to \$20.0 million, and \$20.0 million, respectively, of our common stock. We may repurchase shares under these programs in open market purchases (including through any Rule 10b5-1 plan adopted by us) or in privately negotiated transactions in accordance with applicable insider trading and other securities laws and regulations. During the fiscal quarter ended March 31, 2018, we repurchased 162,892 shares at an average purchase price of \$51.13 per share. During the fiscal quarter ended April 1, 2017, we did not repurchase or retire any shares under these programs. Approximately \$21.2 million was available for future repurchases under these programs as of March 31, 2018. We will finance these programs with available cash, cash from future operations and funds from our existing revolving credit facility. We expect to continue repurchasing shares under these programs.

Dividends to Shareholders

We anticipate paying regular quarterly dividends each year. These dividends are anticipated to be funded through cash flow from operations, available cash on hand, and/or borrowings under our revolving credit facility. Although we anticipate paying regular quarterly dividends on our common stock for the foreseeable future, the declaration of any future dividends is subject to the discretion of our board of directors.

Impact of Inflation

To date, inflation has not had a material impact on our financial results. There can be no assurance, however, that inflation will not adversely affect our financial results in the future.

Future Capital and Liquidity Needs

We anticipate that our future capital and liquidity needs will principally consist of funds required for:

- operating and general corporate expenses relating to the operation of our business, including the compensation of our employees under various annual bonus or long-term incentive compensation programs;

- the hiring of individuals to replenish and expand our employee base;
- capital expenditures, primarily for information technology equipment, office furniture and leasehold improvements;
- debt service and repayments, including interest payments on borrowings from our revolving credit facility;
- share repurchases;
- dividends to shareholders;
- potential acquisitions of businesses that would allow us to diversify or expand our service offerings;
- contingent obligations related to our acquisitions; and
- other known future contractual obligations.

The hiring of individuals to replenish and expand our employee base is an essential part of our business operations and has historically been funded principally from operations. Many of the other above activities are discretionary in nature. For example, capital expenditures can be deferred, acquisitions can be forgone, and share repurchase programs and regular dividends can be suspended. As such, our operating model provides flexibility with respect to the deployment of cash flow from operations. Given this flexibility, we believe that our cash flows from operations, supplemented by cash on hand and borrowings under our bank credit facility (as necessary), will provide adequate cash to fund our long-term cash needs from normal operations for at least the next twelve months.

Our conclusion that we will be able to fund our cash requirements by using existing capital resources and cash generated from operations does not take into account the impact of any future acquisition transactions or any unexpected significant changes in the number of employees or other expenditures that are currently not contemplated. The anticipated cash needs of our business could change significantly if we pursue and complete additional business acquisitions, if our business plans change, if economic conditions change from those currently prevailing or from those now anticipated, or if other unexpected circumstances arise that have a material effect on the cash flow or profitability of our business. Any of these events or circumstances, including any new business opportunities, could involve significant additional funding needs in excess of the identified currently available sources and could require us to raise additional debt or equity funding to meet those needs on terms that may be less favorable compared to our current sources of capital. Our ability to raise additional capital, if necessary, is subject to a variety of factors that we cannot predict with certainty, including:

- our future profitability;
- the quality of our accounts receivable;
- our relative levels of debt and equity;
- the volatility and overall condition of the capital markets; and
- the market prices of our securities.

Contractual Obligations

On July 28, 2017, we entered into the second amendment to lease an additional 2,422 square feet of office space in New York, New York. The amendment expands the total office space to 44,270 square feet and is set to expire on April 30, 2028. The amendment includes a base rent abatement of approximately \$0.2 million and a tenant improvement allowance of approximately \$0.2 million, increasing the total base rent abatement to approximately \$1.4 million. and the total tenant

improvement allowance to approximately \$1.6 million. Following an initial rent abatement period, the annual base rent will increase by approximately \$0.2 million per year to a total annual base rent of approximately \$1.4 million. The annual base rent is subject to annual increases of approximately 8% after five years.

On February 12, 2018, we entered into an agreement to lease an additional 7,700 square feet of office space in London, UK. The agreement expands the total office space to 30,344 square feet and is set to expire on May 19, 2031. The agreement includes an additional base rent abatement and tenant improvement allowance of approximately £1.2 million, increasing the total rent incentives to approximately £4.7 million. The base rent for the additional space is approximately £0.5 million per year, increasing the total base rent to approximately £2.1 million, and is subject to increases every five years, based on rental market conditions at that time. At the end of the lease, we will be responsible for returning the vacated space to its original condition at our expense.

Factors Affecting Future Performance

Important factors that could cause our actual results to differ materially from the forward-looking statements we make in this Quarterly Report on Form 10-Q, as well as a description of material risks we face, are set forth under the heading "Risk Factors" included in Part I—Item 1A of our Annual Report on Form 10-K for the year ended December 30, 2017 filed with the SEC on March 12, 2018. If any of these risks, or any risks not presently known to us or that we currently believe are not significant, develops into an actual event, then our business, financial condition, and results of operations could be adversely affected.

ITEM 3. Quantitative and Qualitative Disclosures About Market Risk

For information regarding our exposure to certain market risks see "Item 7A. Quantitative and Qualitative Disclosures about Market Risk," in our Annual Report on Form 10-K for the fiscal year ended December 30, 2017.

ITEM 4. Controls and Procedures

Evaluation of Disclosure Controls and Procedures

Under the supervision and with the participation of our management, including our President and Chief Executive Officer and our Chief Financial Officer, we evaluated the effectiveness of our disclosure controls and procedures as of the end of the period covered by this report. This is done in order to ensure that information we are required to disclose in the reports that are filed or submitted under the Securities Exchange Act of 1934, as amended, is recorded, processed, summarized and reported within the time periods specified in the SEC's rules and forms. Based upon that evaluation, our President and Chief Executive Officer and our Chief Financial Officer concluded that our disclosure controls and procedures were not effective as of March 31, 2018, due to the material weaknesses in internal control over financial reporting related to the inadequate design and execution of controls over non-routine technical accounting matters and information technology general controls ("ITGC") related to program changes to our accounting software. In addition, despite the significant efforts made during the fiscal year ended December 30, 2017 to remediate our previously identified material weaknesses, the material weakness in internal controls over ITGC prevented our ability to remediate the material weaknesses in internal controls over financial reporting in respect of revenue and related reserve processes and compensation-related processes described in Item 9A of our Annual Report on Form 10-K for the fiscal year ended December 30, 2017.

Notwithstanding these material weaknesses, management has concluded that the condensed consolidated financial statements included in this Form 10-Q present fairly, in all material aspects, our

financial position, results of operations and cash flows for the periods presented in conformity with accounting principles generally accepted in the United States.

Evaluation of Changes in Internal Control over Financial Reporting

Under the supervision and with the participation of our management, including our President and Chief Executive Officer and Chief Financial Officer, we evaluated whether there were any changes in our internal control over financial reporting during the first quarter of fiscal 2018. Except for the ongoing remediation of the material weaknesses in internal controls over financial reporting noted above pursuant to the plans described in Item 9A of our Annual Reports on Form 10-K for the fiscal years ended December 31, 2016 and December 30, 2017, respectively, there were no changes in our internal control over financial reporting identified in connection with the above evaluation that occurred during the first quarter of fiscal 2018, except those disclosed below, that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

Beginning December 31, 2017, we implemented ASC 606, *Revenue from Contracts with Customers*. Although the new revenue standard is not expected to have a material impact on our ongoing net income, we did implement changes to our processes related to revenue recognition and the control activities within them. These included the development of new policies based on the five-step model provided in the new revenue standard, new training, ongoing contract review requirements, and gathering of information provided for disclosures.

Plan for Remediation of Material Weakness

We are committed to remediating the control deficiencies that gave rise to the material weaknesses described above. Management is responsible for implementing changes and improvements to our internal control over financial reporting and for remediating the control deficiencies that gave rise to these material weaknesses. During fiscal 2018, we have enhanced our system of internal controls over financial reporting with the following actions:

- Maintaining the Special Internal Controls Committee to guide our remediation efforts;
- Establishment of an enhanced program change management policy, process and controls over information technology systems, databases, applications and reports created from certain key systems used in the financial reporting process;
- Continued strengthening of our accounting policies, procedures, controls and formalized documentation of our control policies, in addition to the execution thereof; and
- Engagement of a third party to assist in the design and development of our information technology capabilities; processes and systems.

Important Considerations

The effectiveness of our disclosure controls and procedures and our internal control over financial reporting is subject to various inherent limitations, including judgments used in decision making, assumptions about the likelihood of future events, the soundness of our systems, the possibility of human error, and the risk of fraud. Moreover, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions and the risk that the degree of compliance with policies or procedures may deteriorate over time. Because of these limitations, there can be no assurance that any system of disclosure controls and procedures or internal control over financial reporting will be successful in preventing all errors or fraud or in making all material information known in a timely manner to the appropriate levels of management.

PART II. OTHER INFORMATION**ITEM 1. Legal Proceedings**

None.

ITEM 1A. Risk Factors

There has been no material change in any risk factors previously disclosed in our Annual Report on Form 10-K for the year ended December 30, 2017 filed with the SEC on March 12, 2018. See "Risk Factors" in our Annual Report on Form 10-K for the fiscal year ended December 30, 2017 for a complete description of the material risks we face.

ITEM 2. Unregistered Sales of Equity Securities and Use of Proceeds

(a) Not applicable.

(b) Not applicable.

(c) The following table provides information about our repurchases of shares of our common stock during the fiscal quarter ended March 31, 2018. During that period, we did not act in concert with any affiliate or any other person to acquire any of our common stock and, accordingly, we do not believe that purchases by any such affiliate or other person (if any) are reportable in the following table. For purposes of this table, we have divided the fiscal quarter into three periods of four weeks, four weeks, and five weeks, respectively, to coincide with our reporting periods during the first quarter of fiscal 2018.

Issuer Purchases of Equity Securities

Period	(a) Total Number of Shares Purchased(1)	(b) Average Price Paid per Share(1)	(c) Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs	(d) Maximum Number (or Approximate Dollar Value) of Shares that May Yet Be Purchased Under the Plans or Programs(2)
December 31, 2017 to January 27, 2018	—	—	—	\$ 9,493,667
January 28, 2018 to February 24, 2018	31,817	\$ 47.32	30,400	\$ 27,978,623
February 25, 2018 to March 31, 2018	166,362	\$ 51.10	132,492	\$ 21,164,213

- (1) During the four weeks ended February 24, 2018 we accepted 1,417 shares of our common stock as a tax withholding from certain of our employees, in connection with the vesting of shares of restricted stock that occurred during the indicated period, pursuant to the terms of our 2006 equity incentive plan, at the average price of \$46.06. During the five weeks ended March 31, 2018 we accepted 33,870 shares of our common stock as a tax withholding from certain of our employees, in connection with the vesting of shares of restricted stock and restricted stock units that occurred during the indicated period, pursuant to the terms of our 2006 equity incentive plan, at the average price per share of \$50.98.
- (2) On May 3, 2017 and February 15, 2018, we announced our Board of Directors approved share repurchase programs of up to \$20.0 million, and \$20.0 million, respectively, of our common stock. We may repurchase shares under any of these programs in open market purchases (including through any Rule 10b5-1 plan adopted by us) or in privately negotiated transactions in accordance with applicable insider trading and other securities laws and regulations. During the four weeks ended February 24, 2018, we repurchased and retired 30,400 shares under these programs at an average price per share of \$49.84. During the five weeks ended March 31, 2018, we repurchased and retired 132,492 shares under these programs at an average price per share of \$51.43. Approximately \$21.2 million was available for future repurchases under these programs as of March 31, 2018. We expect to continue to repurchase shares under these programs.

ITEM 3. Defaults Upon Senior Securities

None.

ITEM 4. Mine Safety Disclosures

None.

ITEM 5. Other Information

None.

ITEM 6. EXHIBIT INDEX

<u>Item No.</u>	<u>Description</u>
10.1	Second Amendment to Lease dated July 28, 2017 by and between CRA International, Inc. and 1411 IC-SIC Property LLC
10.2	Lease dated February 12, 2018 by and among Mitsubishi Estate London Limited, CRA International (UK) Limited and CRA International, Inc.
31.1	Rule 13a-14(a)/15d-14(a) certification of principal executive officer
31.2	Rule 13a-14(a)/15d-14(a) certification of principal financial officer
32.1	Section 1350 certification
101	The following financial statements from CRA International, Inc.'s Quarterly Report on Form 10-Q for the fiscal quarter ended March 31, 2018, formatted in XBRL (eXtensible Business Reporting Language), as follows: (i) Condensed Consolidated Income Statements (unaudited) for the fiscal quarters and the fiscal year to date periods ended March 31, 2018 and April 1, 2017, (ii) Condensed Consolidated Statements of Comprehensive Income (unaudited) for the fiscal quarters ended March 31, 2018 and April 1, 2017, (iii) Condensed Consolidated Balance Sheets (unaudited) as at March 31, 2018 and December 30, 2017, (iv) Condensed Consolidated Statements of Cash Flows (unaudited) for the fiscal quarters ended March 31, 2018 and April 1, 2017, (v) Condensed Consolidated Statement of Shareholders' Equity (unaudited) for the fiscal quarter ended March 31, 2018, and (vi) Notes to Condensed Consolidated Financial Statements (Unaudited).

SECOND AMENDMENT TO LEASE

SECOND AMENDMENT TO LEASE (this "Amendment") dated as of the 28th day of July, 2017 by and between **1411 IC-SIC PROPERTY LLC**, a Delaware limited liability company with an office at 1411 Broadway, Building Management Office, New York, New York 10018, as landlord ("Landlord") and **CRA INTERNATIONAL, INC.**, a Massachusetts corporation with an office at 1411 Broadway, 35th Floor, New York, New York 10018, as tenant ("Tenant").

WITNESSETH:

WHEREAS, Landlord and Tenant entered into that certain original lease dated as of July 15, 2015 (the "Original Lease"), covering the entire rentable area of the thirty-fifth (35th) floor (the "Original Premises") in the building known as 1411 Broadway, New York, New York (the "Building"), consisting of approximately 25,261 rentable square feet ("RSF");

WHEREAS, Landlord and Tenant entered into that certain First Amendment to Lease (the "First Amendment"), dated as of April 21, 2017, which amended the Original Lease to provide for, among other things, (i) an extension of the Term of the Lease, and (ii) the leasing by Landlord to Tenant of a portion of the rentable area of the twenty-fifth (25th) floor of the Building consisting of approximately 16,587 RSF (the "Existing 25th Floor Premises"; the Original Premises and the Existing 25th Floor Premises are herein collectively referred to as the "Existing Premises"), in accordance with the terms, covenants and conditions of the Lease, as hereby amended;

WHEREAS, pursuant to Article 29 of the Lease (as amended by Section 11 of the First Amendment), Landlord advised Tenant in a First Offer Notice, dated June 23, 2017, that a portion of the twenty-fifth (25th) floor of the Building consisting of approximately 2,422 RSF and depicted on the floor plan attached hereto as Exhibit A and made a part hereof (the "New Premises") is available to lease; and

WHEREAS, Tenant duly exercised its right of first offer with respect to the New Premises by return notice dated June 27, 2017.

WHEREAS, Landlord and Tenant desire to amend the Lease to provide for the leasing of the New Premises on the terms, covenants and conditions set forth in the First Offer Notice and the Lease;

NOW, THEREFORE, for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties agree as follows:

1. **Definitions.** Capitalized terms used but not otherwise defined herein shall have the meanings ascribed to them in the Lease. As used herein and in the Lease, the term "Lease" shall mean the Original Lease, as amended by the First Amendment, this Amendment and as hereafter amended. From and after the New Premises Commencement Date (as hereinafter defined), the term "Premises," as used in the Lease, shall mean the Existing Premises and the

New Premises, collectively, unless otherwise expressly specified. All references in the First Amendment to the "New Premises" are referred to in this Amendment as the "Existing 25th Floor Premises" (the term "New Premises" being used herein to refer to the additional new space on the twenty-fifth (25th) floor).

2. **New Premises; New Premises Commencement Date; Landlord's Work; Landlord's Additional Work; Tenant's TI Work; Landlord's Contribution; Failure to Give Possession.**

2.1 **Definitions.**

(a) "Landlord's Additional Work" means the work set forth on Exhibit B-2, which work shall be performed by Landlord in a good and workmanlike manner at Landlord's cost using Building standard materials.

(b) "Landlord's Work" shall mean the work required to prepare the New Premises for Tenant's initial occupancy in accordance with Exhibit B-1, which work shall be, or has been, performed by Landlord at Landlord's cost in a good and workmanlike manner using Building standard materials.

(c) "New Premises Commencement Date" shall mean the date on which Landlord shall deliver possession of the New Premises to Tenant (i) free of all tenancies (other than that of Tenant), licenses and rights of occupants, and (ii) with Landlord's Work (but not Landlord's Additional Work) Substantially Completed.

2.2 **Condition of New Premises.** By taking possession of any part of the New Premises hereunder, Tenant shall be deemed to have accepted the New Premises as being in good order, condition and repair, and otherwise in its then existing "as is" and "where is" condition as of the New Premises Commencement Date, subject to Substantial Completion of Landlord's Additional Work and completion of the Punch List Items and other than latent defects in Landlord's Work of which Tenant notifies Landlord promptly following discovery thereof, but in no event later than one (1) year following the New Premises Commencement Date. Except for the performance of Landlord's Work and Landlord's Additional Work, Tenant agrees that Landlord has no obligation to perform any work, supply any materials, incur any expense or make any alterations or improvements to the New Premises to prepare the New Premises for Tenant's occupancy. The foregoing, however, shall not be deemed or construed to release Landlord from any of its obligations set forth in the Lease, including its obligation to provide services and utilities under Article 7 of the Lease, or to repair, maintain and operate the Building in a manner consistent with comparable office buildings in midtown Manhattan (subject, in each case, to the applicable terms and provisions of the Lease). Tenant acknowledges that, except as may otherwise be expressly provided in this Amendment, neither Landlord, nor any employee, agent nor contractor of Landlord has made any representation or warranty concerning the Land, Building, Common Areas or New Premises, or the adequacy of Landlord's Work or Landlord's Additional Work for the conduct of Tenant's business in the New Premises. Landlord reserves, for Landlord's use, any of the following (other than those installed by or for Tenant's exclusive use) that may be located in the New

Premises: janitor closets, stairways and stairwells; fans, mechanical, electrical, telephone and similar rooms; and elevator, pipe and other vertical shafts, flues and ducts.

2.3 Landlord's Work; Landlord's Additional Work.

(a) Landlord agrees to perform Landlord's Work, at Landlord's sole cost and expense, prior to the New Premises Commencement Date. Upon receiving possession of the New Premises from the existing tenant thereof, Landlord shall use commercially reasonable efforts to prosecute Landlord's Work to completion, without being required to employ overtime or other premium pay labor.

(b) Following the New Premises Commencement Date, Landlord agrees to perform Landlord's Additional Work and any Punch List Items, at Landlord's sole cost and expense. Landlord shall use commercially reasonable efforts to Substantially Complete Landlord's Additional Work prior to Tenant's completion of the TI Work (as hereinafter defined), without being required to employ overtime or other premium pay labor. Landlord agrees to diligently perform all Punch List Items and to complete same within thirty (30) days after Substantial Completion of each of Landlord's Work and Landlord's Additional Work, as applicable. Landlord shall use commercially reasonable efforts to minimize any disruption to Tenant's performance of the TI Work and/or its business activities as Landlord completes Landlord's Additional Work and the Punch List Items.

(c) Landlord and its employees, contractors and agents shall be granted access to the New Premises at all reasonable times in order to perform Landlord's Additional Work and Punch List Items, and for the storage of materials therein reasonably required in connection therewith. Tenant, its employees, contractors and agents shall use commercially reasonable efforts to minimize interference with the performance of Landlord's Additional Work. Landlord, its employees, contractors and agents shall use commercially reasonable efforts to minimize interference with the performance of the TI Work; and work schedules shall be coordinated accordingly. There shall be no Rent abatement or allowance to Tenant for a diminution of rental value, no actual or constructive eviction of Tenant, in whole or in part, no relief from any of Tenant's other obligations under the Lease, and no liability on the part of Landlord, by reason of inconvenience, annoyance or injury to business arising from the performance of Landlord's Additional Work, Punch List Items and/or the storage of any materials in connection therewith except to the extent expressly provided herein.

2.4 TI Work.

(a) Tenant intends to undertake renovations in the New Premises to prepare the same for Tenant's occupancy (the "TI Work"). Subject to Landlord's review and approval of Tenant's Plans for the TI Work in accordance with the Lease and as set forth herein, Landlord agrees that Tenant shall have the right to perform the TI Work. As soon as is reasonably practical after the date of this Amendment, Tenant shall deliver to Landlord, for Landlord's approval, construction drawings for the TI Work.

3

(b) Tenant shall perform the TI Work at Tenant's own cost and expense, in compliance with Landlord's Rules and Regulations for Alterations, all applicable Laws and provisions of the Lease (including without limitation Article 10 thereof), and in accordance with Tenant's Plans as approved by Landlord in accordance with Section 5.2 of the Lease governing the performance of the Initial Improvements, which shall apply to Tenant's performance of the TI Work, *mutatis mutandis*. Notwithstanding the foregoing sentence, provided no monetary or material non-monetary Event of Default shall be continuing at the time of any disbursement, Landlord shall contribute up to \$181,650.00 (the "TI Allowance") to the cost of the TI Work (up to fifteen percent (15%) of which may be used for Tenant's costs for architectural, engineering, permits and filing fees directly related to the TI Work), which Landlord shall pay to Tenant in accordance with Section 5.3 of the Lease governing the distribution of Landlord's Contribution, which shall apply to the TI Allowance, *mutatis mutandis*. If Tenant does not submit payment requests totaling the entire amount of the TI Allowance within twelve (12) months after the New Premises Commencement Date, any unused amount shall accrue to the sole benefit of Landlord, and Tenant shall not be entitled to any credit towards Rent, abatement, offset or other concession in connection therewith. For the avoidance of doubt, the TI Allowance set forth in this Section 2.4(b) is separate from, and in addition to, the "TI Allowance" set forth in Section 3.4(b) of the First Amendment in respect of the Existing 25th Floor Premises.

2.5 **Completion Date.** Tenant hereby waives any right to rescind the Lease or this Amendment under Section 223-a of the New York Real Property Law or any successor statute of similar import then in force and further waives the right to recover any damages which may result from Landlord's failure to deliver possession of the New Premises on the date set forth herein and/or any other date for the commencement of the Term of the Lease as amended hereby with respect thereto. Tenant acknowledges that the New Premises are currently occupied by a tenant under a lease scheduled to expire March 31, 2018. Accordingly, Landlord projects that the Anticipated ROFO Space Commencement Date (as such term is used in Article 29 of the Lease) will occur on May 1, 2018. If Landlord shall be unable to give possession of the New Premises on any particular date, and provided that Tenant is not responsible for such inability to give possession, the Rent reserved and covenanted to be paid herein with respect to the New Premises shall not, with respect to the New Premises only, commence until the New Premises Rent Commencement Date, and no such failure to give possession on any particular date shall in any wise affect the validity of this Amendment or the obligations of Tenant hereunder or give rise to any claim for damages by Tenant or claim for rescission of the Lease and/or this Amendment, nor shall same be construed in any wise to extend the Term, except as otherwise expressly provided herein. Consistent with Section 29.4 of the Lease, if for reasons other than Force Majeure or delay of Tenant, Landlord is unable to deliver possession of the ROFO Space to Tenant within one hundred eighty (180) days after the Anticipated ROFO Space Commencement Date, Tenant shall have the right of termination with respect to the ROFO Space only set forth in Section 29.4 of the Lease. Tenant shall not enter into possession of the New Premises prior to the New Premises Commencement Date without Landlord's permission, which may be granted or withheld in Landlord's sole discretion.

3. **Existing Premises.** Until the New Premises Commencement Date, Tenant shall continue to lease the Existing Premises on all of the terms, covenants and conditions of the Lease. Subsequent to the New Premises Commencement Date, Tenant shall continue to pay Base Rent, Additional Rent and other charges for the Existing Premises at the rates set forth in the

4

4. **Basic Lease Definitions.** As of the New Premises Commencement Date, the following additional definitions and terms shall be amended or added, as applicable, in Section 1.1 of the Lease:

(e) **“Area of the Premises”** means, for the purposes of this Lease, (1) until the New Premises Commencement Date, approximately 41,848 RSF, which represents the sum of 25,261 RSF in respect of the Original Premises, plus 16,587 RSF in respect of the Existing 25th Floor Premises, and (2) after the New Premises Commencement Date, approximately 44,270 RSF, which represents the sum of 41,848 RSF in respect of the Existing Premises and 2,422 RSF in respect of the New Premises.

(i) **“Base Rent”** for the New Premises only means the Rent payable pursuant to Section 4.1, which shall be as follows:

(1) \$174,384.00 *per annum*, payable at the rate of \$14,532.00 per month, for the period from the New Premises Commencement Date through April 14, 2023; and

(2) \$188,916.00 *per annum*, payable at the rate of \$15,743.00 per month, for the period from April 15, 2023 through the Expiration Date.

(k) **“Tenant’s Expense Share,”** for the New Premises, only means 0.2152%.

(l) **“Tenant’s Tax Share,”** for the New Premises only, means 0.2102%.

(m) **“Base Expense Year,”** for the New Premises only, means the Operating Expenses payable in respect of the Fiscal Year ending December 31, 2018.

(n) **“Base Tax Year,”** for the New Premises only, means the July 1, 2017 - June 30, 2018 tax fiscal year.

(p) **“Security Deposit”** means \$1,338,625.40, subject to the provisions of Article 23 of the Lease.

(u) **“Broker”** means CBRE, Inc., on behalf of Landlord and Tenant, respectively.”

5. **Rent; Operating Expenses and Taxes.** For the period commencing on the New Premises Commencement Date and ending on the Expiration Date, Tenant shall pay Base Rent, Tenant’s Expense Share of Operating Expenses and Tenant’s Tax Share of Taxes applicable to the New Premises in accordance with the terms of the Lease.

6. **Rent Abatement.** Notwithstanding anything to the contrary contained in Section 5 above, provided that the Lease shall then be in full force and effect and no monetary or material non-monetary Event of Default shall be continuing, Tenant shall be entitled to an abatement of Base Rent in respect of the New Premises only in the amount of \$14,532.00 per

month from the New Premises Commencement Date through the date immediately preceding the date that is eleven (11) months after the New Premises Commencement Date (such date, the **“New Premises Rent Commencement Date,”** and such period of abated Base Rent for the New Premises, the **“New Premises Base Rent Abatement Period”**). The amount of Base Rent abated in accordance with this Section 6 (the **“New Premises Abated Base Rent”**) does not include charges for electric and/or any other Additional Rent; as such, during the New Premises Base Rent Abatement Period, only Base Rent to the extent set forth above shall be abated, and the electric charges as well as all Additional Rent and other costs and charges payable under the Lease shall remain due and payable pursuant to the terms hereof. Notwithstanding the foregoing, if Tenant cures any such Event of Default after the applicable notice and cure period set forth in Section 21.1 of the Lease and if such cure is accepted by Landlord, then Tenant shall again be entitled to the New Premises Abated Base Rent to the extent the same accrued but was not applied before such cure is effected by Tenant (*i.e.*, was suspended) as well as any portion thereof accruing after such cure is effected by Tenant.

7. **Electricity.** Landlord shall furnish electricity to the New Premises and Tenant shall pay for such electricity in accordance with the terms of Article 8 of the Lease in all respects. The foregoing notwithstanding, if applicable, commencing on the New Premises Commencement Date and through such time as the submeter(s) is (are) installed for the New Premises and operable, Tenant shall pay an electrical consumption charge of \$1.00 per rentable square foot *per annum*.

8. **Right of First Offer.** Effective as of the date hereof, the “ROFO Space,” as such term is defined in Section 29.1 of the Lease, shall refer solely to the unit of space on the twenty-fifth (25th) floor of the Building consisting of approximately 5,330 RSF, as more particularly shown on **Exhibit C** attached hereto and made a part hereof. All other terms, covenants and conditions of Article 29 of the Lease (as amended by Section 11 of the First Amendment) shall remain the same.

9. **Option to Extend.** Tenant’s option to extend the Term of the Lease contained in Article 28 of the Lease (as amended by Section 12 of the First Amendment) is hereby ratified and confirmed. For the avoidance of doubt, Tenant’s option to extend the Term shall apply to the entire Premises only (and not as to a portion).

10. **Security Deposit.**

10.1 Landlord acknowledges that it is currently holding a Letter of Credit in the amount of \$1,265,965.40 (the **“Existing LC”**). Simultaneously herewith, Tenant shall deliver an amendment to the Existing LC effectively increasing the Security Deposit to \$1,338,625.40 (the **“Amended LC”**) to Landlord.

10.2 Effective as of the date of this Amendment, Section 23.1.3 of the Lease shall be amended and restated in its entirety as follows:

On June 1, 2021, and upon the condition that (i) an Event of Default shall not then exist and be continuing, (ii) no Event of Default shall have occurred during the Term, (iii) Tenant shall never have been late in the payment of any Base Rent or Additional Rent beyond the applicable notice and grace period provided herein, if any, and (iv) Tenant shall then have a

market capitalization, as reported by NASDAQ and as certified by Tenant's chief financial officer, equal to or in excess of \$250,000,000.00, then the Security Deposit shall be reduced to \$1,121,422.32. In such event, Tenant shall provide a replacement Letter of Credit complying with this Section in the amount of \$1,121,422.32 to Landlord (in which case Landlord shall, simultaneously with Tenant's delivery of such replacement Letter of Credit, return the original Letter of Credit to Tenant) or deliver an amendment to the Letter of Credit, pursuant to which the amount of the Letter of Credit shall be reduced to \$1,121,422.32 and Landlord agrees that Landlord shall execute any such amendment and any other documentation reasonably required in connection therewith by the Issuing Bank, all at no cost, expense or additional liability to Landlord. In the instance of such reduction, Landlord agrees to reasonably comply with requests from Tenant or the Issuing Bank in obtaining a replacement Letter of Credit, at no cost or expense to Landlord, which replacement Letter of credit shall comply with this Article 23. If, at any time after the Security Deposit shall be reduced as provided above, (x) an Event of Default shall occur or (y) Tenant's market capitalization, determined as provided above, shall fall below \$250,000,000, then, subject to the following cure right in the case of clause (y) only, Landlord shall have the right to demand that the Security Deposit be immediately restored to its original full amount subsequent as of the First Amendment to Lease (*i.e.*, \$1,338,625.40) for the balance of the Term as if such reduction shall have never occurred, and Tenant shall so comply; provided, however, that, in the event Landlord shall have demanded that the Security Deposit be restored to its original full amount as a result of Tenant's non-compliance with clause (y) only (and not as a result of Tenant's non-compliance with clause (x)), then Tenant shall have the right to again seek a reduction of the Letter of Credit (as so restored) to \$1,121,422.32 on the condition that Tenant's market capitalization, determined as provided above, shall equal or exceed \$250,000,000 and remain at or above such level for at least ninety (90) consecutive days, subject, nevertheless, to Landlord's continuing right to demand restoration of the Security Deposit to its original full amount in accordance with the immediately preceding sentence.

11. **Brokers.** Landlord and Tenant represent that no broker or agent other than CBRE, Inc., as both Tenant's agent and Landlord's agent (collectively, the "Broker"), participated with Landlord and Tenant in or was a procuring cause of this transaction. Landlord and Tenant acknowledge that the payment for brokerage fees due and payable as a result of Landlord and Tenant executing this Amendment shall be the sole cost and responsibility of the Landlord pursuant to Landlord's separate agreement(s) with the Broker. Landlord and Tenant agree to indemnify and hold each other harmless from and against any claim, loss and/or demand of any other broker or agent who claims that he, she or it participated with Landlord and/or Tenant, as applicable, in this transaction.

12. **Counterparts.** This Amendment may be executed in two (2) or more counterparts, each of which shall be deemed an original, but all of which counterparts together shall be deemed to be one and the same instrument. In any action or proceeding, any photographic, photostatic, or other copy of this Amendment may be introduced into evidence without foundation. This Amendment shall not be binding in any respect upon Landlord or Tenant until duplicate counterparts hereof are executed and exchanged by Landlord and Tenant. Executed copies of this Amendment may be delivered by electronic mail (e-mail), which shall be

deemed effective to constitute delivery.

13. **Affirmation; Ratification of Lease; Inconsistencies.** Except as expressly amended hereby, the Lease and all covenants, agreements, terms and conditions thereof shall continue in full force and effect, and Landlord and Tenant hereby affirm and ratify all terms and conditions of the Lease. The provisions set forth herein will be deemed to be part of the Lease and shall supersede any contrary provisions in the Lease.

14. **Entire Agreement.** This Amendment embodies the entire understanding between Landlord and Tenant with respect to the modifications set forth herein. This Amendment may not be changed orally, but only by a writing signed by the party against whom enforcement thereof is sought.

15. **Successors and Assigns.** The covenants, agreements, terms and conditions contained in this Modification shall bind and inure to the benefit of the parties hereto and their respective successors and, except as otherwise provided in the Lease, their respective assigns.

[Signatures appear on the following page]

IN WITNESS WHEREOF, the parties hereto have caused this Second Amendment to Lease to be executed as of the day and year first above written.

LANDLORD:

1411 IC-SIC PROPERTY LLC,
a Delaware limited liability company

By: 1411 IC-SIC Holdings LLC,
its sole member

By: IC 1411 Broadway Manager LLC,
its managing member

By: Callahan Capital Properties LLC,
its non-member manager

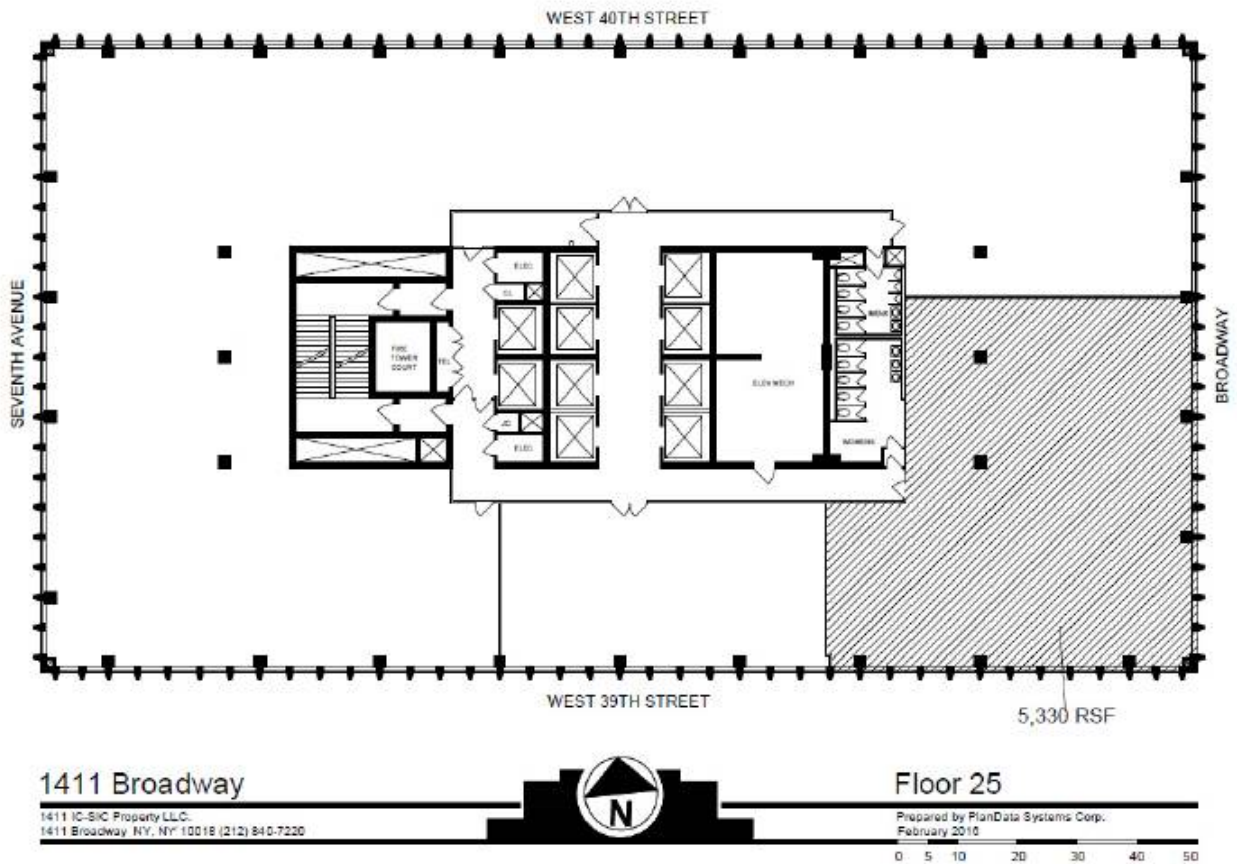
Exhibit B-2

Landlord's Additional Work

- Install submeter(s);
- Deliver and install induction unit covers throughout the New Premises;
- Remove all 277v and 120v branch circuit wiring back to panels

Exhibit C

ROFO Space



DATE: 12th February 2018

**LEASE
RELATING TO
PART THIRD FLOOR, 8 FINSBURY CIRCUS, LONDON EC2**

Between

MITSUBISHI ESTATE LONDON LIMITED

and

CRA INTERNATIONAL (UK) LIMITED

and

CRA INTERNATIONAL, INC

CMS Cameron McKenna Nabarro Olswang LLP
Cannon Place
78 Cannon Street
London EC4N 6AF
T +44 20 7367 3000
F +44 20 7367 2000
cms.law

TABLE OF CONTENTS

1.	Definitions	1
2.	Interpretation	5
3.	Grant and Term	7
4.	Rights Granted	7
5.	Rights Reserved and Re-granted	9
6.	Third Party Rights over the Premises	10
7.	Payment of Rents	10
8.	Rent Review	11
9.	Other Financial Matters	14
10.	Insurance	15
11.	Service Charge	19
12.	State And Condition of the Premises	24
13.	Use of the Premises	26
14.	Dealings	28
15.	Legal Requirements and Regulations	33
16.	Landlord's Covenant for Quiet Enjoyment	35
17.	Limit on Landlord's Liability	35
18.	Forfeiture	35
19.	Miscellaneous	38
20.	Guarantee and Indemnity	42
	Annexure 1 Plans	50
	Annexure 2 Base Building Specification	51
	Annexure 3 Cat A Specification	52

LR1. Date of lease

12th February 2018

LR2. Title number(s)**LR2.1 Landlord's title number(s)**

NGL66474

LR2.2 Other title numbers

None.

LR3. Parties to this lease**Landlord**

MITSUBISHI ESTATE LONDON LIMITED (incorporated and registered in England and Wales under company registration number 2435659), the registered office of which is at Cannon Place, 78 Cannon Street, London EC4N 6AF.

Tenant

CRA INTERNATIONAL (UK) LIMITED (incorporated and registered in England and Wales under company registration number 04007726), the registered office of which is at 8 Finsbury Circus, London EC2M 7EA.

Other parties

CRA INTERNATIONAL, INC. (incorporated and registered in Massachusetts, United States of America under company registration number 042372210), the registered office of which is at 200 Clarendon Street T-10 Boston MA 02116 and whose address for service in England and Wales is at 8 Finsbury Circus, London EC2M 7EA.

LR4. Property

The Property as specified in this lease in the definition of the Premises at clause 1.

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.

LR5. Prescribed statements etc.

None.

LR6. Term for which the Property is leased

The term as specified in this lease at clause 3.

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**

None.

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

None.

LR11. Easements

LR11.1 Easements granted by this lease for the benefit of the Property

The easements granted for the benefit of the Property as specified in this lease at clause 4.

LR11.2 Easements granted or reserved by this lease over the Property for the benefit of other property

The easements granted or reserved by this lease over the Property as specified in this lease at clause 4.

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

None.

LEASE

LAND REGISTRY

TITLE NUMBER: NGL66474
ADMINISTRATIVE AREA: City of London

DATE 12th February 2018

PARTIES

- (1) **MITSUBISHI ESTATE LONDON LIMITED** (incorporated and registered in England and Wales under company registration number 2435659), the registered office of which is at Cannon Place, 78 Cannon Street, London EC4N 6AF (the “**Landlord**”);
- (2) **CRA INTERNATIONAL (UK) LIMITED** (incorporated and registered in England and Wales under company registration number 04007726), the registered office of which is at 8 Finsbury Circus, London EC2M 7EA (the “**Tenant**”); and
- (3) **CRA INTERNATIONAL, INC.** (incorporated and registered in Massachusetts, United States of America under company registration number 042372210), the registered office of which is at 200 Clarendon Street T-10 Boston MA 02116 and whose address for service in England and Wales is at 8 Finsbury Circus, London EC2M 7EA (the “**Guarantor**”).

IT IS AGREED AS FOLLOWS:

1. DEFINITIONS

The following definitions apply in this Lease:

“**BREEAM Certificate**” means the certificate issued by the National Service Operator for the Building as assessed under the 2011 version of BREEAM (Building Research Establishment’s Environmental Assessment Method) UK New Construction Scheme;

“**BREEAM Rating**” means the rating awarded to the Building as stated in the BREEAM Certificate;

“**Base Building Specification**” means the base building specification annexed to this Lease at Annexure 2;

“**Building**” means 8 Finsbury Circus, London EC2 and 11, 12, 13 and 14, South Place, London EC2 shown for identification only edged red on Plan 2 and all Service Media on, over or under such land and Service Media outside such land but exclusively serving it (but excluding any Service Media which are not owned by the Landlord);

“**Business Day**” means a day other than Saturday, Sunday or a day on which banks are authorised to close in London for general banking business;

“**Cat A Specification**” means the Category A specification annexed to this Lease at Annexure 3;

“**Electronic Communications Apparatus**” has the meaning ascribed to it by the Communications Act 2003;

“**Electronic Communications Code**” means the code set out in Schedule 2 of the Telecommunications Act 1984 as amended by the Communications Act 2003 and otherwise amended from time to time;

“**EPC**” means both an energy performance certificate and a recommendation report (as each term is defined in The Energy Performance of Buildings (England and Wales) Regulations 2012);

“**Excluded Risks**” means any risk against which the Landlord does not insure (or in respect of which there is a partial exclusion to the extent that the partial exclusion applies) because insurance cover for that risk is either not ordinarily available in the London insurance market, or is available there only at a premium or subject to conditions which in the Landlord’s reasonable discretion are unacceptable or is not insured by reason of withdrawal of cover by the insurer and any other normally insurable risk that the Landlord has not insured against;

“**Group**” means a group of companies within the meaning of section 42 of the Landlord and Tenant Act 1954;

“**Guarantor**” means the third party to this deed, and/or any person who has entered into a guarantee or an authorised guarantee agreement pursuant to this Lease;

“**Insurance Rent**” means a fair proportion of the reasonable cost to the Landlord (including any insurance premium tax and any insurance brokerage fees) of insuring:

- (a) the Building against the Insured Risks for its full reinstatement cost, including the costs of demolition and site clearance, temporary works, compliance with local authority requirements in connection with any works of repair or reinstatement, architects’, surveyors’ and other professional fees and other incidental expenses, and in each case with due allowance for inflation and VAT;
- (b) against loss of the Rent (having regard to the provisions for the review of the Rent) for a period of five years; and
- (c) against public liability of the Landlord in connection with any matter relating to the Building, its occupation or use;

“**Insured Risks**” means:

- (a) fire, explosion, lightning, earthquake, flood, storm, bursting or overflowing of water tanks, pipes or other water or heating apparatus, impact, aircraft (other than hostile aircraft) and things dropped from such aircraft, terrorism, riot, civil commotion and malicious damage; and
- (b) such other risks as the Landlord may from time to time insure against (whether at its own discretion or at the request of the Tenant),

except to the extent that any such risk is for the time being an Excluded Risk;

“**Interest Rate**” means the rate of four per cent above the base lending rate from time to time of HSBC Bank plc, or if that rate is no longer published then four per cent above the rate of interest which the Landlord reasonably considers to be most closely comparable to minimum lending rates generally applicable in the United Kingdom from time to time;

“**Landlord**” means the first party to this deed and its successors in title and persons entitled to the reversion immediately expectant on the termination of this Lease;

“**Landlord’s Energy Management Costs**” means the reasonably incurred costs of the Landlord of:

- (a) acquiring allowances of any nature and paying all present and future taxes, duties, or assessments of any nature relating to the supply or consumption of energy, or relating

2

to emissions consequential upon that supply or consumption (and whether those emissions are direct or indirect);

- (b) monitoring the supply and consumption of energy and such emissions; and
- (c) gathering and processing information relating to the supply and consumption of energy and to such emissions,

and in this definition “**Landlord**” means the group of undertakings of which the Landlord is a member for the purposes of such allowances or taxes;

“**Landlord’s Surveyor**” means a chartered surveyor (meaning a member of the Royal Institution of Chartered Surveyors) appointed by the Landlord, who may be an individual, or a firm or company of chartered surveyors, or an employee of the Landlord or a company which is in the same Group as the Landlord;

“**this Lease**” means this deed as varied or supplemented by any document which is supplemental to this deed;

“**Lettable Areas**” means any part of the Building (other than the Premises) which is let or is intended for letting;

“**National Service Operator**” means BRE Global Limited (or any of such company appointed from time to time to be the national service operator under BREEAM (Building Research Establishment’s Environmental Assessment Method) UK New Construction Scheme);

“**Net Internal Area**” means the net internal area (expressed in square feet) of the Premises measured in accordance with the sixth edition of the “Code of Measuring Practice: A Guide for Property Professionals” published on behalf of the Royal Institution of Chartered Surveyors;

“**One Finsbury Circus**” means the land and building known as One Finsbury Circus, London EC2 as the same is registered at the Land Registry at the date of this deed with title absolute under freehold title number NGL330903 and leasehold title number NGL603187;

“**Permitted Use**” means use as a high class offices within Use Classes B1(a) of the Town and Country Planning (Use Classes) Order 1987 (as at the date of this deed) and for purposes ancillary to such use;

“**Plan**” means a plan to this deed as attached to this deed at Annexure 1;

“**Plant Area**” means the part of the Building as is shown coloured brown on Plan 3;

“**Premises**” means Part Third Floor, 8 Finsbury Circus, London EC2, as shown edged red on Plan 1 bounded by and including:

- (a) the interior plaster and other finishes of the walls dividing the Building from other property (but excluding any other part of such walls);
- (b) the inner half of the non-load-bearing internal walls dividing such premises from other parts of the Building (but excluding any other part of such walls);
- (c) the interior plaster and other finishes of the internal load-bearing walls dividing such premises from other parts of the Building (but excluding any other part of such walls);
- (d) the flooring, flooring pedestals and flooring finishes but excluding the joists, slabs or other structures supporting such flooring;
- (e) the ceiling finishes to the suspended ceilings and integrated lighting (but excluding any other part of the ceilings),

3

and including:

- (f) the whole of any non-load-bearing walls, columns and partitions within such premises;
- (g) the interior plaster and other finishes of load-bearing walls and columns within such premises (but excluding any other part of such walls and columns);
- (h) doors and door frames and fittings at such premises;
- (i) fixtures from time to time at those premises, but if those fixtures are Service Media then only if they fall within paragraph (j) below;
- (j) Service Media within and from time to time exclusively serving such premises and which are owned by the Landlord (but excluding any other Service Media);

but excluding:

- (k) the air conditioning described at paragraph 4.1 of the Category A Specification;
- (l) any Service Media within such premises but which do not serve such premises exclusively, or which are not owned by the Landlord; and
- (m) the windows and window frames at such premises;

“**Rent**” means until the Rent Commencement Date one peppercorn and thereafter four hundred and sixty six thousand, nine hundred and seventy nine thousand pounds (£466,979) per annum as reviewed under this Lease or any interim rent payable under the Landlord and Tenant Act 1954;

“**Rent Commencement Date**” means 8 September 2019;

“**Retained Parts**” means any part of the Building other than the Premises and the Lettable Areas;

“**Review Date**” means 20 May 2021 and every fifth anniversary of that date and any other date when the Rent may be reviewed under this Lease;

“**Service Charge**” means a fair proportion of the total cost of the Landlord’s Expenses (as defined in clause 11.1) in relation to the relevant Service Charge Year;

“**Service Charge Balance**” means the shortfall, if any, between the Service Charge Estimate and the Service Charge;

“**Service Charge Estimate**” means the same fair proportion of the amount which the Landlord, or the Landlord’s Surveyor or its accountant, reasonably estimates will be the total cost of the Landlord’s Expenses (as defined in clause 11.1) in any Service Charge Year;

“**Service Charge Year**” means the year from and including 1 January in each year or such other date which the Landlord chooses from time to time;

“**Service Media**” means conduits and equipment used for the generation, passage, reception and/or storage of Utilities and all fire alarms, sprinklers, smoke detectors, dry risers, security cameras and closed circuit television apparatus;

“**Service Route**” means the route over the Service Yard and the Building as set out (for the purposes of identification only) on Plan 4;

“**Service Yard**” means the service yard forming part of One Finsbury Circus and serving One Finsbury Circus and the Building shown (for the purposes of identification only) coloured blue on Plan 5, the rights and obligations in respect of which are governed by the 1978 Transfer, the 1987 Transfer and the 2014 Deed;

“**Tenant**” means the second party to this deed and, except where otherwise expressly stated, its successors in title;

“**Term**” means the term of years granted by this deed;

“**Utilities**” means electricity, gas, water, foul water and surface drainage, heating, ventilation and air conditioning, smoke and fumes, signals, telecommunications, satellite and data communications and all other utilities;

“**VAT**” means value added tax and/or any similar tax from time to time replacing it or performing a similar fiscal function;

“**1978 Transfer**” means a transfer of the Adjoining Property out of a site that, at the time, comprised both the Property and the Adjoining Property dated 26 May 1978 and made between (1) Electricity Supply Nominees Limited and (2) The National Water Council (as varied by the 1987 Transfer);

“**1987 Transfer**” means a transfer of land forming part of the Adjoining Property by the then owner of the Adjoining Property to the then owner of the Property dated 20 August 1987 and made between (1) Greycoat Lutyens House Limited and (2) Hammerson (Amethyst) Properties Limited and Taisei Europe Limited; and

“**2014 Deed**” means a deed relating to development and works dated 8 August 2014 and made between (1) One Finsbury Circus London PropCo s.à r.l., (2) Mitsubishi Estate London Limited, (3) Stephenson Harwood Services Limited and (4) Stephenson Harwood LLP.

2. INTERPRETATION

2.1 In this Lease:

- 2.1.1 the contents page, headings and sub-headings are for ease of reference only and do not affect its meaning;
- 2.1.2 any words following the terms “**include**” and “**including**” or any similar expression shall be interpreted as illustrative and shall not limit the sense of the words preceding those terms;
- 2.1.3 general words do not have a restrictive meaning because they are preceded or followed by specific words indicating a particular type, class or category;
- 2.1.4 obligations owed by or to more than one person are owed by or to them jointly and severally;
- 2.1.5 words in the singular include the plural and vice versa; and
- 2.1.6 references to one gender include all genders.

2.2 In this Lease, unless otherwise specified:

2.2.1 a reference to legislation is a reference to all legislation having effect in the United Kingdom from time to time, including:

- (a) directives, decisions and regulations of the Council or Commission of the European Union;
- (b) Acts of Parliament;
- (c) orders, regulations, consents, licences, notices and bye laws made or granted:
 - (i) under any Act of Parliament; or

- (ii) under any directive, decision or regulation of the Council or Commission of the European Union; or
- (iii) by a local authority or by a court of competent jurisdiction; and
- (d) any mandatory codes of practice issued by a statutory body;

2.2.2 a reference to particular legislation is a reference to that legislation as amended, modified, consolidated, re-enacted or replaced from time to time and to all subordinate legislation made under it from time to time;

2.2.3 a reference to a person includes an individual, firm, partnership, company, association, organisation or trust (in each case whether or not having a separate legal personality);

2.2.4 a reference to a company includes any company, corporation or any other body corporate (wherever incorporated); and

2.2.5 references to the Premises and the Building include any part of the Premises or the Building.

2.3 In this Lease:

2.3.1 an obligation of the Tenant not to do something includes an obligation not to cause or allow that thing to be done;

- 2.3.2 a reference to any act or to any act or omission of the Tenant includes any act or any act or omission of any other person at the Premises or the Building with the Tenant's express or implied authority;
- 2.3.3 the rights and remedies of the Landlord under any clause are without prejudice to any other right or remedy of the Landlord;
- 2.3.4 the obligations of or restrictions on the Tenant or a Guarantor under any clause, supplemental document or other instrument entered into in connection with this Lease, are without prejudice to the obligations of or restrictions on the Tenant or Guarantor, or to the rights of the Landlord under any other clause, supplemental document or other instrument entered into in connection with this Lease;
- 2.3.5 a reference to the consent or approval of the Landlord means the prior consent in writing (which, if required by the Landlord, is to be contained in a deed) of the Landlord, and, where required, of any superior landlord or mortgagee of the Landlord;
- 2.3.6 references to any adjoining property of the Landlord include any property adjoining or near the Premises or the Building owned, leased or occupied by the Landlord (or any company in the same Group as the Landlord) from time to time;
- 2.3.7 references to the end of the Term are to the end of the Term whether before or at the end of the term of years granted by this deed;
- 2.3.8 references to a fair proportion of any sum are to the whole or a proportion of that sum which is fair and reasonable in the circumstances as determined by the Landlord's Surveyor (acting reasonably) and where there are different elements to that sum a different proportion for each element may be determined on this basis;
- 2.3.9 references to a certified copy are to a copy certified by solicitors to be a true copy of the original; and

6

- 2.3.10 a requirement that a notice or other communication to be given or made under or in connection with this Lease must be signed by the person giving or making it will be deemed to be satisfied if the notice or other communication is signed on behalf of the person giving it.

2.4 In this deed:

- 2.4.1 in clause 14 the word "**security**" includes a guarantee or rent deposit; and
- 2.4.2 a reference to a clause, paragraph or schedule is to a clause or paragraph of or schedule to this deed and a reference to this deed includes its schedules and appendices.

3. GRANT AND TERM

- 3.1 At the request of the Guarantor the Landlord, with full title guarantee but subject to the modifications in clause 3.2, leases the Premises to the Tenant for a term of years from and including 8 February 2018 expiring on and including 19 May 2031, the Tenant paying the following sums, which are reserved as rent: the Rent, the Insurance Rent the Service Charge Estimate, the Service Charge Balance and any VAT payable on those sums and any interest due under this Lease.

3.2 The Landlord's title guarantee is modified as follows:

- 3.2.1 the covenant set out in section 3(1) of the Law of Property (Miscellaneous Provisions) Act 1994 will not extend to the words "and could not reasonably be expected to" in that section; and
- 3.2.2 the Landlord shall not be liable under any of the covenants set out in section 3(2) of the Law of Property (Miscellaneous Provisions) Act 1994.

4. RIGHTS GRANTED

4.1 The Landlord grants the following rights to the Tenant:

- 4.1.1 the right to use:
 - (a) such parts of the Plant Area as may be reasonably designated from time to time by the Landlord for the purposes only of the installation and retention of tenant's plant and associated ducts, cabling and wiring being an area of 3.7 square metres of the Plant Area in total;
 - (b) such part of the risers in the Building as may be reasonably designated from time to time by the Landlord for the purposes only of the installation and retention of tenant's plant and associated ducts, cabling and wiring; and
 - (c) those parts of the Building as lead from the Plant Area and/or the risers mentioned in clause 4.1.1(b) to the Premises as may be reasonably designated from time to time by the Landlord for the purposes only of the installation and retention of associated ducts, cabling and wiring;
- 4.1.2 the right of access to and exit from (on foot only) the Plant Area over those parts of the Building which are not in the possession of any other tenant of the Landlord for the purposes only of installing, repairing, inspecting, maintaining and removing such tenant's plant and associated ducts, cabling and wiring in accordance with clause 4.1.1;
- 4.1.3 the right of access to and exit from (on foot only) the risers referred to in clause 4.1.1(b) over those parts of the Building which are not in the possession of any other tenant of

the Landlord for the purposes only of installing, repairing, inspecting, maintaining and removing such Tenant's plant and associated ducts, cabling and wiring in accordance with clause 4.1.1;

- 4.1.4 the right to permit third party telecommunications providers to install and retain Electronic Communications Apparatus from and to the nearest point of connection into the providers' networks along the routes designated by the Landlord from time to time for the purposes of operating and running the Tenant's business from the Premises only and not for any other purpose or for use by any third party and thereafter for the Tenant to use such Electronic Communications Apparatus;
- 4.1.5 the right to enter and leave the Premises on foot over such of the Retained Parts as the Landlord may reasonably designate from time to time;
- 4.1.6 the right to use the Service Route to service the Premises or for such other purposes as the Landlord may permit from time to time;
- 4.1.7 the right to have the name of the Tenant (or other permitted occupier(s)) displayed on any name board which may be provided by the Landlord on the Retained Parts in the Landlord's house style;
- 4.1.8 the right to have the name of the Tenant (or other permitted occupier(s)) displayed in the lift lobby of the Building immediately outside the Premises with the consent of the Landlord, such consent not to be unreasonably withheld or delayed;
- 4.1.9 an exclusive right at all times to use seven lockers (three male, four female) in the lower ground floor of the Building from time to time designated by the Landlord (acting reasonably) for the Tenant's use;
- 4.1.10 an exclusive right at all times to use the seven cycle spaces in the lower ground floor of the Building from time to time designated by the Landlord (acting reasonably) for the Tenant's use;
- 4.1.11 the right at all times to use the toilets on the third floor of the Building;
- 4.1.12 the right to use such routes as are reasonably designated by the Landlord from time to time for the purposes of escape from the Premises in the case of emergency;
- 4.1.13 the right to use the Service Media forming part of the Building at the date of this deed which serve, but do not form part of, the Premises;
- 4.1.14 the right of support and protection from the rest of the Building to the extent existing at the date of this deed.

4.2 The rights granted by clause 4.1:

- 4.2.1 unless otherwise specified, are not granted to the Tenant exclusively, but are to be used in common with the Landlord, any superior landlord, any other tenants and lawful occupiers of the Building, and other persons authorised by them;
- 4.2.2 may be interrupted or varied for the purposes of any works of maintenance, repair, alteration or the replacement of any land, building, lifts or lift equipment, or Service Media in connection with which the rights are exercised provided that there remains at all times reasonable access to the Premises and the Tenant is not prevented from using the Premises for the Permitted Use; and

- 4.2.3 are to be exercised by the Tenant, and any authorised undertenant, in accordance with any reasonable regulations which the Landlord may make for the proper management of the Building.

4.3 The rights granted by clauses 4.1.1 to 4.1.4 are granted subject to the Tenant:

- 4.3.1 obtaining the consent of the Landlord, such consent not to be unreasonably withheld or delayed;
- 4.3.2 complying with the terms upon which the Landlord's consents are granted;
- 4.3.3 complying with the terms of clause 12.3 of this lease in relation to the relevant equipment installed.

4.4 The rights granted by clause 4.1.4 are, in addition to the conditions referred to in clause 4.3, subject to the Tenant and any provider of Electronic Communications Apparatus entering into a wayleave agreement in such form as the Landlord may reasonably require.

4.5 The rights granted by clauses 4.1.5 and 4.1.6 are granted subject to the condition that the Landlord or anyone authorised by the Landlord or the owner of the land affording such facility may, from time to time, by notice in writing to the Tenant, vary the route or routes of such easements and/or the location of the Service Yard provided the Landlord or the owner of the land affording such facility provides reasonable alternative easements and/or facilities at its own cost.

4.6 The Tenant will not be or become entitled to any right, easement or privilege that is not expressly granted by clause 4.1, and section 62 of the Law of Property Act 1925 does not apply to this Lease.

5. RIGHTS RESERVED AND REGRANTED

- 5.1 The following rights are reserved from this Lease and regranted to the Landlord by the Tenant:
- 5.1.1 to build, or carry out works, or permit others to do so, to any other part of the Building or on any adjoining or neighbouring property (whether or not belonging to the Landlord), or to build into any of the boundary walls, foundations or roofs of the Premises, even if such building or works lessen the access of light or air to the Premises;
 - 5.1.2 to inspect, connect into, repair and replace any Service Media in, on, under or over the Premises, but which do not form part of the Premises and construct Service Media at any time during the Term, on, over or under the Premises;
 - 5.1.3 of support and protection from the Premises for the rest of the Building;
 - 5.1.4 for the occupier of adjoining property at the Building to enter the Premises to carry out repairs but only if those repairs cannot reasonably be carried out without such entry; and
 - 5.1.5 to enter the Premises to exercise any other right reserved and regranted to the Landlord by this Lease, or for any other reasonable purpose connected with this Lease or with the Landlord's interest in the Premises or the Building.
- 5.2 The rights reserved and regranted by this Lease are reserved and regranted to the Landlord and any superior landlord or mortgagee, and may be exercised by anyone authorised by the Landlord or a superior landlord.
- 5.3 The person exercising any right of entry reserved and regranted by this Lease shall:
- 5.3.1 make good at its own cost any damage caused to the Premises to the reasonable satisfaction of the Tenant;

9

- 5.3.2 comply with the Tenant's reasonable security requirements; and
 - 5.3.3 use reasonable endeavours to minimise any disturbance to the Tenant,
- but shall not be under any obligation to make any other compensation to the Tenant or other occupier of the Premises for any indirect economic or consequential loss (to the extent it is lawful to exclude such liability).
- 5.4 Subject to the provisions of clause 5.3 the Tenant shall allow any person who has a right to enter the Premises to enter the Premises at all reasonable times, during and outside usual business hours, provided that no less than 48 hours' prior written notice has been given, . In cases of emergency no notice need be given and the Landlord, or another person on behalf of the Landlord may break into the Premises if entry cannot be effected in any other way, the Landlord causing as little damage as is reasonably practicable.
- 6. THIRD PARTY RIGHTS OVER THE PREMISES**
- 6.1 There are excepted from this Lease and this Lease is granted subject to:
- 6.1.1 all existing rights which belong to other property, or are enjoyed by other property over the Premises or any land or Service Media over which the Tenant may exercise rights by virtue of this Lease;
 - 6.1.2 the matters contained or referred to in the property and charges registers of title number NGL66474 as at the date of this deed.
- 6.2 The Tenant shall comply with the matters contained or referred to in the registers referred to in clause 6.1 so far as they relate to the Premises or any rights the Tenant may exercise by virtue of this Lease.
- 6.3 The Tenant shall:
- 6.3.1 not permit any third party to acquire any right over the Premises or to encroach upon the Premises and shall give the Landlord immediate written notice of any attempt to do this;
 - 6.3.2 take any steps which the Landlord may reasonably require to prevent the acquisition of any right over or encroachment on the Premises and such steps shall be at the Landlord's cost unless the reason for taking such steps is as a result of an act or omission of the Tenant;
 - 6.3.3 not do anything that would result in the loss of existing rights which belong to the Premises and the Landlord's interest in them and are enjoyed over adjoining or neighbouring property; and
 - 6.3.4 not block or obstruct any window or ventilator at the Premises unless permitted in accordance with clause 12.3.
- 7. PAYMENT OF RENTS**
- 7.1 The Tenant shall pay to the Landlord the Rent, the Service Charge Estimate and any VAT payable on those sums without deduction, recoupment or set-off (whether legal or equitable) unless required to do so by law in four equal instalments in advance on the usual quarter days, and shall pay the Insurance Rent within 10 Business Days of demand and the Service Charge Balance and any VAT on it within 10 Business Days of demand (whether such demand is made and received before or after the end of the Term) and interest in accordance with clause 9.7.

- 7.2 The Tenant shall pay the first instalment of the Rent and any VAT due on it to the Landlord on the Rent Commencement Date, and the first instalment is to be a proportionate amount for the period from and including the Rent Commencement Date, until the next quarter day.
- 7.3 The Tenant shall pay the first instalment of the Service Charge Estimate and any VAT due on it to the Landlord on the date of this deed, and the first instalment is to be a proportionate amount for the period from and including 8th February 2018 until the next quarter day.
- 7.4 If this Lease is not determined in accordance with clause 21 then:
- 7.4.1 the Tenant shall be granted an additional rent free period for a period of ten months from and including the Termination Date, during which time the Rent shall be a peppercorn (if demanded); and
- 7.4.2 immediately following the end of such additional rent free period, the Tenant shall pay to the Landlord on demand the amount of the Rent for the period from and including the expiry of such additional rent free period to and including the day prior to the next following usual quarter day.
- 7.5 If required by the Landlord, the Tenant shall pay the Rent and the Service Charge Estimate and any VAT on them by banker's standing order to a bank account in the United Kingdom which the Landlord has notified in writing to the Tenant.

8. RENT REVIEW

8.1 Open Market Rent

The following definition applies in this clause 8:

"Open Market Rent" means the annual rent at which the Premises could reasonably be expected to be let as a whole at the relevant Review Date in the open market:

- (a) without a fine or premium;
- (b) by a willing landlord to a willing tenant;
- (c) which would be payable after the expiry of a rent-free or reduced rent period (if any) of such length or payment or allowance of any other landlord's contribution as would be negotiated in the open market between the willing landlord and the willing tenant at the relevant Review Date in respect only of the time needed for the willing tenant to carry out fitting-out works;
- (d) under a lease for a term of 10 years commencing on and including the relevant Review Date;
- (e) otherwise on the same terms as this Lease, except as to the amount of the Rent, and assuming that there is a rent commencement date which provides for the rent-free or reduced rent period referred to in paragraph (c) above,

assuming that:

- (f) the Premises are available to be let with vacant possession;
- (g) the Premises and the Building and any land or Service Media over which the Tenant may exercise any rights by virtue of this Lease are in good and substantial repair and condition and if damaged or destroyed that they have been reinstated;

-
- (h) the Premises have been constructed to the Base Building Specification and the Cat A Specification and are ready to receive the willing tenant's fitting-out works;
 - (i) the Premises have a Net Internal Area of seven thousand, three hundred and fifty four (7,354) square feet;
 - (j) the Landlord (except in the case of material and persistent breach) and the Tenant have fully complied with their respective obligations in this Lease;
 - (k) no work has been carried out on the Premises or on any other part of the Building or on any adjoining property of the Landlord by the Tenant or any undertenant or their predecessors in title before or during the Term, which would lessen the rental value of the Premises;
 - (l) the Premises, in their assumed state, can be lawfully let, and can be lawfully used by the willing tenant for the Permitted Use at the relevant Review Date taking into account any changes to the Permitted Use;
 - (m) any consents or licences current or required at the relevant Review Date are available to the willing tenant; and
 - (n) if the Landlord (or the relevant member of its VAT group) has elected to waive the exemption for the purposes of VAT in respect of the Premises, that the willing landlord has also so elected, but that if the Landlord (or the relevant member of its VAT group) has not so elected, that the willing landlord has not so elected,

but disregarding:

- (o) any occupation of the Premises and/or the remainder of the Building by the Tenant or any authorised undertenant;

- (p) any goodwill attached to the Premises by reason of the Tenant or any authorised undertenant carrying on any business at the Premises or the remainder of the Building;
- (q) any improvements (including improvements which form part of the Premises at the relevant Review Date) carried out by the Tenant or any authorised undertenant or occupier, or their predecessors in title, before or during the Term, with the consent (if required) of the Landlord, at the cost of the person who carried out the improvement, and not pursuant to an obligation owed by the person who carried out the improvement to the Landlord or its predecessors in title;
- (r) any requirement and costs applicable to the removal and reinstatement relating to any improvements as referred to in paragraph (q) above; and
- (s) any legislation which imposes a restraint upon agreeing or receiving an increase in the Rent.

8.2 Determination of the revised Rent

- 8.2.1 The Rent will be reviewed at each Review Date and from and including each Review Date the Rent will be the higher of:
- (a) the Rent reserved immediately before the relevant Review Date (disregarding any suspension of Rent under clause 10.4; and
 - (b) the Open Market Rent at the relevant Review Date.

12

- 8.2.2 If the Landlord and the Tenant have not agreed the Open Market Rent three months before the relevant Review Date, either may require it to be determined by a surveyor (the “**Surveyor**”), who will be an independent chartered surveyor appointed jointly by the Landlord and the Tenant or, if they do not agree on the identity of such surveyor, by the President of the Royal Institution of Chartered Surveyors (or any other officer authorised to carry out that function) on the application of either the Landlord or the Tenant in accordance with this Lease.
- 8.2.3 The Landlord and the Tenant may agree the level of the Open Market Rent at any time before the Surveyor has determined it.
- 8.2.4 The Surveyor will act as an arbitrator in accordance with the Arbitration Act 1996.
- 8.2.5 If the Surveyor dies, or gives up the appointment, or fails to act in accordance with clause 8, or it becomes apparent that the Surveyor is or will become unable so to act, the Landlord and the Tenant may make a further appointment of, or application for, a substitute Surveyor.
- 8.2.6 The costs of appointment and fees of the Surveyor shall be paid in such proportions as the Surveyor directs, or if no such direction is made, then equally by the Landlord and the Tenant.

8.3 General

- 8.3.1 If the revised Rent has not been agreed or determined before the relevant Review Date, then the Tenant shall continue to pay the Rent at the rate payable immediately before the relevant Review Date and no later than five Business Days after the revised Rent has been agreed or determined the Tenant shall pay:
- (a) the shortfall, if any, between the Rent paid and the revised Rent for the period from the relevant Review Date until the next quarter day after payment is made; and
 - (b) interest on the shortfall at the base rate from time to time of HSBC Bank plc calculated on a daily basis by reference to the period from each quarter day on which each part of the shortfall would have become due had the revised Rent been agreed or determined before the relevant Review Date to the date payment of the shortfall is made.
- 8.3.2 If there is any legislation in force at the relevant Review Date which restricts the Landlord’s right to review the Rent in accordance with clause 8, or to receive any increase in the Rent following a review, then the date on which the legislation is repealed or amended to allow a review of or increase in the Rent, will be a further Review Date and the Landlord will be entitled to require a review of the Rent in accordance with this clause 8.
- 8.3.3 A Guarantor will have no right to take part in the review of the Rent, but will be bound by it.
- 8.3.4 Following the agreement of the revised Rent after each rent review, the Landlord, the Tenant and any Guarantor shall sign a memorandum recording the revised level of the Rent.
- 8.3.5 Time will not be of the essence in relation to this clause 8.

13

9. OTHER FINANCIAL MATTERS

9.1 Utilities

The Tenant shall pay all charges, including connection and hire charges, relating to the supply and consumption of Utilities to or at the Premises and that part of the Landlord's Energy Management Costs which the Landlord reasonably attributes (or reasonably anticipates attributing) to the Premises (to the extent not charged to the Tenant by way of the Service Charge), and shall comply with all present or future requirements and recommendations of the suppliers of Utilities to the Premises.

9.2 Common facilities

The Tenant shall pay on demand a fair proportion of any costs reasonably and properly incurred or payable by the Landlord in respect of any land or Service Media outside the Building but used in connection with the Premises including costs in respect of the Service Yard pursuant to the 1978 Transfer, the 1987 Transfer and the 2014 Deed (to the extent not charged to the Tenant by way of the Service Charge). The Landlord shall at the Tenant's request and reasonable cost provide the Tenant with evidence of such costs and the basis upon which they have been incurred.

9.3 Rates and taxes

9.3.1 The Tenant shall pay and indemnify the Landlord against all present and future rates, duties, taxes and assessments of any nature charged on or payable in respect of the Premises (or in respect or by reason of any works carried out by or on behalf of the tenant at the Premises) whether payable by the Landlord, owner, occupier or tenant of the Premises and whether of a capital or income, recurring or non recurring nature except any income or corporation tax imposed on the Landlord (or any superior landlord) in respect of:

- (a) the grant of this deed;
- (b) the receipt of the rents reserved by this Lease; or
- (c) any dealing or disposition by the Landlord with its interest in the Premises.

9.3.2 The Tenant shall not make any claim for relief from any of the charges referred to above which could result in the Landlord not being entitled (after the end of the Term) to the full benefit of that relief in respect of the Premises.

9.4 Payments relating to the Premises and other property

Where any of the charges payable under clause 9.1, 9.2 or 9.3 relates to other property as well as the Premises, the amount to be paid by the Tenant will be a fair proportion of the whole of the amount charged or payable.

9.5 Landlord's costs

The Tenant shall pay to the Landlord, on demand the fees, costs and expenses reasonably properly charged, incurred or payable by the Landlord and its advisers, agents or enforcement officers in connection with:

9.5.1 any steps taken in direct contemplation of, or in direct relation to, any proceedings under section 146 or 147 of the Law of Property Act 1925 or the Leasehold Property (Repairs) Act 1938, including the preparation and service of all notices, and even if forfeiture is avoided (unless it is avoided by relief granted by the court);

14

9.5.2 preparing and serving schedules of dilapidations at any time during the Term or within six months after the end of the Term (or, if later, six months after the date the Tenant has given vacant possession of the Premises to the Landlord) and supervising any works undertaken to remedy such dilapidations in a situation where the Tenant is in breach of its obligations at the end of this Lease;

9.5.3 recovering (or attempting to recover) any arrears of Rent or other sums due to the Landlord under this Lease, including the costs of preparing and serving any notice under section 17 of the Landlord and Tenant (Covenants) Act 1995 and any costs associated with the Landlord's remedies of taking control of goods or execution;

9.5.4 if the Landlord reasonably considers that there has been a breach by the Tenant of its covenants under this Lease any investigations or reports reasonably and properly carried out to determine the nature and extent of any breach by the Tenant of its obligations in this Lease;

9.5.5 any steps reasonably and properly taken to procure that a breach by the Tenant of its obligations under this Lease is remedied; and

9.5.6 (such fees costs and expenses also being reasonable) any application for a consent of the Landlord (including the preparation of any documents) which is needed by virtue of this Lease, whether or not such consent is granted and whether or not the application is withdrawn.

9.6 VAT

9.6.1 Where the Tenant is to pay the Landlord for any supply made to the Tenant by the Landlord, the Tenant shall also pay any VAT which may be payable in connection with that supply.

9.6.2 Where the Tenant is to pay the Landlord the costs of any supplies made to the Landlord, the Tenant shall also pay the Landlord any VAT payable in connection with that supply, except to the extent that the Landlord is able to obtain a credit for the VAT from HM Revenue & Customs.

9.7 Interest

If the Rent is not paid to the Landlord on the due date for payment or if any other sum payable under this Lease is not paid to the Landlord within five Business Days of the due date for payment or if the Landlord refuses to accept any Rent or other such sum when the Tenant is, or may be, in

breach of any of its obligations in this Lease, the Tenant shall pay interest to the Landlord on such sum at the Interest Rate for the period from and including the due date until payment (both before and after any judgment) or until payment is accepted by the Landlord (as the case may be).

10. INSURANCE

10.1 Landlord's obligations

The Landlord shall insure the Building, other than any part installed by or on behalf of the Tenant or any other occupier against the Insured Risks, through a reputable agency chosen by the Landlord and subject to any exclusions, excesses and conditions as may be usual in the insurance market at the time or required by the insurers, or reasonably required by the Landlord and shall use all reasonable endeavours to ensure that rights of subrogation against the Tenant are waived

15

10.2 Reinstatement

If the Premises are damaged or destroyed by an Insured Risk, then:

- 10.2.1 unless payment of any insurance money is refused because of any act or omission of the Tenant and the Tenant has failed to comply with clause 10.3.8; and
- 10.2.2 subject to the Landlord being able to obtain any necessary consents (which the Landlord shall use reasonable endeavours to obtain) and to the necessary labour and materials being and remaining available,

the Landlord shall use the insurance money it receives, except money received for loss of rent, in repairing and reinstating the Building (other than any part which the Landlord is not obliged to insure) or in building reasonably comparable premises as soon as reasonably practicable and the Landlord shall make up any shortfall out of its own monies.

10.3 Tenant's obligations

The Tenant shall:

- 10.3.1 pay the Insurance Rent in accordance with this Lease;
- 10.3.2 pay within 10 Business Days of demand any increase in the insurance premium for the Building or any adjoining property of the Landlord which is attributable to the use of the Premises, or anything done or omitted to be done on the Premises by the Tenant or any other occupier of the Premises;
- 10.3.3 pay within 10 Business Days of demand a fair proportion of the costs incurred or payable by the Landlord in connection with the Landlord obtaining a valuation of the Building for insurance purposes, as long as such valuation is made at least three years after any previous such valuation;
- 10.3.4 comply with the requirements of the insurers relating to the Premises;
- 10.3.5 not do or omit to do anything which may make any insurance of the Building or of any adjoining property of the Landlord taken out by the Landlord or any superior landlord void or voidable, or which would result in an increase in the premiums for such insurance;
- 10.3.6 give the Landlord written notice as soon as reasonably practicable of any damage to or destruction of the Premises by an Insured Risk;
- 10.3.7 pay the Landlord within 10 Business Days of demand the amount of any excess required by the insurers in connection with that damage or destruction;
- 10.3.8 pay the Landlord within 10 Business Days of demand an amount equal to any amount which the insurers refuse to pay, following damage or destruction by an Insured Risk to any part of the Building or any adjoining property of the Landlord, because of any act or omission of the Tenant;
- 10.3.9 pay the Landlord within 10 Business Days of demand the costs reasonably incurred by the Landlord in preparing and settling any insurance claim relating to the Premises (or a fair proportion of such costs in relation to the Retained Parts or the Building as a whole) arising, in any case, from any insurance taken out by the Landlord;
- 10.3.10 not take out any insurance of the Premises against the Insured Risks in its own name other than in respect of any part of the Premises installed by or on behalf of the Tenant or any undertenant or any other occupier, and if the Tenant has the benefit of any such

16

insurance, the Tenant shall hold all money receivable under that insurance upon trust for the Landlord; and

- 10.3.11 if reasonably requested by the Landlord remove its fixtures and effects from the Premises if reasonably necessary to allow the Landlord to repair or reinstate the Premises following damage or destruction by an Insured Risk or an Excluded Risk.

10.4 Suspension of Rent and Service Charge

- 10.4.1 If the whole of the Premises or any part which the Landlord is obliged to insure or any essential Service Media or any areas of the Building over which the Tenant exercises rights granted by this Lease, are damaged or destroyed by an Insured Risk or an Excluded Risk so as to make the Premises or any part which the Landlord is obliged to insure, unfit for occupation or use or inaccessible, the Rent and Service Charge (or a due proportion of them determined by the Landlord (acting reasonably) according to the nature and extent of the damage) will, subject to clause 10.4.2, be suspended from the date of damage or destruction for a period of five years, or, if sooner, until the Premises, or such part, have been made fit for occupation and use or accessible or the relevant Service Media are repaired or restored and the Landlord shall repay to the Tenant any Rent paid in advance for the period following the date of damage or destruction.
- 10.4.2 The Rent will not be suspended to the extent that any loss of rent insurance has been made ineffective, or payment of it has been refused by the insurers because of any act or omission by the Tenant unless the Tenant has complied with the provisions of Clause 10.3.8.
- 10.4.3 If the Service Charge is suspended pursuant to this clause 10.4 then the Landlord's obligation under this Lease to provide the Services shall also be suspended for the same period.
- 10.4.4 If and to the extent that any period during which the Rent or a fair proportion of it is suspended pursuant to clause 10.4.1 (a "Rent Cesser Period") coincides with the period prior to the Rent Commencement Date (the "Rent Free Period"), then the Rent Commencement Date shall be delayed by a period equivalent to the overlap between the Rent Cesser Period and the Rent Free Period (such period starting on the date on which the suspension of the Rent would otherwise have ended pursuant to clause 10.4.1) and where a fair proportion of the Rent is suspended, the period of overlap shall be such period as reflects that fair proportion.

10.5 **Termination after end of Rent suspension period**

- 10.5.1 This clause 10.5 applies if the Rent is suspended pursuant to clause 10.4.1 by reason of the whole (or substantially the whole) of the Premises being unfit for occupation or use or inaccessible and the Landlord has either:
- (a) not commenced the relevant works to be carried out pursuant to clause 10.2 within the period of two years from the date of damage or destruction; or
 - (b) not substantially completed the relevant works required to be carried out pursuant to clause 10.2, by the end of the period of five years from the date of damage or destruction.

17

- 10.5.2 If this clause 10.5 applies the Landlord or the Tenant may terminate this Lease by giving to the other written notice such notice not to be served until either:
- (a) if clause 10.5.1(a) applies and the Landlord has not then commenced the relevant works, the date which is two years from the date of damage or destruction; or
 - (b) if clause 10.5.1(b) applies and the Landlord has not then completed the relevant works required to be carried out pursuant to clause 10.2, the date which is five years from the date of damage or destruction.
- 10.5.3 Termination of this Lease pursuant to clause 10.5 will be without prejudice to any right of any party to this Lease against another for any antecedent breach of its obligations under this Lease.

10.6 **Termination following damage by an Excluded Risk**

- 10.6.1 This clause 10.6 applies if the Rent is suspended pursuant to clause 10.4.1 following damage or destruction of the whole or substantially the whole by an Excluded Risk.
- 10.6.2 If this clause 10.6 applies the Landlord may give written notice to the Tenant at any time within 12 months following the date of the damage or destruction stating either that the Landlord intends to repair and reinstate the Premises or that the Landlord does not intend to repair and reinstate the Premises.
- 10.6.3 If the Landlord gives notice pursuant to clause 10.6.2 that the Landlord intends to repair and reinstate the Premises then subject to the Landlord being able to obtain any necessary consents and to the necessary labour and materials being and remaining available the Landlord shall repair and reinstate the Premises (other than any part which the Landlord was not obliged to insure) or build reasonably comparable premises as soon as reasonably practicable.
- 10.6.4 If the Landlord gives notice pursuant to clause 10.6.2 that the Landlord does not intend to repair and reinstate the Premises then (subject to clause 10.6.6) this Lease shall determine with effect from the date such notice is given.
- 10.6.5 If the Landlord fails to give any notice pursuant to clause 10.6.2 then the Landlord or the Tenant may terminate this Lease immediately by giving written notice to the other.
- 10.6.6 This Lease will not determine pursuant to clause 10.6.4 if, on what would have been the date of termination pursuant to clause 10.6.4, the relevant damage or destruction has been substantially repaired.
- 10.6.7 Rights under this clause 10.6 are in addition to rights under clause 10.5.
- 10.6.8 Termination of this Lease pursuant to clause 10.6 will be without prejudice to any right of any party to this Lease against any other for any antecedent breach of its obligations under this Lease.

10.7 **Insurance money**

11. SERVICE CHARGE

11.1 Definitions

The following definitions apply in clause 11.

“**Certificate**” means a statement certified by the Landlord or the Landlord’s Surveyor or its accountant, which shows:

- (a) the Service Charge Estimate;
- (b) the Landlord’s Expenses;
- (c) the Service Charge; and
- (d) the Service Charge Balance,

for the relevant Service Charge Year;

“**Landlord’s Expenses**” means the reasonable and proper costs (including any VAT charged on such costs to the extent that the Landlord is not able to obtain a credit for such VAT from HM Revenue & Customs) incurred or provided for by or on behalf of the Landlord in connection with all or any of the following items:

- (a) the Services;
- (b) cleaning, maintaining, carpeting and re-carpeting, decorating, lighting, treating, repairing, rebuilding and replacing and otherwise keeping in good and substantial repair the Retained Parts;
- (c) providing, operating, inspecting, maintaining, repairing and replacing Service Media at the Building (other than Service Media which form part of the Premises or any Lettable Unit or which do not belong to the Landlord);
- (d) removing any obstruction on the Retained Parts;
- (e) providing, operating, inspecting, insuring and maintaining, repairing and replacing any equipment, plant and machinery and other materials, which are used in providing the matters listed in this definition;
- (f) fuel and Utilities used on the Retained Parts or in providing the matters listed in this definition and that part of the Landlord’s Energy Management Costs which the Landlord reasonably attributes (or reasonably anticipates attributing) to the Retained Parts and to the provision of those matters;
- (g) maintenance and other contracts entered into for the provision of the matters listed in this definition;
- (h) providing, maintaining and, when reasonably necessary, renewing signs at the Building;
- (i) operating service yard areas for occupiers of the Building and their visitors;
- (j) providing and replacing refuse containers for occupiers of the Building and arranging for the collection of refuse;
- (k) providing, maintaining and replacing furniture and fittings for use on the Retained Parts;
- (l) providing, maintaining and, when reasonably necessary, replacing or altering such security systems for the benefit of the whole (or substantially the whole) of the Building, which the Landlord (in the interests of good estate management) reasonably considers appropriate and which may include the provision of alarms, closed-circuit television,

barriers and other equipment, and security guards and patrols (whether employed by the Landlord or engaged as contractors);

- (m) providing fire detection, prevention and fighting equipment, and any signs, notices or equipment required by the fire authority for the Retained Parts and maintaining, repairing and, when necessary, replacing such items and providing such items as are required or recommended following any fire risk assessment at the Building;
- (n) providing a reception or security desk in the entrance hall of the Building and staffing it;
- (o) employing or arranging for the employment (and the termination of employment) of staff in connection with the provision of the matters listed in this definition, including the costs of insurance, staff training, pension and welfare contributions and the provision of clothing, tools and equipment and the provision of accommodation and a notional rent for that accommodation reasonably determined by the Landlord incurred in connection with such employment;

- (p) all present and future rates, taxes, duties and assessments of whatever nature charged on, or payable in respect of, the Retained Parts or in respect of the Building as a whole;
- (q) complying with any legislation relating to the Retained Parts or the Building as a whole;
- (r) complying with or, where the Landlord reasonably considers it appropriate i, contesting the requirements or proposals of the local or any other competent authority in respect of the Retained Parts or of the Building as a whole;
- (s) complying with the matters referred to in clause 6.1 insofar as they relate to the Retained Parts or the Building as a whole;
- (t) abating any nuisance to the Building;
- (u) leasing any item used in providing the matters listed in this definition;
- (v) commitment fees, interest and any other cost of borrowing money, where necessary, to finance the matters listed in this definition;
- (w) obtaining any professional advice which may from time to time reasonably be required in relation to the management of the Building or the provision of the matters listed in this definition;
- (x) the fees of managing agents retained by the Landlord for the management of the Building, the provision of the matters listed in this definition and the collection of service charges (including the Service Charge Estimate and the Service Charge Balance) due from the Tenant and the other occupiers of the Building (or where any of those tasks is carried out by the Landlord a reasonable charge of the Landlord for that task), but not any such costs arising by reason of those rents or service charges being in arrears;
- (y) preparing (and auditing) the Certificate (whether by the Landlord or the Landlord's Surveyor or its accountants); and
- (z) any other works, services, amenities or facilities which the Landlord from time to time reasonably considers desirable for the purpose of maintaining, improving or modernising the Building or any services, amenities or facilities at or for the Building and which are (or may be) for the general benefit of all, or substantially all, of the

20

occupiers of the Building and are in accordance with the principles of good estate management,

but excluding:

- (a) any cost which the Landlord recovers under any other clause, or from any insurance taken out by the Landlord, where the Tenant is obliged to refund the Landlord the whole or any part of the premium;
- (b) costs incurred in relation to the marketing or letting of empty premises within the Building or the renewal of a letting or rent collection or rent review for any letting in the Building;
- (c) costs of administering applications for consent to assign, sublet or alter by tenants or occupiers of the Building but not the Tenant;
- (d) costs for which the Tenant or any other tenant or occupier is wholly responsible under the terms of their lease (or other arrangements by which they use or occupy premises within the Building);
- (e) costs incurred by the Landlord in the enforcement of any covenant or obligation for which the Tenant or any other tenant or occupier is individually responsible under the terms of their lease (or other arrangements by which they use or occupy premises within the Building);
- (f) costs recovered under the Landlord's insurance of the Building provided that any excess payable in respect of any claim shall be payable in accordance with clause 10.3.7;
- (g) any costs incurred by the Landlord in reinstating damage or destruction as a result of an Excluded Risk (but without prejudice to the Landlord's rights against the Tenant in the event that such damage or destruction is a result of an act or omission of the Tenant);

"Services" means:

- (a) cleaning, maintaining, decorating, treating and repairing the Retained Parts;
- (b) lighting the Retained Parts;
- (c) cleaning the outside of the windows of the Building;
- (d) heating and providing air-conditioning for the internal areas of the Retained Parts between such hours and at such times of the year as the Landlord in its discretion, considers appropriate;
- (e) furnishing and carpeting the internal areas of the Retained Parts;
- (f) providing hot and cold water, towels and other supplies in the lavatories on the Retained Parts; and
- (g) providing and replacing refuse containers for occupiers of the Building and arranging for the collection of refuse.

11.2 Landlord's obligations

11.2.1 The Landlord shall provide the Services and incur the Landlord's Expenses in accordance with the principles of good estate management and to a standard commensurate with a high class City of London office building and the Landlord shall have due regard to the RICS Service Charges in Commercial Property Code applicable from time to time (or an equivalent replacement code).

21

11.2.2 The Landlord will have no liability for any failure or interruption of any Service:

- (a) during the proper inspection, maintenance, repair or replacement of any relevant Service Media or equipment;
 - (b) resulting from a shortage of fuel, water, materials or labour;
 - (c) resulting from a breakdown of any equipment used in connection with the provision of the Services,
- or for any other reason beyond the reasonable control of the Landlord.

11.2.3 In the circumstances mentioned in clauses 11.2.2(a), 11.2.2(b) and 11.2.2(c) the Landlord shall use reasonable endeavours to cause as little interruption as reasonably practicable and restore the relevant Service as soon as is reasonably practicable and consult with the Tenant on any steps likely to impact on the Tenant's use and occupation of the Premises.

11.2.4 The Landlord shall produce the Certificate to the Tenant as soon as practicable after the end of the Service Charge Year.

11.2.5 The Landlord shall, but at the cost of the Tenant, allow the Tenant to inspect any invoices and receipts for the Services as long as the Tenant has given the Landlord reasonable written notice.

11.3 Obligations in respect of defects

11.3.1 The following definitions apply in this clause 11.3:

"Defect" means a defect in the works of the original construction of the Building attributable to faulty design or faulty workmanship and/or faulty materials (excluding any snagging matters identified at or about the date of practical completion);

"Defects Policy" means the insurance policy in respect of Defects with policy number 25045204FSD;

11.3.2 This clause 11.3 applies if and to the extent that in the period of 12 years from and including 22 April 2016 any Defect in the original construction of the Building would result in the Tenant meeting costs incurred by the Landlord through the payment of Service Charge.

11.3.3 Neither the Landlord nor the Tenant shall do or permit anything to be done that would invalidate the Defects Policy

11.3.4 If this clause 11.3 applies, the Landlord covenants with the Tenant to either:

- (a) (if a Defects Policy is placed, is still extant and extends to the relevant Defect) make and thereafter promptly progress a claim under the Defects Policy in respect of a Defect; or
- (b) (unless clause 11.3.4(a) applies or to the extent that any claim under the Defects Policy is unsuccessful) use reasonable endeavours to enforce the terms of any relevant third party against whom the Landlord has the benefit of a collateral warranty or other contractual or tortious remedy in respect of a Defect,

22

and, subject to clauses 11.3.4 and 11.3.5, the Landlord shall in respect of any sums recovered pursuant to this clause, account to the Service Charge and/or use the sums recovered in rectifying the relevant Defect (as applicable) but:

- (c) the Landlord shall not be obliged to seek to recover sums from third parties where or to the extent that the Defect in question is due to any act or omission of the Tenant;
- (d) the Landlord shall not be obliged to institute proceedings or to appeal or take any further proceedings against any third party unless it is advised by leading counsel experienced in the field of building litigation and construction disputes that there is at least an even prospect of success and recovery in such proceedings and the Landlord shall seek such advice where it is reasonable and proper to do so; and
- (e) the Landlord shall be entitled to settle or compromise any claim if, in its reasonable opinion, it is appropriate to do so in the circumstances.

11.3.5 Until the Landlord recovers (in whole or part) the cost of making good any Defect either under the Defects Policy or from any third party (as applicable) then the Landlord shall be entitled to recover the amount so expended as Service Charge (and such costs shall be Landlord's Expenses).

11.3.6 The Landlord shall be entitled to:

- (a) recover all costs reasonably and properly incurred in discharging its obligations in this clause (including any excess under the Defects Policy) under the Service Charge (and such costs shall be Landlord's Expenses); and/or
- (b) retain from any amounts recovered all expenditure reasonably and properly incurred in discharging its obligations in this clause.

11.4 **Tenant's obligations**

- 11.4.1 The Tenant shall pay the Service Charge Estimate, and any VAT on it and the Service Charge Balance, and any VAT on it as provided in clause 7.
- 11.4.2 If the date of this deed does not coincide with the beginning of a Service Charge Year, the Service Charge due from the Tenant for the part of that Service Charge Year which is within the Term will be reduced by the proportion which the part of that Service Charge Year which is before the beginning of the Term bears to one year, and the Service Charge Estimate for that part of that Service Charge Year will be adjusted accordingly.
- 11.4.3 If the end of the Term does not coincide with the end of a Service Charge Year, the Service Charge due from the Tenant for the part of that Service Charge Year which is within the Term will be reduced by the proportion which the part of that Service Charge Year which is after the end of the Term bears to one year.
- 11.4.4 The end of the Term shall not prejudice the Landlord's entitlement to demand nor the Tenant's liability to pay the Service Charge Balance for the Service Charge Year then current, apportioned in accordance with clause 11.4.3.

23

11.5 **Estimating and revising the Service Charge**

- 11.5.1 The Landlord shall give the Tenant a statement of the Service Charge Estimate for each Service Charge Year. Until the statement has been given, the Service Charge Estimate shall be payable at the rate of the Service Charge Estimate for the previous Service Charge Year. Once the statement has been given, the remaining instalments of the Service Charge Estimate and any VAT on them will be adjusted so as to provide for payment of the whole Service Charge Estimate for that Service Charge Year to be paid during that year.
- 11.5.2 If, during a Service Charge Year, the Landlord reasonably expects the cost of the Services to increase materially above its previous estimate of the cost of the Services for that Service Charge Year, the Landlord may revise its estimate of those costs and the Service Charge Estimate will be based on that revised estimate and the remaining instalments of the Service Charge Estimate adjusted so that the revised Service Charge Estimate will have been paid by the end of that Service Charge Year. The Landlord may revise the Service Charge Estimate more than once in a Service Charge Year.

11.6 **General provisions**

- 11.6.1 In the absence of manifest error, the Certificate will be conclusive as to the amount of the Service Charge.
- 11.6.2 The Landlord shall notify the Tenant in writing of any change in the date of the beginning of the Service Charge Year.
- 11.6.3 If the Service Charge for any Service Charge Year is less than the Service Charge Estimate (as and if revised), the balance will be credited against the instalments of the Service Charge Estimate due from the Tenant in the following Service Charge Year, or, at the end of the Term, set-off against any sums due from the Tenant to the Landlord with any balance being repaid to the Tenant.
- 11.6.4 The Landlord's Expenses for the Service Charge Year in which the beginning of the Term falls may include costs incurred or provided by or on behalf of the Landlord before the beginning of the Term so far as they relate to Services which are to be provided during the Term. The Landlord's Expenses in any Service Charge Year may include provision for Landlord's Expenses that will be payable by the Landlord after the end of the Term so far as such provision is reasonable and the relevant Services are provided during the Term.

12. **STATE AND CONDITION OF THE PREMISES**

12.1 **Repair**

- 12.1.1 The Tenant shall repair the Premises and keep them in good and substantial repair and condition and shall keep all plant and machinery within or forming part of the Premises in good condition and working order.
- 12.1.2 The Tenant shall replace any fixtures, fittings, plant or machinery (other than tenant's fixtures and fittings) within or forming part of the Premises which are in need of replacement with new articles of similar kind and quality.
- 12.1.3 The Tenant shall regularly clean the inside of the windows at the Premises.

24

- 12.1.4 The Tenant shall not be liable under clause 12.1 to the extent that the Landlord is obliged to carry out the relevant repair works under clause 10.2 or to the extent that the Landlord is prevented from carrying them out by reason of the matters referred to in clause 10.2.2 or in respect of damage or destruction as a result of an Excluded Risk.

12.2 **Redecoration**

The Tenant shall redecorate the inside of the Premises every five years and also in the last six months of the Term. All redecoration is to be carried out in colours and materials approved by the Landlord (except for internal redecoration carried out before the last six months of the Term) such approval not to be unreasonably withheld or delayed and to the reasonable satisfaction of the Landlord.

12.3 Alterations

- 12.3.1 The Tenant shall not make any alterations or additions to the Premises or pursuant to the relevant rights granted to it in clause 4.1 except as permitted by clause 12.3.
- 12.3.2 Subject to clauses 12.3.3 and 12.3.4, the Tenant may make alterations which are both internal and non-structural and which will not adversely affect any of the Service Media and/or the performance or life-cycle of any mechanical or electrical services or any other plant and/or equipment in the Building and/or the sound or fire integrity of the Building or the Premises without the consent of the Landlord.
- 12.3.3 The Tenant shall not carry out any alterations which would adversely affect any of the Service Media and/or the performance or life-cycle of any mechanical or electrical services or any other plant and/or equipment in the Building and/or the sound or fire integrity of the Building or the Premises without the consent of the Landlord, such consent not to be unreasonably withheld or delayed.
- 12.3.4 The Tenant shall not carry out any alterations or additions to the Premises which in the Landlord's reasonable opinion materially adversely affect the energy efficiency or the Asset Rating or (where applicable) the Operational Rating or the BREEAM Rating of the Premises or the Building without the prior written consent of the Landlord provided always that before giving consent under this clause 12.3.4 the Landlord may require the submission by the Tenant to the Landlord of sufficient information to enable the Landlord to assess the impact of the proposed alterations or additions to the Premises on the energy efficiency or the Asset Rating or (where applicable) the Operational Rating or the BREEAM Rating of the Premises or the Building.
- 12.3.5 In respect of any alterations that the Tenant may carry out under this Lease, the Tenant shall:
- (a) comply in all respects with the tenant handbook current as at the date hereof subject to such reasonable amendment as has been made on the date when such alterations or additions to the Premises are carried out;
 - (b) carry out the works in a good and workmanlike manner with good quality materials; and
 - (c) provide the Landlord with as-built drawings and any information reasonably required by the Landlord in relation to such works within 30 Business Days of request from the Landlord.

25

-
- 12.3.6 Unless and to the extent otherwise required by the Landlord, the Tenant shall, at the end of the Term, remove any and all alterations and additions made to the Premises whether made during the Term or before the Term pursuant to an agreement for lease made between the Landlord, the Tenant and the Guarantor and dated 21 November 2017 or pursuant to a tenancy at will letter between the Landlord, the Tenant and the Guarantor and dated 21 November 2017 and shall reinstate the Premises and make good any damage caused by that removal to the reasonable satisfaction of the Landlord.

12.4 Codes of practice

The Tenant shall ensure that all works carried out at the Premises by or on behalf of the Tenant are carried out in accordance with all relevant codes of practice applicable to those works and issued by a statutory or professional body.

12.5 Signs and re-letting notices

- 12.5.1 The Tenant shall:
- (a) other than in accordance with the rights granted to the Tenant pursuant to the provision of clause 4, not place, affix or display any sign, advertisement, notice, poster or other notification whatsoever on the outside of the Premises;
 - (b) not place in the interior of the Premises so as to be visible from the outside any sign, advertisement, notice, poster or other notification;
 - (c) other than in accordance with the rights granted to the Tenant pursuant to the provision of clause 4, not install any sign in the lift lobby of the Building immediately outside of the Premises without the consent of the Landlord (not to be unreasonably withheld or delayed);
 - (d) keep any sign erected by the Tenant under this clause 12.5.1 or clause 4.1.10 in good repair and decoration;
 - (e) at the end of the Term to remove any such sign, advertisement, notice, poster or other notification and make good any damage caused to the Landlord's satisfaction; and
 - (f) not stand, hang or display any goods, materials or things outside the Premises for display or sale or for any other purpose.
- 12.5.2 The Tenant shall permit the Landlord to place a sign on the Premises at any time advertising the sale of the Landlord's interest (or any superior interest) in the Premises and during the last six months of the Term for the re-letting of the Premises but provided that the Landlord shall not unreasonably obstruct any window at the Premises.

12.6 Yield up

At the end of the Term the Tenant shall yield up the Premises with vacant possession decorated and repaired in accordance with and in the condition required by this Lease.

13. USE OF THE PREMISES

13.1 The Permitted Use

The Tenant shall not use the Premises except for the Permitted Use.

26

13.2 Obstructions

The Tenant shall not display any goods for sale outside the Premises, leave anything outside the Premises, or obstruct the Retained Parts or any other pavement, footpath or roadway adjoining or serving the Premises other than whilst temporarily unloading goods for delivery to the Premises in accordance with the tenant's handbook current as at the date hereof subject to such reasonable amendment as has been made at the time.

13.3 Restrictions on use

13.3.1 The Tenant shall ensure that noise and/or odours and/or noxious fumes and/or grease arising from the use and occupation of the Premises are contained within the Premises and the Tenant shall ensure that appropriate acoustic insulation and other prevention measures are installed to the reasonable satisfaction of the Landlord;

13.3.2 The Tenant shall not:

- (a) do anything on the Premises which is illegal or immoral or which would cause a nuisance or any damage or disturbance to the Landlord or any of the other occupiers of the Building or any owner or occupier of any other property adjoining or near the Premises;
- (b) carry out any acts at the Premises which are noisy, noxious, dangerous or offensive or store dangerous or inflammable materials at the Premises provided that the use of products normally used for office purposes in normal quantities shall not be prohibited by this obligation;
- (c) allow waste to accumulate at the Premises nor allow any material which is deleterious, polluting or dangerous (to persons or property) to enter any Service Media or any adjoining property; nor
- (d) overload or obstruct any Service Media which serve the Premises.

13.4 Use of machinery

The Tenant shall not use any machinery on the Premises in a manner which causes or may cause:

13.4.1 any damage to the fabric of the Building or any strain on the structure of the Building beyond that which it is designed to bear; or

13.4.2 any undue noise, vibration or other inconvenience to the Landlord or any superior landlord or other occupiers of the Building or of any adjoining property.

13.5 Fire and security precautions

The Tenant shall comply with the requirements and recommendations of the fire authority and with any reasonable requirements of the Landlord relating to fire prevention and the provision of fire-fighting equipment at the Premises and the reasonable requirements of the Landlord in relation to the security of the Building and of the Premises while they are vacant.

13.6 Exclusion of warranty

The Landlord does not warrant or represent that the Premises may be used for the Permitted Use or for any other purpose.

27

14. DEALINGS

14.1 General restrictions

The Tenant shall not part with or share nor agree to part with or share possession of the whole or part of the Premises or this Lease, nor allow any other person to occupy the whole or any part of the Premises, except as permitted by the remainder of this clause 14.

14.2 Assignments

14.2.1 The Tenant shall not assign or agree to assign any part (as opposed to the whole) of this Lease. The Tenant shall not assign the whole of this Lease without the consent of the Landlord, such consent not to be unreasonably withheld or delayed.

- 14.2.2 The Landlord and the Tenant agree that, for the purposes of section 19(1A) of the Landlord and Tenant Act 1927 the Landlord may refuse its consent to an assignment in any of the following circumstances:
- (a) if, in the reasonable opinion of the Landlord, the financial standing of the assignee is not sufficient to pay the Rent and other sums due under this Lease and to comply with the tenant covenants of this Lease. For these purposes the “**financial standing of the assignee**” means the financial standing of the assignee:
 - (i) taking into account the financial standing of any guarantor who will enter into a guarantee of the assignee’s obligations pursuant to clause 14.2.3(c) and (but subject to clause 14.2.2(a)(ii)) the provision of any other security for the performance of the assignee’s obligations and the terms upon which such security is to be held; but
 - (ii) ignoring any authorised guarantee and sub-guarantee which may be entered into pursuant to clauses 14.2.3(a) and 14.2.3(b) (and any sub-guarantee of such authorised guarantee agreement which may have already been entered into);
 - (b) if the Tenant has not paid all the Rent due and other sums due and demanded under this Lease;
 - (c) if the assignee is in the same Group as the assignor; or
 - (d) if the assignee (being a company) is not incorporated within the United Kingdom, unless the person who is to be its guarantor pursuant to clause 14.2.3(c) (being a company) is incorporated within the United Kingdom or the assignee (being a company) is incorporated within a jurisdiction in which any judgement obtained in the United Kingdom is enforceable..

28

- 14.2.3 The Landlord and the Tenant agree that, for the purposes of section 19(1A) of the Landlord and Tenant Act 1927 the Landlord may give its consent to an assignment subject to any of the following conditions:
- (a) that, if reasonably required by the Landlord, the Tenant enter into an authorised guarantee agreement no later than the date of the instrument of the assignment, and that agreement is:
 - (i) to take effect immediately following completion of the instrument of the assignment;
 - (ii) to be by deed;
 - (iii) to provide for a guarantee of the performance of all the tenant covenants of this Lease by the assignee from the date of the instrument of the assignment until the assignee is released by virtue of the Landlord and Tenant (Covenants) Act 1995;
 - (iv) to provide for all the matters permitted by section 16(5) of that Act and is otherwise in accordance with section 16 of that Act; and
 - (v) to include such further provisions as the Landlord reasonably requires;
 - (b) that, if reasonably required by the Landlord, any person who has guaranteed the obligations of the Tenant under this Lease (otherwise than by way of an authorised guarantee agreement) and whose guarantee is subsisting immediately before completion of the instrument of the assignment enter into a sub-guarantee of the obligations of the Tenant contained in an authorised guarantee agreement entered into pursuant to clause 14.2.3(a), and that sub-guarantee is:
 - (i) to take effect immediately following completion of the instrument of the assignment;
 - (ii) to be by deed;
 - (iii) to provide for the sub-guarantor to enter into a new lease (whether as guarantor or as tenant) if the liability of the assignee is disclaimed;
 - (iv) to include such further provisions as the Landlord reasonably requires; and
 - (v) to be entered into notwithstanding that that person may have already entered into such a sub-guarantee (or may have purported to have done so);
 - (c) that, if reasonably required by the Landlord, the assignee procures a guarantor or guarantors (not being the Tenant pursuant to the condition referred to in clause 14.2.3(a)) acceptable to the Landlord (acting reasonably), to enter into a full guarantee and indemnity of the assignee’s obligations under this Lease, and that guarantee and indemnity is:
 - (i) to take effect immediately following completion of the instrument of the assignment;
 - (ii) to be by deed;

29

- (iii) to provide for the guarantor to take a new lease (as tenant) if this Lease is forfeited or if the liability of the assignee is disclaimed;
 - (iv) to include such further provisions the Landlord reasonably requires; and
 - (v) to be in addition to any authorised guarantee agreement entered into pursuant to clause 14.2.3(a) and sub-guarantee entered into pursuant to clause 14.2.3(b) or which may have already been entered into); and
- (d) that if at any time before the assignment any of the circumstance set out in clause 14.2.2 exist, the Landlord may revoke its consent to the assignment by notice to the Tenant.
- 14.2.4 Clauses 14.2.2 and 14.2.3 do not limit the right of the Landlord to refuse consent to an assignment on any other reasonable ground or to impose any other reasonable condition to its consent.

14.3 Underlettings

- 14.3.1 The Tenant shall not underlet or agree to underlet any part of the Premises (as opposed to the whole).
- 14.3.2 The Tenant shall not underlet the whole of the Premises, except in accordance with the remainder of clause 14.3 and with clauses 14.4 and 14.5 and then only with the consent of the Landlord, such consent not to be unreasonably withheld or delayed.
- 14.3.3 The Tenant shall not underlet the Premises without first obtaining from the undertenant a covenant by the undertenant with the Landlord to comply with the terms of this Lease on the part of the tenant, other than as to the payment of any Rent or other sums reserved as rent by this Lease, and to comply with the obligations on the undertenant in the underlease (and any document which is supplemental or collateral to the underlease) throughout the term of the underlease or until the undertenant is released by virtue of the Landlord and Tenant (Covenants) Act 1995, if sooner.
- 14.3.4 Any underlease shall be granted at the then full open market rental value of the Premises (but this will not prevent an underlease providing for a rent free period of a length as is then usual in the open market in respect of such a letting), and without a fine or premium and with the underlease rent payable not more than one quarter in advance.
- 14.3.5 The Tenant shall not grant an underlease unless:
- (a) before the earlier of the undertenant entering into the underlease and the undertenant becoming contractually bound to do so, the Tenant has served a notice on the undertenant and the undertenant (or a person duly authorised by the undertenant) has made a statutory declaration, such notice and statutory declaration to relate to the tenancy to be created by the underlease and to comply with section 38A of the Landlord and Tenant Act 1954 and the relevant schedules of the Regulatory Reform (Business Tenancies) (England and Wales) Order 2003; and
 - (b) the Tenant has supplied the Landlord with a certified copy of the notice and statutory declaration referred to in clause 14.3.5(a).

- 14.3.6 The Tenant shall not grant any underlease for a term which will expire by effluxion of time later than three clear days before the date the contractual term granted by this deed will expire by effluxion of time.
- 14.3.7 The Tenant shall not enter into any collateral deed nor give any side letter varying or relieving the undertenant from any terms required by clause 14.3 or clause 14.4 to be contained in the underlease.

14.4 Terms to be contained in any underlease

Any underlease shall contain the following terms:

- 14.4.1 if the term of the underlease is for more than five years, a provision for the review of the rent in the same terms as the review of the Rent in this Lease and not less frequently than on five yearly intervals (but, for the avoidance of doubt, not necessarily on the same dates as the review of the Rent in this Lease);
- 14.4.2 an obligation on the undertenant not to deal with or dispose of its interest in the underlease (including by way of declaration of trust) or part with or share possession of the whole or part of that interest or permit any other person to occupy the Premises except by way of an assignment or charge of the whole of its interest in the Premises, which may only be made with the Landlord's consent, such consent not to be unreasonably withheld or delayed, or as permitted by clause 14.8 (so that the sharing of occupation by the undertenant with a group company of the undertenant shall not require the Landlord's consent provided that such sharing is on the same basis as set out in clause 14.8);
- 14.4.3 agreements between the Tenant and the undertenant in the same terms as clauses 14.2.2 and 14.2.3 and a further agreement between the Tenant and the undertenant expressed to be for the purposes of section 19(1A) of the Landlord and Tenant Act 1927 that the Tenant may give its consent to an assignment of the underlease subject to a condition that the assignee of the underlease enters into a covenant with the Landlord with effect from the date of the instrument of the assignment of the underlease in the terms of the covenant required by clause 14.3.3;
- 14.4.4 a statement in the terms of clause 14.2.4;

- 14.4.5 if this Lease requires the consent or approval of the Landlord for any matter and that matter is permitted by the underlease, a provision requiring the consent or approval of the Landlord for that matter;
- 14.4.6 if this Lease requires the consent or approval of the Landlord, such consent not to be unreasonably withheld or delayed for any matter and that matter is permitted by the underlease, a provision requiring the consent or approval of the Landlord for that matter, such consent not to be unreasonably withheld or delayed; and
- 14.4.7 a statement by the Tenant and the undertenant referring to the notice and statutory declaration mentioned in clause 14.3.5, and where the statutory declaration was made by a person other than the undertenant, a statement by the undertenant confirming that such person was duly authorised by the undertenant to make the statutory declaration and an agreement between the Tenant and the undertenant that the provisions of sections 24 to 28 of the Landlord and Tenant Act 1954 shall be excluded in relation to the tenancy created by the underlease,

and shall otherwise be on terms consistent with this Lease.

31

14.5 Further provisions relating to underleases

- 14.5.1 The Tenant shall procure that the rent in any underlease is reviewed in accordance with the underlease and shall not agree the level of any reviewed rent with an undertenant without the consent of the Landlord, such consent not to be unreasonably withheld or delayed.
- 14.5.2 The Tenant shall enforce the obligations of the undertenant in any underlease and exercise its rights under the agreements made between it and the undertenant for the purposes of section 19(1A) of the Landlord and Tenant Act 1927.
- 14.5.3 The Tenant shall not vary the terms of any underlease without the consent of the Landlord.

14.6 Charging

The Tenant shall not charge or agree to charge any part of the Premises (as opposed to the whole) and shall not charge or agree to charge the whole of the Premises without the consent of the Landlord, such consent not to be unreasonably withheld or delayed but no consent shall be required in relation to any charge over the whole of the Premises in favour of a bona fide third party bank or other financial institution created by a debenture over the whole or substantially the whole of the Tenant's assets.

14.7 Declarations of trust

The Tenant shall not make any declaration of trust of the whole or any part of its interest in the Premises or this Lease.

14.8 Group sharing of occupation

Nothing in clause 14 will prevent the Tenant or any permitted undertenant from sharing occupation of the Premises with another member of the same Group if and so long as that other member remains a member of that Group and no relationship of landlord and tenant subsists between the Tenant or permitted undertenant and that other member. The Tenant shall keep the Landlord informed of the identity of all occupiers and of the basis of their occupation of the Premises.

14.9 Notification of dealings

Within 10 Business Days of any dealing with, or devolution of, the Premises or this Lease or of any interest created out of them or it, the Tenant shall give the Landlord written notice of that dealing or devolution together with a certified copy of any document effecting or evidencing the dealing or devolution (and a certified copy for any superior landlord) and shall pay the Landlord a reasonable registration fee of not less than seventy five pounds (£75) and the registration fee of any superior landlord.

14.10 Registration at the Land Registry

- 14.10.1 If this Lease and/or the rights granted or reserved by this Lease are or should be registered at the Land Registry under the Land Registration Act 2002 then the Tenant shall:
- (a) apply to register this Lease and any assignment or other registrable disposition of this Lease at the Land Registry within 10 Business Days of the date of the grant of this Lease or the date of the instrument of assignment or other

32

disposition requiring registration (as the case may be) and procure completion of that registration; and

- (b) within five Business Days of the registration of the grant, assignment, other registrable disposition of this Lease or notice against the affected titles (as the case may be) deliver to the Landlord official copies of the registered titles.

14.10.2 The Landlord shall not be liable to the Tenant for the Tenant's failure to register and/or to protect this Lease or any rights granted by it.

15. LEGAL REQUIREMENTS AND REGULATIONS

15.1 Legislation and planning

The Tenant shall:

- 15.1.1 comply with all legislation affecting the Premises, their use and occupation and the health and safety of persons working at or visiting the Premises, whether the legislation requires the owner, landlord, tenant or occupier to comply;
- 15.1.2 give the Landlord written notice of any defect in the Premises which may make the Landlord liable to do, or not to do, any act to comply with the duty of care imposed by the Defective Premises Act 1972, and shall display any notices at the Premises needed to enable the Landlord to comply with the Defective Premises Act 1972;
- 15.1.3 not apply for planning permission without the consent of the Landlord, such consent not to be unreasonably withheld or delayed where the consent for the subject matter of the application is not to be unreasonably withheld or delayed under this Lease;
- 15.1.4 pay any charge imposed under legislation relating to town and country planning in respect of the use of the Premises, or any works carried out at the Premises by or on behalf of the Tenant or any undertenant or occupier;
- 15.1.5 in relation to community infrastructure levy (or any similar or replacement charge or levy):
 - (a) pay any community infrastructure levy (or any similar or replacement charge or levy);
 - (b) serve a notice assuming liability (and provide a copy of such notice to the Landlord) and not withdraw it (or carry out such equivalent or similar steps as may be required or permitted in relation to any similar or replacement charge or levy); and
 - (c) indemnify the Landlord against all liabilities arising out of community infrastructure levy (or any similar or replacement charge or levy),in each case in respect or by reason of any works carried out at the Premises by or on behalf of the Tenant or any undertenant or occupier; and
- 15.1.6 at the end of the Term pay the Landlord a fair proportion of any compensation which the Tenant has received or which is receivable by the Tenant because of any restriction placed on the use of the Premises under any legislation.

15.2 Notices relating to the Premises

- 15.2.1 The Tenant shall give the Landlord a copy of any notice received by the Tenant, relating to the Premises or the Building or any occupier of them, or to the Landlord's interest in

33

them, as soon as reasonably practicable after having received it and take any reasonable and proper steps relating to the Tenant's use and occupation of the Premises which the Landlord may reasonably require in connection with such notice pursuant to clause 15.1.

- 15.2.2 The Tenant shall not give any notice or counter-notice under the Party Wall etc. Act 1996 without the consent of the Landlord.

15.3 The Construction (Design and Management) Regulations 2015

- 15.3.1 In this clause 15.3 "**Regulations**" means the Construction (Design and Management) Regulations 2015 and "**File**" means the Health and Safety file required by the Regulations for any project (within the meaning of the Regulations) carried out by or on behalf of the Tenant or any undertenant or other occupier of the Premises.
- 15.3.2 In respect of any works carried out by or on behalf of the Tenant or any undertenant or other occupier of the Premises (including any works of reinstatement which may be carried out after the end of the Term) to which the Regulations apply:
 - (a) the Tenant shall comply in all respects with the Regulations and procure that any person (other than the Landlord) who otherwise has any duty under the Regulations, complies with the Regulations;
 - (b) the Tenant shall pay the Landlord on demand its reasonable costs and expenses (and any VAT in relation to them) for providing any information or documents which the Landlord may supply to any person in connection with such works; and
 - (c) if and to the extent that the Landlord is a client for the purposes of the Regulations, the Tenant shall agree with the Landlord in writing (or the Tenant shall procure that the undertenant or other occupier of the Premises (as the case may be) agrees with the Landlord in writing), for the purpose of the Regulations, to be treated as the only client in relation to such works, and the Tenant shall not begin (or shall procure that the undertenant or other occupier (as the case may be) does not begin) to carry out such works until that agreement has been made.
- 15.3.3 The Tenant shall:
 - (a) compile, maintain and make the File available to the Landlord for inspection at all times;
 - (b) on request provide copies of the whole or any part of the File to the Landlord; and
 - (c) hand the File to the Landlord at the end of the Term.
- 15.3.4 The Tenant shall obtain all copyright licences which are needed for the Tenant to comply lawfully with clause 15.3.

15.3.5 The Tenant shall use all reasonable endeavours to ensure that the copyright licences obtained by the Tenant shall:

- (a) be granted with full title guarantee;
- (b) allow the Landlord and any superior landlord and anyone deriving title through or under them to take further copies of the File or any part of it;
- (c) be obtained without cost to any such person;

34

- (d) allow any such person to grant sub-licences on similar terms; and
- (e) be irrevocable.

15.4 Regulations

The Tenant shall comply with any regulations concerning the Retained Parts reasonably made by the Landlord from time to time.

16. LANDLORD'S COVENANT FOR QUIET ENJOYMENT

The Landlord agrees with the Tenant that for so long as the Tenant complies with the terms of this Lease the Tenant may hold and use the Premises during the Term without any interruption (except as authorised by this Lease) by the Landlord or by any person lawfully claiming through, under or in trust for the Landlord.

17. LIMIT ON LANDLORD'S LIABILITY

To the extent that the obligations on the Landlord contained or implied in this Lease relate to any time after a person has parted with the whole of its interest in the reversion immediately expectant on the end of the Term, they shall not be binding on or enforceable against that person after that person has parted with the whole of that interest (but without prejudice to any rights that have accrued to the Tenant in respect of the period prior to such parting with the reversion).

18. FORFEITURE

18.1 Landlord's right of re-entry

If any event set out in clause 18.2 occurs, the Landlord may forfeit this Lease and re-enter the Premises (or any part of them in the name of the whole). The Term will then end, but this will be without prejudice to any claim which the Landlord may have against the Tenant or a Guarantor for any failure to comply with the terms of this Lease.

18.2 Events giving rise to the Landlord's right of re-entry

- 18.2.1 The Rent or any other sum payable under this Lease has not been paid five Business Days after it became due, (in the case of the Rent, whether formally demanded or not).
- 18.2.2 The Tenant or any Guarantor has failed to comply with any of the terms of this Lease.
- 18.2.3 The Tenant or any Guarantor who is an individual (or if more than one individual then any one of them):
 - (a) is unable to pay, or has no reasonable prospect of being able to pay, its debts within the meaning of section 268 of the Insolvency Act 1986;
 - (b) is the subject of an application for an interim order under the Insolvency Act 1986, or it enters into, or commences negotiations in respect of, or calls or convenes any meeting for the approval of any composition, compromise, moratorium, scheme or other similar arrangement with its creditors or any of them, whether under the Insolvency Act 1986 or otherwise;
 - (c) requests or suffers the appointment of a Law of Property Act 1925, court appointed or other receiver or receiver and manager or similar officer over or in relation to the whole or any part of its undertaking, property, revenue or assets, or any person holding security over the whole or any part of its

35

undertaking, property, revenue or assets takes possession of all or any part of them, or it requests that such a person does so;

- (d) has an interim receiver of its property appointed, or a bankruptcy order made against it; or
- (e) is, or becomes, subject to, or takes or has taken against it or in relation to it or the whole or any part of its undertaking, property, revenue or assets, any finding, step, process or proceeding in any jurisdiction other than England and Wales which is equivalent, analogous, corresponding or similar to any of the findings, steps, processes or proceedings mentioned in clauses 18.2.3(a) to 18.2.3(d) and whether or not any such finding, step, process or proceeding has been taken in England and Wales.

18.2.4 The Tenant or any Guarantor which is a company (or if more than one company then any one of them):

- (a) is unable to pay, or has no reasonable prospect of being able to pay, its debts within the meaning of section 123 or sections 222 to 224 of the Insolvency Act 1986 (but disregarding references in those sections to proving it to the court's satisfaction);
- (b) resolves or its directors resolve to enter into, or it enters into, or it or its directors commence negotiations or make any application to court in respect of, or call or convene any meeting for the approval of any composition, compromise, moratorium (including a moratorium statutorily obtained, whether as a precursor to a voluntary arrangement under the Insolvency Act 1986 or otherwise, or a moratorium informally obtained), the appointment of a nominee, scheme or other similar arrangement with its creditors or any of them, whether under the Insolvency Act 1986, the Companies Act 2006 or otherwise;
- (c) resolves, or its directors, or the holders of a qualifying floating charge (as defined in Schedule B1 of the Insolvency Act 1986) resolve to appoint an administrator of it, or an administration order is made in respect of it, or a notice of appointment or a notice of intention to appoint an administrator is issued, or any step under the Insolvency Act 1986 is taken to appoint an administrator of it out of court, or it enters administration;
- (d) requests or suffers the appointment of a receiver under the Law of Property Act 1925, court appointed, administrative receiver or other receiver or receiver and manager, or similar officer over or in relation to the whole or any part of its undertaking, property, revenue or assets, or any person holding security over all or any part of its undertaking, property, revenue or assets takes possession of all or any part of them or requests that such a person does so;
- (e) resolves or its directors resolve to wind it up, whether as a voluntary liquidation or a compulsory liquidation, or its directors or any third party take any step under the Insolvency Act 1986 to wind it up voluntarily or to petition the court for a winding-up order, or a winding-up petition is presented against it, or a provisional liquidator is appointed to it, or it goes into liquidation within the meaning of section 247 of the Insolvency Act 1986 (other than in

36

the case of a solvent liquidation for the purposes of restructuring or amalgamation);

- (f) is dissolved, or is removed from the Register of Companies, or ceases to exist (whether or not being capable of reinstatement or reconstitution) or threatens to cease to exist, or its directors apply for it to be struck off the Register of Companies;
- (g) is, or becomes, subject to, or takes or has taken against it or in relation to it or the whole or any part of its undertaking, property, revenue or assets, any finding, step, process or proceeding in any jurisdiction other than England and Wales which is equivalent, analogous, corresponding or similar to any of the findings, steps, processes or proceedings mentioned in clauses 18.2.4(a) to 18.2.4(f), and whether or not any such finding, step, process or proceeding has been taken in England and Wales.

18.2.5 The Tenant or any Guarantor ceases or threatens to cease to carry on any business whatsoever

18.3 Interpretation

18.3.1 In clause 18 “**company**” includes:

- (a) a company as defined in section 1 of the Companies Act 2006;
- (b) a body corporate or corporation within the meaning of section 1173 of the Companies Act 2006;
- (c) an unregistered company or association;
- (d) any “company or legal person” in relation to which insolvency proceedings may be opened pursuant to article 3 of the EC Regulation on Insolvency Proceedings 2000 (No. 1346/2000);
- (e) a partnership within the meaning of the Partnership Act 1890;
- (f) a limited partnership registered under the Limited Partnerships Act 1907; and
- (g) a limited liability partnership incorporated under the Limited Liability Partnerships Act 2000,

and the “**Register of Companies**” means any register of any of the legal persons mentioned above.

18.3.2 In relation to a Tenant or Guarantor that is a partnership within the meaning of the Partnership Act 1890 or a limited partnership registered under the Limited Partnerships Act 1907, the provisions of clause 18.2.4 will, except where the context otherwise requires, apply mutatis mutandis to the Tenant or Guarantor (as the case may be) incorporating, where relevant, the modifications mentioned in the Insolvent Partnerships Order 1994 and the Insolvent Partnerships (Amendment) Order 2005.

18.3.3 In relation to a Tenant or Guarantor that is a limited liability partnership incorporated under the Limited Liability Partnerships Act 2000, the provisions of clause 18.2.4 will, except where the context otherwise requires, apply mutatis mutandis to the Tenant or Guarantor (as the case may be) incorporating, where relevant, the modifications made under the Limited Liability Partnerships Act 2000.

37

19. MISCELLANEOUS

19.1 Notices

- 19.1.1 A notice given in connection with this Lease must be given in writing and signed by or on behalf of the party giving it, unless this Lease states that it need not be given in writing.
- 19.1.2 A notice given in connection with this Lease will be validly served if personally delivered or if sent by a registered post service (within the meaning of the Postal Services Act 2000) or first class recorded delivery or first class ordinary post and (in each case) addressed to:
- (a) the Landlord at the address given in this deed or, in substitution, at such other address which the Landlord has notified to the Tenant in writing;
 - (b) the Tenant at the Premises (but only at such times as the Tenant is in actual occupation of the Premises) or its registered office; or
 - (c) a Guarantor at the Premises (but only at such times as the Tenant is in actual occupation of the Premises) or its registered office.
- 19.1.3 The Tenant shall give the Landlord oral notice as well as written notice of any matter affecting the Premises which comes to the attention of the Tenant where emergency action is or may be needed conditional upon the Landlord has providing adequate contact details to the Tenant and personnel to receive such notice in order to enable such notice to be given at all times.
- 19.1.4 Writing does not include, and notices given in connection with this Lease may not be given by, email or any other electronic means.

19.2 Landlord's rights to remedy default by the Tenant

If the Tenant fails to comply with any of its obligations in this Lease, the Landlord may give the Tenant written notice of that failure, and the Tenant shall commence and proceed diligently with the remediation of the failure within the time reasonably specified by the Landlord (or immediately in the case of an emergency) and shall complete the remediation as soon as reasonably practicable. If the Tenant fails to do this the Landlord may enter the Premises and carry out any works or do anything else which may be needed to remedy the Tenant's failure to comply with its obligations under this Lease, and any costs properly incurred by the Landlord will be a debt due from the Tenant payable on demand and may be recovered by the Landlord as if it were additional rent.

19.3 Superior interests

If at any time this Lease is an underlease, the Tenant shall comply with the terms of any superior lease to the extent that they relate to the Premises but, for the avoidance of doubt, without being liable to comply with any terms that are more onerous than the terms of this Lease and other than any obligation to pay any rent, and the Landlord shall pay any rent due under the immediate superior lease.

19.4 No right to enforce

Nothing contained or referred to in this Lease entitles the Tenant to the benefit of, or the right to enforce, or to prevent the release or modification of any agreement entered into by any other tenant or occupier of the Building with the Landlord.

19.5 Tenant to provide information

If the Landlord is able to show reasonable grounds for requiring the information, the Tenant shall give the Landlord any information or documents which the Landlord reasonably requests to show that the Tenant is complying with its obligations in this Lease and shall give the Landlord as soon as reasonably practicable written notice of any matter in connection with the Premises which in the Tenant's reasonable opinion may make the Landlord liable to the Tenant or any third party.

19.6 EPC information

- 19.6.1 The Tenant shall allow the Landlord and all others authorised by the Landlord to have access to all documentation, data and information in the Tenant's possession or under its control that is reasonably required in order for the Landlord to:
- (a) prepare an EPC in respect of the Premises and/or the Building; and
 - (b) comply with any duty imposed upon the Landlord under the EPC Regulations,
- and the Tenant shall co-operate with the Landlord and any person so authorised so far as is reasonably necessary to enable them to carry out such functions.
- 19.6.2 The Tenant shall provide free of charge to the Landlord a copy of any EPC that the Tenant obtains in respect of the Premises.
- 19.6.3 The Tenant shall on completion of any alterations or additions to the Premises and if required by the EPC Regulations obtain a valid EPC for the Premises and deliver a copy to the Landlord together with details of the reference number of such EPC (if not apparent from the copy).
- 19.6.4 If any alterations or alterations to the Premises made by the Tenant invalidate a valid EPC for the Premises or the Building (or part of them) held by the Landlord or materially adversely affect any such EPC the Tenant will (at the Landlord's election) either:

- (a) obtain a new EPC for the Premises and/or the Building (as the case may be) and provide the Landlord with a copy of the EPC and all ancillary records; or
- (b) indemnify the Landlord in respect of the reasonably incurred cost of obtaining a new EPC for the Premises and/or the Building (as the case may be).

19.7 Sustainability

19.7.1 The Landlord and the Tenant desire to improve and be accountable for the energy efficiency of the Premises and the Building wherever possible and as such wish to:

- (a) promote the reduction of emissions from the Premises and the Building;
- (b) promote the reduction and recycling of waste from the Premises and the Building; and
- (c) ensure the environmental sustainability of the Building resources.

19.7.2 The Landlord and the Tenant are to:

- (a) co-operate and use all reasonable endeavours to agree and thereafter comply with an energy management plan to aid the sustainability of resource use at the Building;
- (b) co-operate and use all reasonable endeavours to agree and operate initiatives to reduce, reuse and recycle waste from the Premises and the Building;

39

- (c) maintain and share energy data and other information reasonably required to monitor energy and resource consumption at the Premises and the Building;
- (d) use reasonable endeavours to ensure that the Services provided pursuant to clause 11 are performed and the Premises and the Building are used:
 - (i) in accordance with an energy management plan;
 - (ii) in a way which improves energy efficiency; and
 - (iii) use reasonable endeavours to agree to improvements to the Services provided pursuant to clause 11 which would reasonably improve energy efficiency.

19.8 Tenant's indemnity

The Tenant agrees to indemnify the Landlord at all times (both during and after the Term but only in relation to matters arising during the Term) against all charges, claims, proceedings, liabilities, damages, losses, costs and expenses arising directly or indirectly from as a result of any third party claim against the Landlord relating to the existence, state of repair or use of the Premises or any works carried out at the Premises or any breach of any of the Tenant's obligations in this Lease, or any wilful or negligent act or omission of the Tenant in each case in respect of the Tenant's use and occupation of the Premises and the rights granted to it under this Lease provided that the Landlord shall notify the Tenant of any such claim as soon as reasonably possible and shall use reasonable endeavours to mitigate such claim

19.9 Guarantor to enter into supplemental documents

The Tenant shall procure that a Guarantor enters into and executes and delivers to the Landlord any deed or document which is supplemental to this deed and which is entered into before that Guarantor is released by virtue of the Landlord and Tenant (Covenants) Act 1995 for the purpose of that Guarantor consenting to the Tenant entering into such supplemental document and confirming that, subject only to section 18 of the Landlord and Tenant (Covenants) Act 1995, all the obligations of that Guarantor will remain in full force and effect in respect of this Lease and will extend and apply to the Lease as varied by that supplemental document.

19.10 Replacement Guarantor

19.10.1 In clause 19.10 a "**Guarantor Replacement Event**" is the death of a Guarantor or the occurrence of any of the events referred to in clause 18.2.3, 18.2.4, or 18.2.5 in relation to a Guarantor, or where a Guarantor comprises more than one person, the death of any one of them or the occurrence of any of those events in relation to any one of them.

19.10.2 If at any time during the Term a Guarantor Replacement Event occurs, the Tenant shall give written notice of it to the Landlord as soon as reasonably practicable and in any event within 10 Business Days. The Landlord may after a Guarantor Replacement Event (and whether or not it has received notice of it from the Tenant) give written notice to the Tenant requiring the Tenant to procure a replacement or additional guarantor. Within one month of the Landlord giving such notice to the Tenant, the Tenant shall procure that a person of standing acceptable to the Landlord enters into and executes and delivers to the Landlord a replacement or additional guarantee and indemnity in the same form as that entered into by the Guarantor in respect of which the Guarantor Replacement Event has occurred.

40

19.10.3 Clause 19.10 does not apply in relation to a Guarantor who is a Guarantor by reason of having entered into an authorised guarantee agreement.

19.11 **Qualification of Landlord's liability**

To the extent permitted by law, the Landlord shall not be liable to the Tenant or any other person for:

- 19.11.1 any damage to person or property arising from any act, omission or misfeasance by any other tenant or occupier of the Building or from the state and condition of the Premises; or
- 19.11.2 any of the following of which the Landlord is unaware and unless the Tenant has given the Landlord written notice of the facts giving rise to that failure and allowed the Landlord a reasonable time to remedy the matter:
- (a) any interruption to the supply of Utilities to the Premises or other parts of the Building;
 - (b) any accidental damage to the Premises or to any property of the Tenant or any other occupier of the Premises or their employees, agents or independent contractors; or
 - (c) any failure to perform any obligation in this Lease, unless the Tenant has given the Landlord written notice of the facts giving rise to that failure and allowed the Landlord a reasonable time to remedy the matter.

19.12 **Removal of goods after end of Term**

The Tenant shall remove all its fittings, goods and other possessions at the end of the Term and the Landlord may dispose of any such items left at the Premises more than 10 Business Days after the end of the Term as the Landlord sees fit.

19.13 **Governing law and jurisdiction**

- 19.13.1 This Lease and any dispute or claim arising out of or in connection with it or its subject matter or formation (including non-contractual disputes or claims) are governed by the law of England and Wales.
- 19.13.2 The parties irrevocably agree that the courts of England and Wales have exclusive jurisdiction to determine any dispute or claim that arises out of or in connection with this Lease or its subject matter or formation (including non-contractual disputes or claims).

19.14 **Contracts (Rights of Third Parties) Act 1999**

Unless expressly stated nothing in this Lease will create any rights in favour of any person pursuant to the Contracts (Rights of Third Parties) Act 1999.

19.15 **Landlord and Tenant (Covenants) Act 1995**

This Lease is a new tenancy for the purposes of section 1 of the Landlord and Tenant (Covenants) Act 1995.

20. **GUARANTEE AND INDEMNITY**

20.1 **Guarantee**

- 20.1.1 In consideration of the grant of this Lease to the Tenant, the Guarantor irrevocably and unconditionally guarantees to the Landlord that the Tenant shall, until the end of the Term or, if earlier, until the Tenant is released pursuant to the Landlord and Tenant (Covenants) Act 1995, duly and punctually pay the Rent and other sums due under this Lease and shall observe and perform the tenant covenants of this Lease.
- 20.1.2 The Guarantor covenants with the Landlord that in any case of default by the Tenant the Guarantor shall pay the rents and comply with the obligations referred to in clause 20.1.1.
- 20.1.3 The Guarantor's liability under this Lease is as principal debtor and not merely as surety.
- 20.1.4 In this clause 20 references to the "Tenant" are to the person who named as the second party to this deed only.

20.2 **Indemnity**

As a separate and independent obligation the Guarantor agrees to indemnify the Landlord and keep the Landlord indemnified against any cost, loss, claim, expense or liability arising out of or resulting from:

- 20.2.1 any failure of the Tenant duly and punctually to pay the Rent or any other sums due under this Lease or to perform or comply with its obligations under this Lease (provided that the obligations of the Guarantor shall not be greater than the extent of the liability of the Tenant in relation to any such failure);
- 20.2.2 any of the obligations of the Tenant under this Lease being or becoming wholly or in part void, voidable or unenforceable by the Landlord against the Tenant or any other person who is liable;

- 20.2.3 this Lease (or the Tenant's liabilities under it) being disclaimed;
- 20.2.4 this Lease being forfeit;
- 20.2.5 this Lease being surrendered by the Tenant acting by a liquidator, trustee in bankruptcy, administrator, receiver or receiver and manager or any other similar officer appointed to it or over it or in relation to any of its assets or undertaking (whether such person is appointed in England and Wales or in any other jurisdiction and whether such person is appointed in relation to any or all of the Tenant's assets or undertaking in England and Wales or in any other jurisdiction);
- 20.2.6 this Lease being varied or the obligations of the Tenant under it being in any way altered without the consent of the Landlord by virtue of any arrangement or composition with any of its creditors (whether or not such arrangement or composition binds or is expressed to bind the Landlord) or otherwise; or
- 20.2.7 the Tenant (being a company) ceasing to exist (whether or not capable of reconstitution or reinstatement),

and to pay to the Landlord the amount of such cost, loss, claim, expense or liability, whether or not the Landlord has sought to enforce any rights or remedies against the Tenant or any other person who is liable but provided that the Landlord shall use reasonable endeavours to mitigate any losses in respect of which it makes any claim under this guarantee.

42

20.3 Guarantor to take a new lease

- 20.3.1 In this clause 20.3 a "**Relevant Event**" is:
- (a) the surrender of this Lease by the tenant for the time being under it acting by a liquidator, trustee in bankruptcy, administrator, receiver or receiver and manager or any other similar officer appointed to it or over it or in relation to any of its assets or undertaking (whether such person is appointed in England and Wales or in any other jurisdiction and whether such person is appointed in relation to any or all of the tenant for the time being's assets or undertaking in England and Wales or in any other jurisdiction);
 - (b) the disclaimer of this Lease or of the liabilities under it of the tenant for the time being under this Lease;
 - (c) the forfeiture of this Lease; or
 - (d) the tenant for the time being (being a company) ceasing to exist (whether or not capable of being reconstituted or reinstated).
- 20.3.2 The Guarantor agrees that if a Relevant Event occurs, it shall, if required by the Landlord within 4 months of the Landlord having received notice of the Relevant Event, take a new lease of the Premises from the Landlord.
- 20.3.3 The new lease shall:
- (a) be for a term expiring on the date when this Lease would have expired by effluxion of time had there been no Relevant Event;
 - (b) be at the same rents in this Lease but with no rent-free period payable (or which would be payable but for any suspension of rent pursuant to this Lease) from and including the date of the Relevant Event;
 - (c) include provision for rent review on the same dates during the term of the new lease as this Lease and if on the date of the Relevant Event there is a rent review pending under this Lease or if between the Relevant Event and the date of completion of the new lease there would have been a Review Date but for the Relevant Event then the initial rent to be reserved by the new lease shall be the amount which would have been agreed or determined pursuant to this Lease for the rent review at the relevant Review Date had there been no Relevant Event;
 - (d) contain provision for the first instalment of the annual rent and any VAT due on it to be paid to the Landlord on the date of completion of the new lease such first instalment to be a proportionate amount for the period from and including the date of the Relevant Event until the next quarter day following the date of completion of the new lease;
 - (e) otherwise be on the same covenants and conditions as this Lease; and
 - (f) take effect from the date of the Relevant Event.
- 20.3.4 The new lease will take effect subject to this Lease, if and to the extent that it is still subsisting, and subject to any underlease or other interest created, permitted or suffered by the tenant under this Lease at the time of the Relevant Event or its predecessors in title.

43

- 20.3.5 The Guarantor shall pay the Landlord's proper costs and expenses and a sum equal to all VAT on them which may be payable by the Landlord in connection with the grant of the new lease.
- 20.3.6 The Guarantor shall execute and deliver a counterpart of the new lease to the Landlord within one month of the Landlord having required the Guarantor to take the new lease.

- 20.4.1 The Guarantor's liability under this clause 20 will remain in full force and effect and will not be avoided, released, discharged or reduced nor will the rights of the Landlord be prejudiced or affected by any of the following:
- (a) any time, indulgence or concession granted by the Landlord to the Tenant or to any other person who is liable;
 - (b) the Landlord dealing with, varying or failing to perfect or enforce any of its rights or remedies against the Tenant or any other person who is liable;
 - (c) the existence of, dealing with, varying or failing to perfect or enforce any other security which may be or become available to the Landlord;
 - (d) any act or neglect of the Landlord by reason of which the benefit of any other security or any right or remedy against any person who is liable is released, lost or diminished;
 - (e) any invalid or ineffective payment by the Tenant or any other person who is liable;
 - (f) any right of set off (whether legal or equitable), counterclaim, recoupment or deduction which may have accrued to the Guarantor, the Tenant or any other person who is liable;
 - (g) any non acceptance of the Rent or other sums due under this Lease, in circumstances in which the Landlord has reason to suspect a breach of the tenant's obligations under this Lease;
 - (h) any waiver by the Landlord of any right to forfeit this Lease;
 - (i) a surrender of part of the Premises, except that the Guarantor will have no liability in relation to the surrendered part in respect of any period after the date of the surrender;
 - (j) any death, incapacity, disability or change in the constitution, status or name of the Landlord, the Guarantor, the Tenant or any other person who is liable;
 - (k) any amalgamation or merger by the Landlord, the Guarantor, the Tenant or any other person who is liable with any other person, any restructuring or the acquisition by another person of the whole or any part of its assets or undertaking of the Landlord, the Guarantor, the Tenant or any other person who is liable;
 - (l) the Tenant or any other person who is liable entering into any voluntary arrangement or composition with any of its creditors (whether or not such arrangement or composition binds or is expressed to bind the Landlord);
 - (m) the appointment of any liquidator, trustee in bankruptcy, administrator, receiver or receiver and manager or any other similar officer to, over or in

relation to any of the assets or undertaking of the Tenant or any other person who is liable whether any such person is appointed in England and Wales or in any other jurisdiction and whether any such person is appointed in relation to any or all of the Tenant's (or other such person's) assets or undertaking in England and Wales or in any other jurisdiction;

- (n) without prejudice to clause 20.3, the disclaimer of the liability under the Lease of the Tenant or any other person who is liable, or the forfeiture of the Lease;
 - (o) any provisions of the Lease being or becoming wholly or in part void, voidable or unenforceable by the Landlord against the Tenant or any other person who is liable; or
 - (p) any other act, omission or thing by virtue of which, but for this provision, the Guarantor would have avoided or been released or discharged from its obligations under this clause 20 in whole or in part, or the rights or remedies of the Landlord would have been prejudiced or affected, other than a release by deed, entered into by the Landlord in accordance with the terms of such deed.
- 20.4.2 The Guarantor's liability under this clause 20 will remain in full force and effect and will not be avoided, released, discharged or reduced nor will the rights of the Landlord be prejudiced or affected by any variation of, addition to or reduction from, the terms of this Lease whether or not the same is substantial or is or may in any way or for any reason be or become prejudicial to the Guarantor or confers only a personal right or obligation.
- 20.4.3 Without prejudice to clause 20.4.2, as and when called upon to do so by either the Landlord or the Tenant, the Guarantor shall enter into any Supplemental Document (by deed if required) for the purpose of consenting to the Tenant entering into such Supplemental Document and confirming that, subject only to section 18 of the Landlord and Tenant (Covenants) Act 1995, all the obligations of the Guarantor will remain in full force and effect in respect of this Lease and will extend and apply to the Lease as varied by that Supplemental Document.
- 20.4.4 The parties acknowledge that each of the matters referred to in clauses 20.4.1 and 20.4.2 is separate and independent and is not to be interpreted in the light of any other.
- 20.4.5 This clause 20.4 is without prejudice to section 18 of the Landlord and Tenant (Covenants) Act 1995.

20.5 Waiver of rights by the Guarantor

20.5.1 The Guarantor agrees (without prejudice to clause 20.5.3) that until all the liabilities expressed to be guaranteed by the Guarantor under this clause 20 have been paid, discharged or satisfied irrevocably and in full (and notwithstanding payment of a dividend in any liquidation or bankruptcy or under any compromise or arrangement) it shall not, without the consent of the Landlord:

- (a) exercise any of its rights in respect of the liabilities expressed to be guaranteed under this clause 20 against the Tenant or any other person who is liable;
- (b) accept repayment in whole or in part of any indebtedness due to the Guarantor at or after the date of this deed from the Tenant or from any other person who is liable;

45

- (c) demand or accept any security from the Tenant or any other person who is liable in respect of the obligations of the Guarantor under this clause 20 or in respect of any indebtedness due to the Guarantor from the Tenant or any other person who is liable, and any security received by the Guarantor in breach of the above or any such security held by the Guarantor at the date of this deed shall be held by the Guarantor on trust for the Landlord and delivered to the Landlord on demand;
- (d) claim any set off (whether legal or equitable), counterclaim, recoupment or deduction against the Tenant or any other person who is liable;
- (e) benefit or seek to benefit from any security or other right or remedy held by or accruing to the Landlord at or after the date of this deed in respect of the liabilities guaranteed under this clause 20 or exercise any right of subrogation; or
- (f) claim or prove in competition with the Landlord in the liquidation, bankruptcy or in any administration or receivership of the Tenant or any other person who is liable, or have the benefit of or share in any payment or distribution from or composition or arrangement with the Tenant or any other person who is liable, and any money or other property received by the Guarantor in breach of this provision shall be held by the Guarantor on trust for the Landlord and delivered to the Landlord on demand.

20.5.2 The obligations of the Guarantor under this clause 20 may be enforced by the Landlord against the Guarantor at its discretion and without first enforcing or seeking to enforce its rights or remedies against the Tenant or any other person who is liable or pursuing any other right or remedy or having recourse to any other security available to it.

20.5.3 The Guarantor waives any right or remedy that it may have against the Tenant in respect of any amount paid or other obligation performed by the Guarantor such waiver to take effect only if and when any step has been taken in connection with any voluntary arrangement or any other compromise or arrangement for the benefit of any creditors of the Tenant.

20.6 Ultimate balance and suspense account

All dividends and money received by the Landlord from the Tenant or any other person and which are capable of being applied by the Landlord in satisfaction of the liabilities guaranteed under this clause 20 will not prejudice the right of the Landlord to recover from the Guarantor any remaining balance which, after receipt of such dividends and money, may remain owing to the Landlord.

20.7 Other security

The provisions of this clause 20 are in addition to any other security or any other right or remedy held by or available to the Landlord from time to time. The Landlord is under no obligation to take up or to maintain any other security in respect of the liabilities guaranteed by this clause 20.

20.8 Costs of enforcement

The Guarantor shall pay to the Landlord on demand, all proper legal and other costs and expenses and a sum equal to all VAT on them to the extent not recoverable by the Landlord which may be payable by the Landlord in relation to the enforcement of the Guarantor's obligations in this clause 20.

46

20.9 No set off

All payments to be made by the Guarantor under this clause 20 shall be made in full and the Guarantor shall claim no allowance in respect of any set off (whether legal or equitable), counterclaim, recoupment or deduction whatsoever whether accruing to the Guarantor or to any other person.

20.10 Scope of this guarantee and indemnity

20.10.1 Each of the provisions of this clause 20 is separate and severable from the others, and if at any time one or more such provisions is or becomes illegal, invalid or unenforceable (either wholly or to any extent), the legality, validity or enforceability of the remaining provisions (or the same provision to any other extent) will not be affected or impaired.

20.10.2 The rights of the Landlord under any provision of this clause 20 are without prejudice to its rights under any other provision of it.

- 20.10.3 The obligations of the Guarantor under any provision of this clause 20 are without prejudice to its obligations under any other provision of it or under any other security.
- 20.10.4 The provisions of this clause 20 will enure for the benefit of the Landlord and its successors in title without any need for express assignment.

21. TENANT’S OPTION TO DETERMINE

- 21.1 In this clause “Termination Date” means 19 May 2026.
- 21.2 Subject to the pre-conditions in clause 21.3 being satisfied on the Termination Date, and subject to clause 21.4, the Tenant may determine the Term on the Termination Date by giving the Landlord not less than 12 months’ written notice. The Term will then determine on the Termination Date, but without prejudice to any rights of any party against any other for any antecedent breach of its obligations under this Lease.
- 21.3 The pre-conditions are that:
 - 21.3.1 the Tenant is not in occupation of the Premises and no third party occupation whether of the whole or part of the Premises, continues; and
 - 21.3.2 all Rent and VAT payable on it and all Service Charge Estimate due under this Lease and, in the case of Service Charge Estimate, demanded no less than four weeks prior to the Termination Date have been paid in full.
- 21.4 The Landlord may waive any of the pre-conditions set out in clause 21.3 at any time before the Termination Date by written notice to the Tenant.
- 21.5 If the Tenant exercises its right to determine this Lease under this clause 21 and this Lease determines on the Termination Date then the Landlord shall repay to the Tenant within 28 days of the Termination Date any Rent and Insurance Rent paid by the Tenant in advance that relates to the period from but excluding the Termination Date.
- 21.6 If this Lease is not determined under this clause 21 then the Tenant shall be entitled to an additional rent free period as set out in clause 7.4.
- 21.7 The Tenant will cancel any registration it has made in connection with this Lease within five Business Days of the Termination Date.
- 21.8 Time will be of the essence for the purposes of this clause.

22. EXCLUSION OF THE LANDLORD AND TENANT ACT 1954

- 22.1 The Landlord and the Tenant confirm that before the agreement for lease dated 21 November 2017 and made between (1) Mitsubishi Estate London Limited, (2) CRA International (UK) Limited and (3) CRA International, Inc. was entered into:
 - 22.1.1 a notice complying with Schedule 1 to the Regulatory Reform (Business Tenancies) (England and Wales) Order 2003 which relates to this tenancy was served by the Landlord on the Tenant on 17 November 2017; and
 - 22.1.2 a statutory declaration dated 20 November 2017 complying with paragraph 8 of Schedule 2 to that Order was made by Andrew Stobbart, whom the Tenant confirms was duly authorised by the Tenant to make the statutory declaration on its behalf.
- 22.2 The Landlord and the Tenant agree that the provisions of sections 24 to 28 of the Landlord and Tenant Act 1954 shall be excluded in relation to the tenancy created by this deed.

This Lease has been executed as a deed and is delivered on the date stated at the beginning of it.

Executed as a deed by)
mitsubishi estate london limited)
 acting by a director and its)
 secretary/two directors:)

/s/ Yuichiro Shioda
 Director

/s/ Shinichi Kagitomi
 Director/Secretary

Executed as a deed by)
CRA INTERNATIONAL (UK) LIMITED)
 acting by its director in the presence of:)

/s/ Chad M. Holmes
 Director

Name of witness
 (in BLOCK CAPITALS): Maxine Jacobs

Signature of witness: /s/ Maxine Jacobs

Address: 200 Clarendon St.

Boston, MA 02116

Signed as a deed on behalf of)
CRA INTERNATIONAL, INC. a company)
incorporated in Massachusetts, United States of)
America by)
)
being a person who, in accordance with the)
laws of the territory, is acting under the)
authority of the company.)

/s/ Chad M. Holmes
Authorised Signatory

49

**ANNEXURE 1
PLANS**

50

**ANNEXURE 2
BASE BUILDING SPECIFICATION**

51

**ANNEXURE 3
CAT A SPECIFICATION**

52

CERTIFICATION

I, Paul A. Maleh, certify that:

1. I have reviewed this quarterly report on Form 10-Q of CRA International, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of the financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to affect adversely the registrant's ability to record, process, summarize and report financial information; and
 - b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: May 8, 2018

By: /s/ PAUL A. MALEH

Paul A. Maleh
President and Chief Executive Officer

QuickLinks

[Exhibit 31.1](#)

[CERTIFICATION](#)

CERTIFICATION

I, Chad M. Holmes, certify that:

1. I have reviewed this quarterly report on Form 10-Q of CRA International, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of the financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to affect adversely the registrant's ability to record, process, summarize and report financial information; and
 - b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: May 8, 2018

By: /s/ CHAD M. HOLMES

Chad M. Holmes
Chief Financial Officer, Executive Vice President and
Treasurer

QuickLinks

[Exhibit 31.2](#)

[CERTIFICATION](#)

**CERTIFICATION PURSUANT TO
18 U.S.C. §1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the Quarterly Report on Form 10-Q of CRA International, Inc. (the "Company") for the quarter ended March 31, 2018 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), each of the undersigned President and Chief Executive Officer and Executive Vice President, Treasurer, and Chief Financial Officer of the Company, certifies, to the best knowledge and belief of the signatory, pursuant to 18 U.S.C. §1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

- (1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ PAUL A. MALEH

/s/ CHAD M. HOLMES

Paul A. Maleh
President and Chief Executive Officer
Date: May 8, 2018

Chad M. Holmes
Chief Financial Officer, Executive Vice President
and Treasurer
Date: May 8, 2018

QuickLinks

[Exhibit 32.1](#)

[CERTIFICATION PURSUANT TO 18 U.S.C. § 1350, AS ADOPTED PURSUANT TO SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002](#)