

# #LSHKNOWS VALUATION

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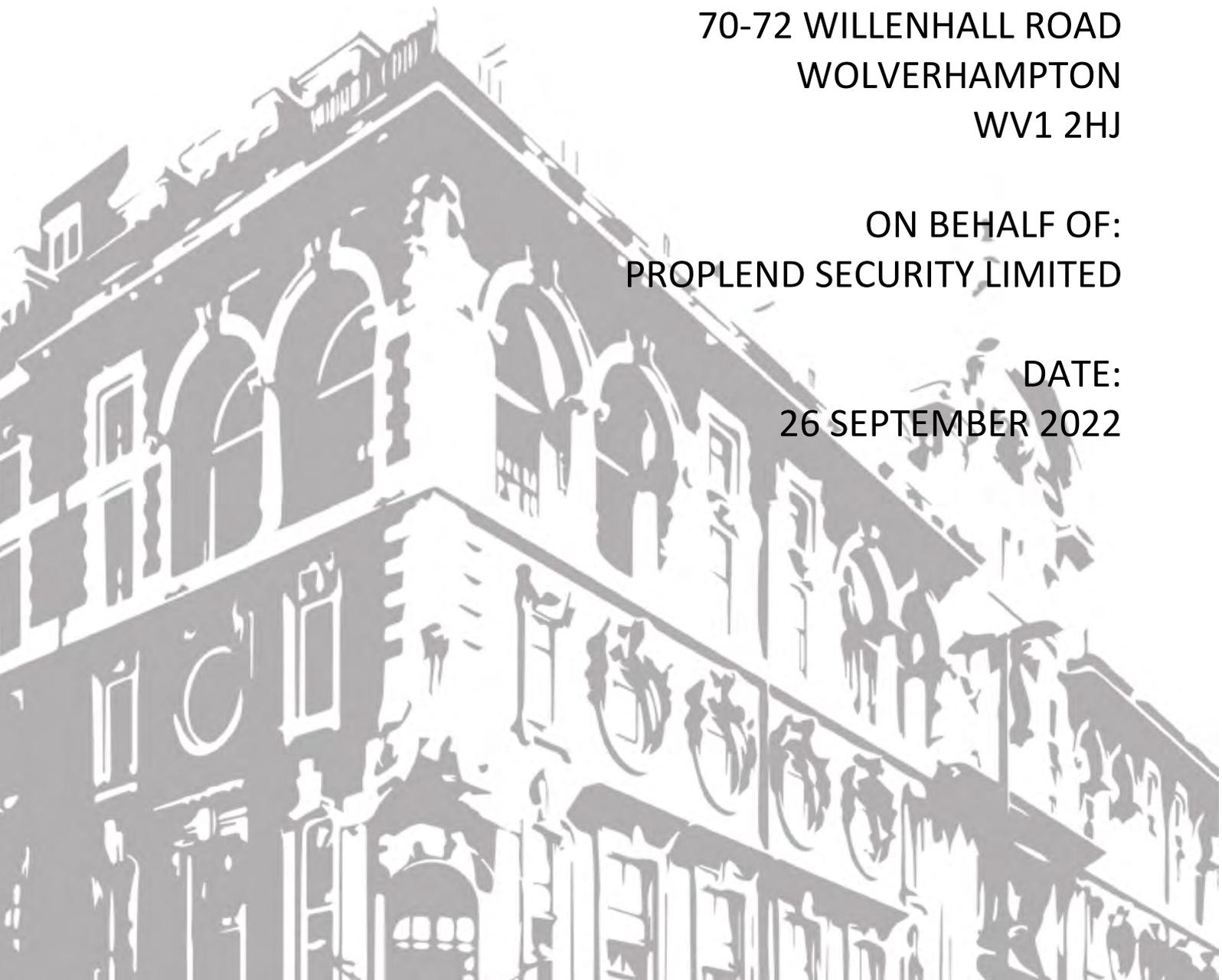
## VALUATION REPORT

ON

70-72 WILLENHALL ROAD  
WOLVERHAMPTON  
WV1 2HJ

ON BEHALF OF:  
PROPLEND SECURITY LIMITED

DATE:  
26 SEPTEMBER 2022



#LSHKNOWS  
**VALUATION**



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### APPENDICES

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## 1. EXECUTIVE SUMMARY



Front Elevation



Street Map

|   |  |
|---|--|
| Property Address                        | 70-72 Willenhall Road, Wolverhampton, WV1 2HJ  |
| Location                                | Located on a corner position of Willenhall Road and Hickman Avenue in the suburb of Willenhall in the West Midlands. The surrounding area is of predominantly industrial properties which reflects the close proximity to the M6 and M5 Motorway.                                      |
| Description                             | Type: Investment - Petrol Filling Station  |
|   | Shop Floor Area: 79.2 sq m (853 sq ft) NIA   |
|   | Workshop Floor Area: 175.4 sq m (1,888 sq ft) GIA  |
|   | Condition: Average   |
| Tenure                                  | Freehold subject to an occupational lease  |
| Number of Tenants                       | One Tenant: JC Fuels Limited (Guarantor Jugraj Singh Chahal). 20 year term from 15 May 2020 until 14 May 2040 with 17.8 years unexpired. £50,000 per annum initial rent stepped to £55,000 per annum from 15 <sup>th</sup> May 2025; £60,000 per annum from 15 <sup>th</sup> May 2030. |
| Rental Profile                          | Passing Rent: £50,000 per annum (net)  |
|   | Market Rent (headline): £67,000 per annum (net)  |
| Valuations and Yield Profile            | Valuation Date: 23 August 2022, being the date of inspection.  |
|   | Market Value (MV) £800,000   |
|   | Net initial yield: 5.94%   |
|   | Reversionary yield: 7.97%  |
| Special Assumption Valuations           | Equivalent yield: 7.42%  |
|   | MVSA VP: £625,000  |
|   | MVSA VP 90 Days: £500,000  |
|   | MVSA VP 180 Days: £562,500   |
| Asset Management Issues / opportunities | Issues: We have not had sight of the sub lease for the hand car wash facility/workshop area however we assume they are in accordance with the terms of the occupational lease.   |
|   | Opportunities: The site is currently under rented and therefore there is an opportunity at the rent review for the rent to increase to the Market Rent.  |

|   |   |                       |             |                       |             |                      |             |                       |             |                  |          |              |       |
|---|---|-----------------------|-------------|-----------------------|-------------|----------------------|-------------|-----------------------|-------------|------------------|----------|--------------|-------|
| Valuation Issues  | We were unable to source an EPC for the workshop unit located adjacent to the hand car wash facility. We advise an EPC is obtained if the unit is to be let.  |                       |             |                       |             |                      |             |                       |             |                  |          |              |       |
| Key Issues needing clarification:   | We note the site has three underground fuel tanks which may give rise to contamination issues. It is down to the Clients discretion as to whether a recent Environmental Audit is required, or a historic survey can be relied upon.  |                       |             |                       |             |                      |             |                       |             |                  |          |              |       |
| Asset Scoring   | <table border="1"> <tr> <td data-bbox="507 421 975 454"><b>Macro Location</b></td> <td data-bbox="983 421 1436 454">3 - Average</td> </tr> <tr> <td data-bbox="507 465 975 499"><b>Micro Location</b></td> <td data-bbox="983 465 1436 499">3 - Average</td> </tr> <tr> <td data-bbox="507 510 975 544"><b>Build Quality</b></td> <td data-bbox="983 510 1436 544">3 - Average</td> </tr> <tr> <td data-bbox="507 555 975 589"><b>Tenant Quality</b></td> <td data-bbox="983 555 1436 589">3 - Average</td> </tr> <tr> <td data-bbox="507 600 975 633"><b>Liquidity</b></td> <td data-bbox="983 600 1436 633">2 - Poor</td> </tr> <tr> <td data-bbox="507 645 975 678"><b>Total</b></td> <td data-bbox="983 645 1436 678">14/25</td> </tr> </table> | <b>Macro Location</b> | 3 - Average | <b>Micro Location</b> | 3 - Average | <b>Build Quality</b> | 3 - Average | <b>Tenant Quality</b> | 3 - Average | <b>Liquidity</b> | 2 - Poor | <b>Total</b> | 14/25 |
|   | <b>Macro Location</b>   | 3 - Average           |             |                       |             |                      |             |                       |             |                  |          |              |       |
|   | <b>Micro Location</b>   | 3 - Average           |             |                       |             |                      |             |                       |             |                  |          |              |       |
|   | <b>Build Quality</b>  | 3 - Average           |             |                       |             |                      |             |                       |             |                  |          |              |       |
|   | <b>Tenant Quality</b>   | 3 - Average           |             |                       |             |                      |             |                       |             |                  |          |              |       |
|   | <b>Liquidity</b>  | 2 - Poor              |             |                       |             |                      |             |                       |             |                  |          |              |       |
| <b>Total</b>  | 14/25   |                       |             |                       |             |                      |             |                       |             |                  |          |              |       |
| The score detailed is based on 1 being very poor and 5 being very good. An average score would be 15. |   |                       |             |                       |             |                      |             |                       |             |                  |          |              |       |
| Suitable as Mortgage Security   | Yes - Subject to the specific assumptions, comments and recommendations detailed within this Report.  |                       |             |                       |             |                      |             |                       |             |                  |          |              |       |

26 September 2022

T +44 (0)121 236 2066  
www.lsh.co.uk

**THE DIRECTORS**  
Proplend Security Limited  
20-22 Wenlock Road  
London  
N1 7GU

Lambert Smith Hampton  
Interchange Place  
Edmund Street  
Birmingham  
B3 2TA

For the attention of: Proplend Security Limited

Our Ref: TB

Dear Sir / Madam

**Client:** PROPLEND SECURITY LIMITED  
**Applicant:** PARAGON REAL ESTATE (MIDLANDS) LIMITED  
**Subject of Valuation:** 70-72 WILLENHALL ROAD, WOLVERHAMPTON, WV1 2HJ  
**Your Reference:** B/S

## 2. TERMS OF INSTRUCTION

|                               |  |
|-------------------------------|--|
| Appointment                   | <p>We refer to your instruction email dated 15 September 2022, acknowledged on 15 September 2022 (copies at Appendix 2), to provide you with a Valuation Report in respect of the Freehold Interest in the above Investment Property, for Loan Security purposes. We have inspected the Property, made relevant enquiries and now have pleasure in reporting to you.</p> <p>The basis upon which we usually prepare our Valuations and Reports is set out in the Terms of Engagement (copy at Appendix 2). Unless and except where here specifically stated otherwise, this Report has been prepared in accordance with these Terms of Engagement.</p> |
| RICS Compliance               | <p>We confirm that this report and valuation has been prepared in accordance with the Royal Institution of Chartered Surveyors' Valuation Global Standards (also known as Red Book Global Standards the "Red Book").</p> <p>Lambert Smith Hampton acts in the capacity of External Valuer in connection with this instruction.</p> <p>We confirm that the Valuation Division of Lambert Smith Hampton has a Quality Management System which complies with BS EN ISO 9001:2015.</p> <p>Lambert Smith Hampton holds appropriate professional indemnity insurance for this valuation instruction.</p>   |
| Valuation Date                | The Valuation Date is 23 <sup>rd</sup> August 2022 being the date of inspection.   |
| Basis of Valuation            | Market Value (MV) and Market Rent (MR) (definitions at Section 11).  |
| Special Assumption Valuations | <p>A Special Assumption valuation is one that either assumes facts that differ from the actual facts existing at the Valuation Date, or that would not be made by a typical market participant in a transaction on the Valuation Date.</p> <p>You have requested valuations based on the following special assumptions:</p>  |

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|  |  |
|--|--|
|  | <ul style="list-style-type: none"><li>• Market Value with the assumption of vacant possession.</li><li>• Market Value with the assumption of vacant possession and special assumption of a 90-day period in which to exchange contracts.</li><li>• Market Value with the assumption of vacant possession and special assumption of a 180-day period in which to exchange contracts.</li></ul>  |
| VAT  | Our Valuation is exclusive of any VAT payable  |
| Purchaser's Costs  | Our Valuation, unless otherwise stated, is produced net of Purchaser's costs at the appropriate rate, plus VAT.  |
| Valuer   | <p>This Report and Valuation has been prepared by Tim Bloomer BSc (Hons) MRICS, Associate Director and member of the RICS Valuer Registration Scheme'.</p> <p>This Report and Valuation has been checked by Luke Sutton BSc (Hons) MRICS, LSH Director and a member of the RICS Valuer Registration Scheme.</p> <p>Each has acted with independence, integrity and objectivity, and has sufficient current local and national knowledge of the particular market as well as appropriate skills, qualifications, experience and understanding for the purposes of this instruction.</p>   |
| Inspection   | The Property was inspected on 23 <sup>rd</sup> August 2022 by The Valuer.  |
| Free of Conflict of Interest   | <p>We have confirmed to you that over the last two years we have had no involvement with the Property, the Applicant, a prospective Borrower or with any party connected with a transaction or which lending is required.</p> <p>We therefore consider ourselves to be free of any conflict of interest in providing this advice for you.</p>  |
| Reliance upon Information provided by applicant or other third parties | <p>We have previously agreed that we shall rely upon the following information for the purpose of reporting to you:</p> <p>Provided by the Borrower:</p> <ul style="list-style-type: none"><li>• Signed occupational lease dated 15<sup>th</sup> May 2020.</li><li>• Copy of a site plan.</li></ul> <p>We have assumed that all material information has been fully disclosed to us and our Valuations have been prepared on the basis that there is no further information available.</p>   |
| Limitation and Liability   | <p>We draw your attention to the Assumptions, Limitations and Regulatory information set out within this Report to which our advice is subject and our Terms of Engagement agreed between us.</p> <p>This Valuation Report is provided for the stated purpose and for the sole use of the named Client. It is confidential to the Client and his professional advisors and the Valuer accepts no responsibility whatsoever to any other person.</p> <p>Neither the whole, not any part of this Valuation Report, nor any reference hereto may be included in any published document, circular or statement, or published in any way, without the Valuer's written approval of the form and context in which it may appear.</p> <p>Such publication of, or reference to, this Valuation Report may not be made unless it contains a sufficient contemporaneous reference to the Special Assumptions set out herein or Departures from the 'Red Book'.</p> |

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Valuer:



Tim Bloomer BSc (Hons) MRICS  
RICS Registered Valuer  
Associate Director  
**For and on behalf of**  
**LAMBERT SMITH HAMPTON**

Checked by:



Luke Sutton BSc (Hons) MRICS  
RICS Registered Valuer  
Director  
**For and on behalf of**  
**LAMBERT SMITH HAMPTON**

### 3. LOCATION

#### Macro Location

Wolverhampton is located in the north-west of the West Midlands conurbation. The city is ranked third in terms of size and commercial status in the West Midlands, behind Birmingham and Coventry, and is regarded as the regional centre for the Black Country area. Wolverhampton is still relatively manufacturing based although newer commercial activities have been driving towards distribution in the recent years.

Wolverhampton benefits from good road links with Junctions 9 and 10 of the M6 Motorway approximately three miles to the east and Junction 1 of the M54 Motorway approximately three miles to the north which in turn provides access to the national motorway network.

It is approximately 15 miles north-west of Birmingham, 130 miles north-west of London and 75 miles south of Manchester. The city benefits from comprehensive transport links. Rail services to London Euston are available in approximately 2 hours 20 minutes.

As at the 2011 Census Wolverhampton had a population of 249,470 people.

#### Micro Location

The property is situated on a prominent corner position of Willenhall Road and Hickman Avenue within the suburb of Willenhall. Willenhall Road (A454) is one of the arterial routes into Wolverhampton city centre and which provides a direct link to Junction 10 of the M6 Motorway.

Wolverhampton Railway Station is located 0.8 miles south east and Wolverhampton Bus Station 1.3 miles east. The bus station is managed by Transport for West Midlands and the station comprises 19 departure stands, allowing several companies, which include National Express Coaches and Arriva Midlands, to simultaneously serve the bus station.

The property is within a predominantly industrial area. Chancel Industrial Estate is located immediately to the south of the subject. The estate comprises a number of modern industrial units with shared yard space, and includes tenants such as Fireguard Global Ltd, Birmingham Brake Specialists Ltd and Ravel Electronics Ltd.

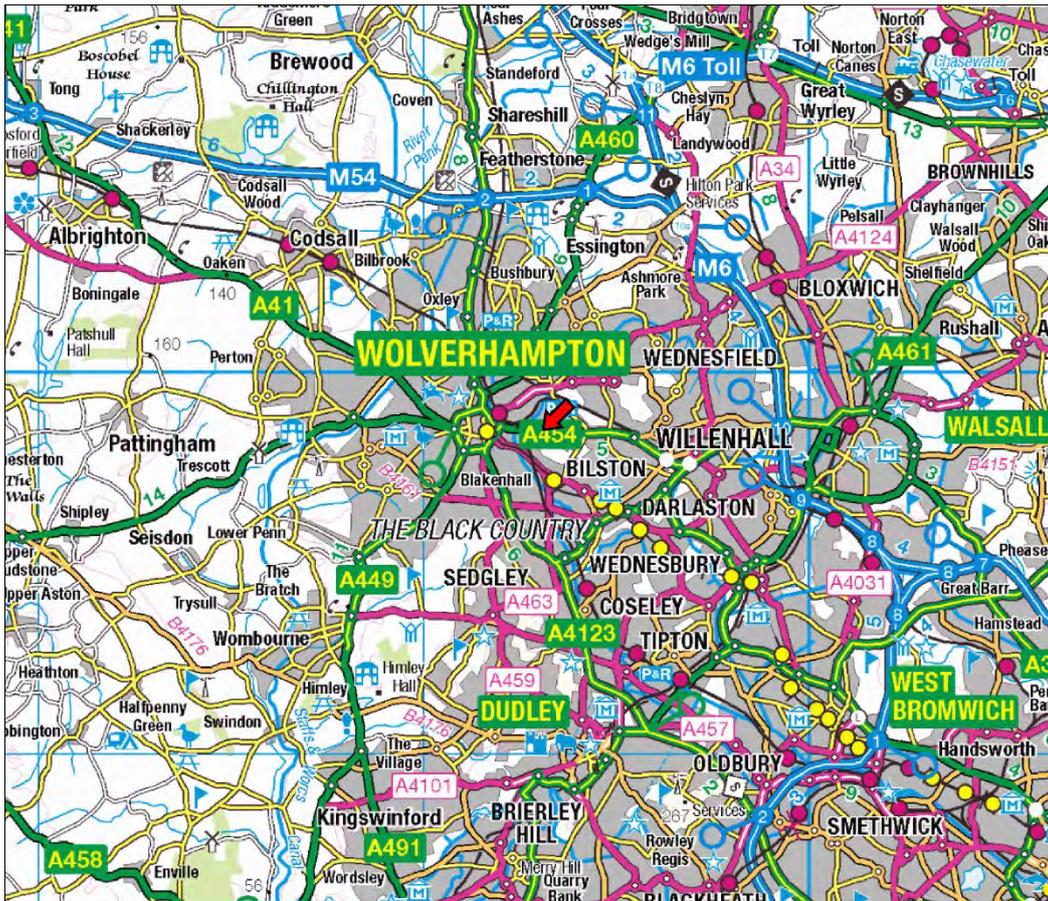
Nearby there are a number of other former industrial units that have been redeveloped for alternative commercial uses which include a gymnasium, takeaway and social club.



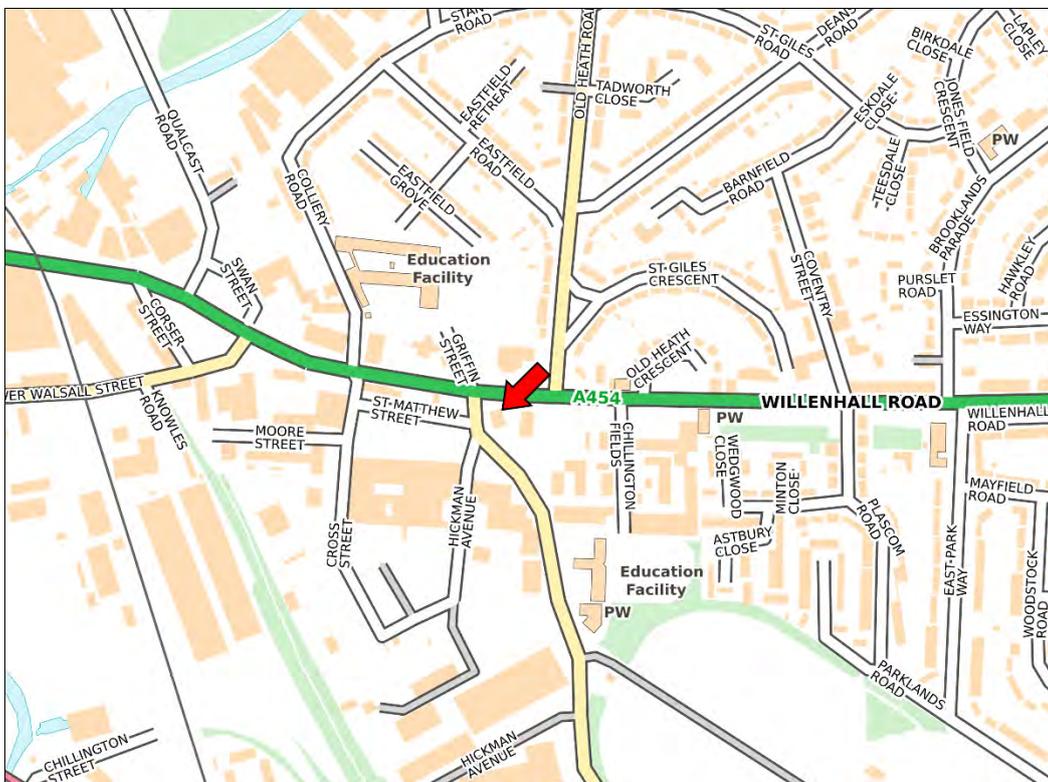
Street Scene - Willenhall Road



Street Scene – Hickman Avenue



City Plan



Street Plan



The boundaries of the Property, as we understand them to be, are outlined in red on the copy extract from the Ordnance Survey Plan shown above.

**Approximate dimensions and area, as scaled from the Ordnance Survey Plan**

|                              |               |            |
|------------------------------|---------------|------------|
| Frontage to Willenhall Road: | 39.62 m       | 130 ft     |
| Site Depth:                  | 51.29 m       | 168 ft     |
| Site Area:                   | 0.25 hectares | 0.62 acres |

The property is situated on an irregular shaped site with a reasonably flat topography. The filling station forecourt has six lined customer parking spaces and there are a number of parking spaces available on the rear yard where the hand car wash is operated. Access to the site is via Willenhall Road or Hickman Avenue.

## 4. DESCRIPTION AND CONSTRUCTION

### Description

A freehold investment property comprising a petrol filling station with a yard and workshop.

### Age and Construction

The forecourt is Essar branded with concrete surfacing under a flat steel canopy; incorporated LED ceiling lighting and a clearance height of 4.5m. The shop is Spar branded and of brick construction with double glazed steel framed windows and a flat roof. The forecourt has four fuel islands which have 16 fuel nozzles for either Unleaded or Diesel fuel grades.

We have been advised by the Applicant that there are three underground tanks which are estimated to be around 30 years old:

| Tank Number | Fuel Grade | Capacity      | Age (years) |
|-------------|------------|---------------|-------------|
| 1           | Unleaded   | 28,000 Litres | 30          |
| 2           | Diesel     | 18,000 Litres | 30          |
| 3           | Diesel     | 9,000 Litres  | 30          |

We were unable to inspect the underground tanks and as such our valuation is provided on the strict assumption that all facilities have been retained appropriately and the necessary certificates and records documenting such can be provided. For the avoidance of doubt, we were advised that no spillages or leaks have occurred during the period of ownership and our valuation is provided on the assumption that this information is correct. We have made no allowance in our opinion of market value for relining or replacing the tank farm.

To the rear of the forecourt there is access to a workshop of part block part portal frame construction with a pitched roof. The workshop has three roller shutter doors for vehicle access.

The rear yard is concrete surfaced and used as a hand car wash facility with steel frame bays under sloped roofs.



Front Elevation



Rear Elevation



**Workshop**



**Hand Car Wash Area**

### Internal Finishes and Specification

The shop has a modern fit-out comprising a tiled floor; chiller cabinets; product shelving and suspended ceiling with integrated LED lighting. There is a staff/customer toilet with hand wash basin and a food prep/wash area with storage.

The retail area has a service desk with a rear managers office and storage space.



**Forecourt Shop – Retail Area**



**Forecourt Shop – Food Prep/Storage Area**



**Forecourt Shop – Managers Office**

## External Areas

The forecourt has ample customer/staff parking. The whole site has a concrete surface with entrance and exit points to and from Willenhall Road and Hickman Avenue.

## Improvements

We are not aware of any tenant improvements.

## Services

We understand that the property is connected to all mains services including gas, water, drainage and electricity. We have not carried out any tests on the services and have assumed they are in working order.

## Accommodation

We have considered the property with reference to the RICS guidance on property measurement. The RICS Professional Statement – RICS Property Measurement, 2nd Edition, January 2018 - sets out the preferred basis of measurement as being to IPMS, however this has yet to be widely adopted by the market and does not yet form an industry-wide basis of measurement. Most agents still market property to let or sell on the basis of its Net or Gross Internal Area, calculated in accordance with the former reference for measurement, The Code of Measuring Practice (6th Edition, May 2015). Comparable transactions are also generally analysed on this basis. Hence for the purpose of valuing the Property, we have adopted the basis we feel most appropriate having due regard to the type and nature of the property and its comparables.

For the purposes of this valuation we have adopted NIA/GIA.

From measurements taken on site, we calculate that the Property provides the following approximate accommodation:

| Floor                           | Tenant       | Use             | Sq Metres   | Sq Feet    |
|---------------------------------|--------------|-----------------|-------------|------------|
| Ground                          | JC Fuels Ltd | Retail Area     | 58.7        | 632        |
|                                 |              | Prep Room       | 9.3         | 100        |
|                                 |              | Store           | 5.8         | 62         |
|                                 |              | Store           | 2.7         | 29         |
|                                 |              | Managers Office | 2.7         | 29         |
| <b>Total Net Internal Area:</b> |              |                 | <b>79.2</b> | <b>853</b> |

We were unable to access the workshop at the time of inspection and have therefore relied on the VOA (Valuation Office Agency) measurements taken for the Rateable Value:

| Floor                             | Sub-Tenant | Use             | Sq Metres    | Sq Feet      |
|-----------------------------------|------------|-----------------|--------------|--------------|
| Ground                            | -          | Workshop/Office | 175.4        | 1,888        |
| <b>Total Gross Internal Area:</b> |            |                 | <b>175.4</b> | <b>1,888</b> |

## Repair and Condition

We have not been advised by the borrower/ owner of any issues with the Property or repairs that are required. From our inspection, the Property appeared to be in average condition considering its age, specification and use with no major defects noted.

The property is held under a full repairing and insuring lease and therefore any repairs should be the tenant(s) liability

We have not been advised by the borrower/ owner of any intended Capital Expenditure (Capex) planned or required for the foreseeable future.

We estimate the building has a remaining economic life of at least 25 years, provided an adequate and suitable programme of maintenance and repair is followed.

## Sustainability

In undertaking this Valuation, we have searched the web based EPC register managed by Landmark and this includes a copy EPC which rates as follows:

| Unit  | Energy Performance Band | Energy Performance Asset Rating | Issue Date    |
|---|-------------------------|---------------------------------|---------------|
| 70, Willenhall Road, Wolverhampton, WV1 2HJ | D                       | 87                              | 27 April 2018 |

We were unable to find an EPC for the workshop adjacent to the hand car wash facility. As the workshop is occupied we advise an EPC is obtained.

## Accessibility

During the course of our inspection, no features were noted to suggest the Property does not meet the requirements of current accessibility and disability legislation, in its capacity as a place of employment and provider of services, and taking into account the Act's requirements for reasonable adjustments to be made.

## Hazardous and Deleterious Materials

For the purpose of this report, we have assumed that, unless indicated to the contrary, a survey would not disclose any evidence of asbestos or deleterious materials in the construction of the subject in circumstances where it is likely to have an effect on health or safety.

## 5. CONTAMINATION AND ENVIRONMENTAL MATTERS

Your borrower has not advised us of any issues of contamination, ground stability or flooding with the site and therefore in valuing the Property, we have taken it to be free of any issues. Our observations from our inspection are as follows:

### Contamination

We note the site has three underground fuel tanks which may give rise to contamination issues. It is down to the Clients discretion as to whether a recent Environmental Audit is required, or a historic survey can be relied upon for loan security.

### Ground Conditions

The Property is located in an area where there is thought to be past mining or other underground activities.

### Masts and Lines

There are no telecommunications base stations at the property.

There are no masts or high voltage overhead transmission lines passing overhead, or in close proximity to the Property.

### Flood Risk

#### Flooding

The Environment Agency website identifies the subject as being within an area classed as having a very low risk of flooding from rivers or the sea and a high chance of flooding from surface water.

#### Drainage

For the purpose of this Report, we have assumed that, unless indicated to the contrary, enquiries would not disclose any evidence of historic pluvial flooding, relating to the drainage of surface water or groundwater flooding.

### Fire, Health & Safety

We have been informed by the Owner that a Risk Assessment has been undertaken. We have not seen a copy of this and have therefore assumed that the Property complies with current regulations and that there are no outstanding issues.

We have assumed that this assessment will continue to be reviewed and updated if there are any alterations to the premises or changes to work practices or use of the premises. We recommend that your Solicitors be instructed to verify the position.

## 6. TENURE AND TENANCIES

### Tenure

Freehold Interest subject to an occupational lease.

### Tenancies and Other Agreements

We have been provided with a copy of the occupational lease dated 15 May 2020 between Paragon Real Estates (Midlands) Limited as original Landlord and JC Fuels Limited as original Tenant. We consider the pertinent clauses of this to be as follows:

|                              |  |
|------------------------------|--|
| <b>Lease Date</b>            | 15 May 2020  |
| <b>Landlord</b>              | Paragon Real Estates (Midlands) Ltd  |
| <b>Tenant</b>                | JC Fuels Ltd   |
| <b>Guarantor</b>             | Jugraj Singh Chanhal   |
| <b>Term</b>                  | 20 year term from 15 May 2020 until 14 May 2040 with 17 years 8 months unexpired.  |
| <b>Rent</b>                  | £50,000 per annum initial rent stepped to £55,000 per annum from 15 <sup>th</sup> May 2025; £60,000 per annum from 15 <sup>th</sup> May 2030.  |
| <b>Rent Review</b>           | Each fifth anniversary from the 15 <sup>th</sup> April 2035.   |
| <b>Permitted User</b>        | Sui Generis - Use as a petrol filling station with ancillary convenience store, sale of hot and cold food and drinks for consumption on or off the Property, ATM, car wash, jet wash and valeting and ancillary offices and as a site for container storage. |
| <b>Repairing Obligations</b> | FRI  |
| <b>Other</b>                 | Within Sections 24-28 of Landlord And Tenant 1954 Act.<br>We note that the yard/workshop has been sub-let to a hand car wash operator however we have not had details of a sub-lease supplied to us.   |

We confirm that we have not yet had sight of your Solicitor's Report on Title, however, upon receipt of a copy, would be pleased to separately confirm whether the content of this has an impact on the advice provided within this appraisal report.

### Contracted Rental Income

£50,000 per annum net

### Comments on Lease

The lease has 17 years 8 months unexpired. There are stepped rent increases from £50,000 per annum to £55,000 per annum from May 2025 and then to £60,000 per annum from May 2030. There are five yearly rent reviews from May 2035 to Open Market Rent. There is a good unexpired term and we note that the Tenant has sub-let part of the property which forms the yard as a hand car wash facility. We are unaware of the terms of the sub-lease however assume that the clauses of the occupational lease apply. The Guarantor provides extra security to the Landlord.

### Tenant's Status

We have made brief status enquiries of the Tenant Company by sourcing a Dunn & Bradstreet credit report which details the Company as having a credit rating of O4 as at 19 August 2022, the date of the credit report.

The overall business risk is stated as 'high' with stability concerns. The company currently has a Delinquency Score of 1, indicating a high probability of delinquency over the next 12 months at 57.67%.

At the time of producing this report D&B currently has no financial information on file for this company.

We have undertaken further web based enquiries of the Tenant Company and understand that J C Fuels Ltd provides the sale of automotive fuel in specialised stores. The company was incorporated in February 2019.

## 7. STATUTORY ENQUIRIES

### Town Planning

The Property lies within an area administered by City of Wolverhampton Council whose Unitary Development Plan (UDP) provides the framework for guiding, controlling and facilitating development.

The Proposals Map annexed to the Unitary Development Plan identifies the subject as lying within Local Employment Land, an Employment Improvement Area, and an area designated as part of the Bilston Corridor Area Action Plan as indicated by map. The Bilston Corridor Action Plan identifies the Bilston Corridor as one of the main regeneration areas in Wolverhampton and will guide the transformation of the area up to 2026, identifying the location of new development in the area and influencing decisions about transport, community facilities and jobs.

We understand from planning history obtained from the Council's website that there are no recent pertinent planning applications which involve, or are in close proximity to, the subject property.

We understand the Property is not listed, and not within a Conservation Area.

We are not aware of any outstanding Enforcement Notices.

### Business Rates

We have made on-line enquiries of [www.gov.uk](http://www.gov.uk) and are informed that the entries appearing in the 2017 Rating List as at the Valuation Date, are as follows:

| Address   | Description                         | Rateable Value |
|---|-------------------------------------|----------------|
| 70, Willenhall Road, Wolverhampton,<br>WV1 2HJ              | Petrol filling station and premises | £18,250        |
| Car Wash R/O 70, Willenhall Road,<br>Wolverhampton, WV1 2HJ | Car wash and premises               | £2,500         |
| R/o 70, Willenhall Road, Wolverhampton,<br>WV1 2HJ          | Garage and premises                 | £9,500         |
| <b>Totals:</b>  |                                     | <b>£30,250</b> |

This list may not be fully up to date or exhaustive; some properties are recorded under different addresses to their postal address and appeals may be in progress. Specialist advice should be taken by the occupiers about the full rates liability.

### Registration and Licences

We assume that the Tenant has the benefit of all appropriate licences as stated below:

#### Licences

We are aware the shop has a premises licence to sell alcohol, by retail, for consumption off the premises, within the business opening times.

#### Other Certificates

We have assumed the property fully complies with all current health and safety, environmental health and other regulations including the Certificate of Gas and Electrical Installation.

### **The Petrol (Consolidation) Regulations 2014 (PCR)**

The Petroleum Consolidation Regulations 2014 which came into force on 1 October 2014 apply to:-

- Workplaces that store petrol where petrol is dispensed, i.e. retail and non-retail;
- Petrol filling stations; and
- Non-workplace premises storing petrol, for example at private homes or at clubs, associations or similar.

Petrol Enforcements Authorities PEAS, formally Petroleum Licensing Authority (PLAS) are responsible for importing piped petroleum, The Petroleum (Consolidation) Regulations 2014. They also continue to enforce DSEAR at workplaces covered by PCRs.

## **Regulated Mortgages**

We confirm that none of the total of the land to be given as security is used as, or in connection with, a dwelling.

## 8. MARKET CONDITIONS

### Market Commentary

#### General Economic Comment

We attach at Appendix 2 a copy of our current Economic and Macro Property Market Commentary.

#### Occupational Market Commentary

We have access to the Petrol Retailers Association Fuel Market Review 2021/22 which provides the following data with regard to the sector:

*“On 23<sup>rd</sup> March 2020 the UK entered into a national lockdown. As the lockdown started to bite, members saw a dramatic fall in fuel sales volume which was down to around 40% of normal trade. Indeed, Easter Sunday on April 12 saw a new low with fuel volumes falling to 19% of normal business. While there was a huge drop in fuel volumes, many members reported increases in their shop-only trade.*

*During this time, the CWA also successfully lobbied for the continued opening of automated car washes and the closure of hand car washes. The CWA obtained an agreement from BEIS that automated rollover and conveyor car washes and jet washes do not involve close contact between staff and customers, and therefore the risk of the spread of the virus would be negligible.*

*In August, there was some good news as data was released showing that symbols and independents had seen a 45.4% growth in sales in the 12- week period ending August 9. The data revealed that shoppers spent £660m in symbol and independent stores, up from £460m in the same 12 weeks in 2019. August also marked the start of the ‘Eat Out to Help Out’ scheme, which prompted a significant uplift in footfall in the hospitality sector.*

*Notably during 2020 Asda was sold to a consortium led by TDR Capital and supported by brothers Zuber and Mohsin Issa – founders EG Group.*

*Towards the end of 2020, the Government announced that it would bring forward the banning of the sale of new ICE vehicles to 2030, Boris Johnson said: “We’ll invest more than £2.8bn in electric vehicles, lacing the land with charging points and creating long-lasting batteries in UK gigafactories. This will allow us to end the sale of new petrol and diesel cars and vans in 2030. However, we will allow the sale of hybrid cars and vans that can drive a significant distance with no carbon coming out of the tailpipe until 2035.”*

For 2022, Members are taking advantage of the good margins to be earned in properly run compliant vehicle valeting. As the CWA continues to gain traction within the Government for a single enforcement body (SEB) and an industry licensing scheme, we hope that there will be a “renaissance” in vehicle valeting, after all EVs need cleaning as well.

In September 2022, it was announced that Asda has agreed a deal with Co-Op to acquire 129 petrol filling stations from its portfolio for £600m. Asda currently owns 320 petrol filling stations across the UK with this latest portfolio acquisition being part of a plan to move into a more convenience/grocery lead market.

#### Market Structure

The overall numbers are not significantly different from the last review with 8,400 open retail sites in the UK, a total retail motor fuel volume of 36bn litres and an average fuel volume of 4.3mlpa per site. Total shop sales were £4.5bn – with average shop sales of £12,100 per week from an average 74sq m shop. There are now 5,454 independent dealer sites in the UK (a net decrease of 104 sites compared with the last review). Almost 50% of these sites are operated by dealer groups with three sites or more (141 groups), and they sell 71% of the dealer fuel volume and account for 66% of the dealer shop sales. The average dealer site now sells 2.45mlpa and turns over £10,100 per week through a 69sq m shop.

The hypermarkets have 19% (1,588) of the sites with a 44.8% share of motor fuel sales, a marginal increase of 0.1% over the previous 12 months and they are the single-largest sector by some degree. There have been 12 new-build sites in the hypermarket sector over the past 12 months. For the first time in a long while Tesco has been the most active and has added five new sites – all unmanned and installed as a unit with above-ground tanks in the car park of an existing Tesco store. Asda added four sites – three of which are also unmanned automats. Sainsbury's added three new standard forecourts, all at new store locations.

The dealer sector now has 65% (5,454) of the sites and has seen a minor 0.5% decrease in motor fuel market share over the past year to 36.8%. Over the same period 75 dealer sites closed with 38 from the unbranded sector and 14 from Certas Energy brands.

In addition, 50 dealer sites were bought by the oil companies and moved into the company owned sector (Applegreen, BP, Certas Energy and Phillips 66 all bought dealer sites over the past 12 months). There were 17 new-build dealer sites added over the same period, including six by Euro Garages plus 21 dealer-owned sites re-opened after a period of closure. Nine sites were acquired from the oil companies and added into the dealer sector.

After a lengthy period of decreases the company owned sector rebounded last year by adding 51 sites and this has continued into 2018/19 with the addition of another 50 sites acquired from the dealer sector.

Oil company sites represent 16.2% (1,358) of the sites and their market share has marginally increased to 18.3%. There were four new-build oil company sites – three BP and one Applegreen – and five sites were rebuilt and reopened after a period of closure. No company-owned sites closed in the past 12 months, although nine sites were sold into the dealer sector.

The company-owned sector is primarily Shell with 564 sites, BP with 326 sites and Esso with the 198 Tesco Alliance sites. Applegreen is next with 105 company sites then Certas Energy with 62 sites, comprising its company-owned chain in Scotland and its Fuel Express network of 35 automat sites.

Regionally, the forecourt sector continues to be dominated by London and the South East, with 23.6% of the UK's motor fuel and 27% of forecourt shop sales from 19.3% of the sites. Northern Ireland has the smallest regional market share in terms of fuel volume (2.6%) but with 6.9% of shop sales from 563 sites (6.7% of the UK sites).

The number of unmanned sites (automats) has increased again over the past year to 257. Asda now has 159 unmanned forecourts, Certas Energy has 38 and Costco's 13 sites are all unmanned. Tesco has added five unmanned sites, taking its total to 12. Sainsbury's was unchanged at seven unmanned sites.

## Market Share

Tesco has maintained its position as the leading fuel retailer in the UK with a 16% market share. For the fourth year in succession the brand with the largest increase in number of sites supplied over the last 12 months was Esso with an increase of 53 sites to 1,197 sites. The Esso brand remains second behind BP in terms of site numbers but only by 14 and with the extension of the Esso brand into the dealer market under Greenergy; it is likely to overtake BP quite soon. Essar increased its site numbers from 49 to 70 over the past 12 months, all added into its dealer network. Applegreen also added a further 13 sites to total 105 sites although many of them are partially branded as 'Low Prices Always' rather than a full Applegreen (NB while Applegreen now owns the 34 Welcome Break sites these are currently reported separately in our data).

The brands with the largest losses as seen by us were Certas Energy (-45) and BP for the second year (-37). The 'unbranded' sites total decreased by 35 to 545 and they remain most vulnerable to a squeeze on margins and to the pressures of the environmental factors surrounding forecourt operation.

In the dealer sector Esso and Essar show the largest increases. Esso, as the flagship brand for Greenergy, has increased its dealer presence by 67 sites and Essar is up by 21 sites. Esso continues to lead BP in supplying the most dealer sites with 999, followed by BP with 885 and Texaco in third place with 727 sites.

In terms of motor fuel market share in the dealer sector Esso is leading the way with 25.6%, with BP next on 24.8%, then Shell with 14.7% and Texaco with 13.8%. These four brands now account for almost 80% of the motor fuel sold through the dealer network. Ten per cent of the dealer network (543 sites) remains unbranded but they have only a 2% share of the motor fuel market. During the past 12 months 324 dealer sites – 6% of the dealer network – have changed fuel brand. This would suggest that, given an even distribution of five-year fuel supply contract dates, for every dealer site that changes fuel brand at the end of its contract then two others remain with their current brand.

## Forecourt Shops

The proportion of sites that have a forecourt shop in some form has remained constant at 88% over the past year, and the forecourt shop sector continues to have sales of around £4.5bn per year. There are now 2,430 sites with convenience stores (up by 68 sites from 2017) and they retail 59% of the forecourt shop sales – the average convenience store turns over £22,000 per week from a 140 sq m store.

Sites with the BP fuel brand have the most forecourt shops – 1,210 – with 289 of these being M&S Simply Food. Esso has overtaken BP with a 22.8% market share of the forecourt shop sector with BP now second on 22.1% – the next brand Shell has only 13.9% of the shop sales. Of all the fuel brands the Co-op network has the highest average annual shop turnover at £1.2m per site. In the dealer sector there are 4,818 forecourt shops (excluding kiosks) with total shop sales of over £2.4bn per year (54% of the overall forecourt shop sales). Within the dealer sector, 88% of sites have a shop and 27% of the sites (1,493) have a full c-store. Esso dealer sites have a 26.1% share of the dealer forecourt shop sector with BP behind on 25.3%. There are still 458 dealer sites with no forecourt shop and 178 dealer sites with just a kiosk.

In terms of forecourt shop fascia, Spar is the leader with 1,123 shops selling 17.4% of the forecourt shop sales. Spar has increased its presence on the forecourt by a further 29 shops over the last 12 months. The Tesco/Tesco Express shop fascia remains in second place on 691 sites (including the Esso/Tesco Alliance sites as well as the shops on its own Tesco forecourts) and it is behind Spar with a 16.2% share of the £4.5bn forecourt shop market.

We are still recording that over 14% of forecourt shops (1,068) have no recognised fascia brand on their shop although this is 90 less than the previous year. In terms of regional distribution, London and the South East dominate with 27% of forecourt shop sales and the next region is East England with 10.5% of the shop sales.

## The 'Fuel Crisis'

In September 2021 BP stated that they would need to close a select number of petrol stations due to a lack of lorry drivers to supply fuel. This quickly escalated and other fuel suppliers started to echo the same statement which resulted in a sudden spike in public demand due to a 'panic buying' situation across the UK. The PRA (Petrol Retailers Association) stated that up to two-thirds of outlets had run out of fuel in the following days since 25<sup>th</sup> September and the remaining operators were becoming "partly dry or running out soon." There was an estimated shortage of more than 100,000 HGV drivers in the UK which had also affected other sectors including the supermarkets and fast food chains.

Petrol prices were now at an eight-year high and continue to be at premium levels into 2022. It is reported that there were a number of reasons for this sudden 'Fuel Crisis.' One particular reason many are blaming is Brexit. European drivers went back to their home countries after Brexit was announced as this would result in added border bureaucracy and have an impact on their income.

Deliveries of fuel has since stabilised towards the end of 2021 and into 2022 although fuel prices still remain high. With the easing of the remaining COVID-19 restrictions in England from 28<sup>th</sup> March 2022; it was hoped that fuel prices and delivery issues would return to a pre-pandemic market; however with the ongoing conflict between Ukraine and Russia the fuel market has been affected and concerns have been raised regarding further price increases and possible shortages of fuel, particularly across Europe. As the fuel market has recently begun to cool off since the announcement of the conflict in Ukraine, the price of fuel as since lowered marginally, although still at an unprecedented level.

## Rental Comparables Analysis

### Petrol Filling Station Rents

Within the sector, rental evidence is generally not available as each petrol filling station will have their rent assessed as a percentage of the Fair Maintainable Operating Profit (FMOP) which can be achieved when operated by a Reasonably Efficient Operator (REO). As such, rental evidence is often confidential as to how they are calculated and will be greatly influenced by the operation being undertaken on site. However, through our knowledge and experience within the sector we advise that rents relating to petrol filling stations generally fall within the range of 30% to 35% of the FMOP.

### Industrial/Workshop Rental Evidence

We have gathered rental evidence of vehicle workshop/light industrial and industrial lettings to form an opinion of the Market Rent for the workshop unit. We detail the evidence below from a local radius:

1 Withy Road, Bilston, Wolverhampton

£7.94 per sq ft

**Date:** August 2022

**Agreed Rent:** £11,000 per annum

**Description:** 1,385 sq ft industrial unit located on an industrial park let for a 12 month term with FRI obligations. The property is of steel portal frame with one loading door.

Unit 1-4, Biddings Lane, Bilston, Wolverhampton

£7.12 per sq ft

**Date:** February 2022

**Agreed Rent:** £12,000 per annum

**Description:** 1,685 sq ft industrial unit located on an industrial park. We are unaware of the agreed lease terms. The property is a warehouse of steel portal frame with one loading door and three office suites.

Units 6-14 Bath Street, Bilston, Wolverhampton

£6.89 per sq ft

**Date:** February 2022

**Agreed Rent:** £13,500 per annum

**Description:** 1,959 sq ft industrial unit located on an industrial park. We are unaware of the agreed lease terms. The property is a warehouse of steel portal frame with one loading door and an office suite.

Unit E, Bilston, Wolverhampton

£6.55 per sq ft

**Date:** March 2022

**Agreed Rent:** 15,000 per annum

**Description:** 2,289 sq ft industrial unit located on an industrial park. We are unaware of the agreed lease terms. The property is a warehouse of steel portal frame with one loading door and an office suite.

Unit 1, Purbrook Road, Wolverhampton

£4.55 per sq ft

**Date:** June 2021

**Agreed Rent:** £10,500 per annum

**Description:** 2,308 sq ft industrial unit located on an industrial park. We are unaware of the agreed lease terms. The property is a warehouse of steel portal frame with one loading door and office suites.

The evidence for light industrial/industrial properties within the local area ranges from £4.55 per sq ft to £7.94 per sq ft. An element of quantum and the quality of the property reflects the rent that was achieved. As the subject workshop has a floor area of 1,888 sq ft, we are of the opinion that the letting of Units 6-14 Bath Street, and Unit E, Bilston, Wolverhampton are good comparables albeit both located on an industrial park. Therefore £6.50 per sq ft can be applied to the subject to form a Market Rent of £12,272 per annum.

## Yield and Capital Value Analysis

### Investment Sales Comparable Evidence

We have considered investment sales evidence from a wide radius of the subject property as petrol filling station sales are limited within the West Midlands region:

**Eastfield Service Station, 139 Eastfield Side, Sutton-In-Ashfield, NG17 4JW**

**£500,000 (8.2% Net Initial Yield)**



**Date:** June 2021

**Sale Price:** £500,000

**Description:** Freehold investment auction sale. Site let to national operator MPK Garages Ltd as Tenant on a 15 year lease expiring 30 November 2026. £44,000 per annum rent at the time of sale. Fuel court Essar branded and shop Londis branded. FRI obligations. The sale reflects an GIY of 8.8% and NIY of 8.2%.

**Applegreen Service Station, Swaything Rd, Southampton, Hampshire, SO30 3AG**

**£2,230,000 (6.5% Net Initial Yield)**



**Date:** March 2022

**Sale Price:** £2,230,000

**Description:** Freehold investment sale. The site is let to Rochpion Properties (4) LLP on a 20-year FRI lease, expiring June 2027. The tenant has an option to renew the lease for a further 15 or 20 years with no less than 12 months' notice. At the time of sale, the lease provided a passing rent of £151,470 per annum, and benefits from annual fixed increases of 2%.

The premises have been sub-let to Petrogas Group UK Ltd until 15th June 2027. Fuel court and convenience store both branded Applegreen.

**Muckley Corner Service Station, Lichfield, WS14 0BH**

**£1,800,000 (6.2% Net Initial Yield)**



**Date:** July 2021

**Sale Price:** £1,800,000

**Description:** Freehold investment sale with national operator Rontect Properties Ltd as Tenant on a 20-year lease expiring 20 June 2027. £112,156 per annum at the time of sale and subject to annual 2% increases. Fuel court Texaco branded and shop Co-Op branded.

**Texaco, High Street, Shirehampton, Bristol, BS11 0DE**

**£2,000,000 (6.1% Net Initial Yield)**



**Date:** December 2020

**Sale Price:** £2,000,000

**Description:** Freehold investment auction sale. Site let to national operator Co-Operative Foodstores Ltd as Tenant on a 20-year lease expiring 20 June 2027. £131,948 per annum at the time of sale and subject to annual 2% increases. Fuel court Texaco branded and shop Co-Op branded. The sale reflects an GIY of 6.2% and NIY of 6.1%

**Pendragon Service Station, Main Rd, Bridgend, Mid Glamorgan,  
CF33 6HR****£1,250,000 (6.1% Net Initial Yield)****Date:** December 2021**Sale Price:** £1,250,000**Description:** Freehold investment auction sale. The site is let to Rontec Properties (No. 4) Ltd until April 2038, an unexpired term of approximately 16 years. The lease has no break option and provides a passing rent of £82,806 per annum subject to fixed annual rental uplifts of 2%. Fuel court Esso branded and convenience store Co Op branded. The sale reflects an GIY of 6.25% and NIY of 6.1%

### **Closed Sales Comparable Evidence**

We have also considered transactional evidence of former petrol filling stations when forming an opinion of the special assumption that the property has full vacant possession. Comparable evidence is very limited even on a national basis. We have therefore sought comparables from a national radius to form an opinion on value with consideration to the location, the site infrastructure and the current condition of the subject property:

#### **Former Campden Road Garage, Campden Road, Stratford Upon Avon, Warwickshire, CV37 8LJ**

A former petrol filling station which sold in October 2020 for £565,000. The site comprises a 554 sq ft workshop, 116 sq ft office and the original forecourt canopy in place. The site area is 0.37 acres and is adjacent to a new housing development on the edge of Stratford upon Avon. The site was sold with strong development potential. The sale reflects £1,527,027 per acre.

#### **Former petrol filling station, Old Mill Drive, Sorrington, West Sussex, RH20 4NH**

The site sold in October 2019 for £825,000. The Site comprised a former petrol filling station, two storey vehicle repair workshop and a bus turning circle area, which occupies an approximate site area of 1.15 acres (0.46 hectares). The sale equated to £717,391 per acre.

#### **Former petrol filling station, Old Mill Drive, Sorrington, West Sussex, RH20 4NH**

The site was sold in October 2019 for £825,000. The site comprised a former petrol filling station, vehicle repair workshop and a bus turning circle area, which occupies an approximate site area of 1.15 acres. The sale equated to £717,391 per acre.

#### **Four Crosses Garage, Holyhead Road, Shrewsbury**

This comparable has a semi-rural location to the north west of Shrewsbury in the village of Bicton. A former petrol filling station with shop, workshops and storage extending to 3,218 sq ft in a poor condition. Sold in March 2019 for £350,000 reflecting £108 per sq ft capital value on the existing buildings. Sold for continued forecourt and servicing use. The total site area is 0.5 acres which reflects a sale price of £700,000 per acre.

#### **Former Minsterworth Garage, Minsterworth, Gloucester, GL2 8JG**

A closed down site was sold with the benefit of a two bedroom dilapidated bungalow on neighbouring land for £780,000 in 2019. The site is 1.7 acres and comprised a plot of land at the rear, a retail shop and an MOT/workshop premises. We understand that the sale of the land excluding the bungalow was agreed at £510,000. This sale reflects a value of £458,823 per acre.

**Former Plumley Service Station, Chester Road, Plumley, WA16 0TZ**

Currently this roadside former petrol filling station and car wash is for sale at an asking price of £600,000. The site has an area of 0.5 acres and is on the A556 main road between the M6 Motorway and Northwich. The site comprises an existing building previously a retail shop with a staff room, office and toilet. The sale at the asking price would equate to £1,200,000 per acre.

Former petrol filling stations range in value depending on numerous factors including location, redevelopment potential and the surrounding area. It is common for such sites, subject to planning, to be redeveloped for residential developments. However if the location is right for an experienced operator then the redevelopment as a petrol filling station can also be considered.

The comparable evidence states sites located in rural area where values are expected to be lower than those sites located in built up urban locations. The values on a per acre basis range from £458,823 per acre for a rural site to £1,527,027 per acre for a site located near to a town and adjacent to a new residential estate.

We are of the opinion that the vacant possession value will equate to the mid-range of the evidence stated above. If the site were to be redeveloped it is likely the use would be as existing or industrial use due to the location.

## 9. VALUATION COMMENTARY

### Location

The property is located upon Willenhall Road (A454), a short distance from Wolverhampton city centre, approximately 1.3 miles east. Willenhall Road (A454) comprises a key gateway which connects the city centre to both the wider Black Country and the strategic road network, via Junction 10 of the M6 motorway.

The property has considerable frontage along Willenhall Road, approximately 130 ft, and can be accessed off both Willenhall Road and Hickman Avenue.

### Property

The property has relatively new Essar branding to the forecourt and Spar branding to the forecourt shop. To the rear of the site there is a workshop and yard which has been sub-let and operated as a hand car wash. The property is in an overall good condition.

### Tenant and Lease Terms

The property is subject to an occupational lease with 17 years and 8 months unexpired. The credit report reflects a weak covenant strength however the Guarantor which is stated on the lease offers further security to the Landlord.

### Proposed Purchase Price

No sale price is available in this case as we understand the property to be subject to refinance.

### SWOT

We consider strengths, weaknesses, opportunities and threats of the Property at the date of Valuation to be:

|                      |   |
|----------------------|---|
| <b>Strengths</b>     | Prominent corner position on arterial route   |
|                      | 17.8 years unexpired lease term.  |
|                      | Guarantor in place  |
| <b>Weaknesses</b>    | Substantial yard area   |
|                      | Strong petrol filling station competition nearby  |
| <b>Opportunities</b> | Currently under rented  |
|                      | Development potential on the yard/land at the rear  |
| <b>Threats</b>       | Growth in rent  |
|                      | Potential volatility for interest rate rises due to Global economic circumstances which may have a material impact on Rents and Capital Values. |
|                      | Land contamination  |
|                      | Failure of Tenants business   |

## 10. VALUATIONS AND VALUATION METHODOLOGY

### Market Rent - Methodology

Within the sector, rental evidence is generally not available as each petrol filling station will have their rent assessed as a percentage of the Fair Maintainable Operating Profit (FMOP) which can be achieved when operated by a Reasonably Efficient Operator (REO). As such, rental evidence is often confidential as to how they are calculated and will be greatly influenced by the operation being undertaken on site. However through our knowledge and experience within the sector we advise that rents relating to petrol filling stations generally fall within the range of 30% to 35% of the FMOP.

#### Petrol Filling Station

We have not been supplied with any trading information by the Tenant. We have therefore applied our experience and knowledge of the sector to form an opinion on the FMT and thus suitable rent cover.

Upon inspection we noted that the shop was particularly sparse with numerous empty shelves. In addition to this the forecourt was closed due to an issue with fuel however it is unknown how long this has been an issue for. In light of this we are of the opinion that the turnover reflects approximately 2.5 million litres of fuel sales and £3,000 per week in shop sales. The sales stated are slightly below our expectations for a site of this size, quality and location.

Applying a general profit margin of 5ppl to the fuel forms £125,000. Then a profit margin of around 20% to the shop sales at £156,000 forms £31,200, totalling £156,200 EBITDA. Please note that this is has been applied in a hypothetical situation based on our judgements and sector knowledge.

To form our opinion of Market Rent on these terms we have adopted a 35% rent cover reflects £54,670 per annum.

#### Workshop

For the workshop we have applied £6.50 per sq ft to the subject of 1,888 sq ft to form a Market Rent of £12,272 per annum.

In total the Market Rent is £66,942 per annum sensibly rounded to £67,000 per annum.

### Market Rent

We are of the opinion that the current **Market Rent** of the 70-72 Willenhall Road, Wolverhampton, WV1 2HJ as at 23<sup>rd</sup> August 2022, is:

**£67,000 Per Annum (Net)**  
**(Sixty Seven Thousand Pounds Per Annum)**

Our opinion of Market Rent is stated as a headline rent and to achieve this, standard market letting incentives may be required. It assumes the terms of an institutional lease granted as appropriate on effectively full repairing and insuring terms for a minimum term of 10 years without unduly onerous or beneficial covenants inferred on either party to it.

### Market Value

As the property comprises a standing investment, for valuation purposes we have adopted the investment approach or income capitalisation method of valuation which provides an indication of value by taking the income generated by the Property with an allowance for its Market Rent, and capitalising this at an appropriate yield based on sales of other similar properties for which transactional information is available. We have adjusted these comparables to reflect differences in age, size, condition, location, covenant, lease term and any other relevant factors.

We have applied a term and reversion approach to the valuation as the property is currently under rented. We have applied a yield of 6.5% to the term and a yield of 7.5% to the reversion at the Market Rent of £67,000 per annum. This totals £796,768 after purchasers costs which we have sensibly rounded to £800,000.

We are of the opinion that the current **Market Value** of the freehold interest of 70-72 Willenhall Road, Wolverhampton, WV1 2HJ, as at 23 August 2022, subject to the leases detailed herein, for loan security purposes, is:

**£800,000**  
**(Eight Hundred Thousand Pounds)**

Our valuation reflects the following yield profile:

|                          |       |
|--------------------------|-------|
| <b>Net Initial Yield</b> | 5.94% |
| <b>Reversion Yield</b>   | 7.97% |
| <b>Equivalent Yield</b>  | 7.42% |

A valuation printout is attached at Appendix 3.

We consider 9-12 months to exchange of contracts is a realistic period required to achieve this value.

## Special Assumption Valuations

We are of the opinion that the current **Market Value** of the freehold interest in 70-72 Willenhall Road, Wolverhampton, WV1 2HJ, as at 23 August 2022, with the **Special Assumption** of full and effective **Vacant Possession**, for loan security purposes, is:

**£625,000**  
**(Six Hundred And Twenty Five Thousand Pounds)**

We have had regard to the comparable evidence for vacant petrol filling station sales to form our opinion of the Market Value with the special assumption of vacant possession. We have applied a yield of 9% to our Market Rent at £67,000 per annum deferred for 18 months to total £622,252 after purchasers costs and sensibly rounded to £625,000. This reflects £1,008,064 per acre which is also in line with comparable evidence considering the site location and re-development potential.

We are of the opinion that the current **Market Value** of the freehold interest in 70-72 Willenhall Road, Wolverhampton, WV1 2HJ, as at 23 August 2022, with the **Special Assumption** as stated below, for loan security purposes, is:

**£500,000**  
**(Five Hundred Thousand Pounds)**

We have applied a 20% deduction to the Special Assumption of Vacant Possession to form the Market value with the following special assumptions:

- Vacant Possession and that the subject is unlet
- Exchange contracts is to take place at the date of valuation, following a marketing period of 90 days

We are of the opinion that the current **Market Value** of the freehold interest in 70-72 Willenhall Road, Wolverhampton, WV1 2HJ, as at 23 August 2022, with the **Special Assumption** as stated below, for loan security purposes, is:

**£562,500**  
**(Five Hundred And Sixty Two Thousand Five Hundred Pounds)**

We have applied a 10% deduction to the Special Assumption of Vacant Possession to form the Market value with the following special assumptions:

- Vacant Possession and that the subject is unlet
- Exchange contracts is to take place at the date of valuation, following a marketing period of 180 days

## Estimate of Reinstatement Cost

We estimate the reinstatement cost on an informal basis of the premises in the sum of:

|  |
|--|
| <b>£630,000</b><br><b>(Six Hundred And Thirty Thousand Pounds)</b> |
|--|

The above estimation is calculated by taking the area of the existing property and assuming it could be rebuilt, having regard to averaged build cost indices published by the RICS BCIS and making an allowance for appropriate professional fees and demolition. It is designed as a guide only, for comparison against cover already taken out and should not be relied upon for effecting cover. If a formal valuation for fire insurance purposes is required, our Building Consultancy department will be able to undertake this on your behalf as a separate instruction.

## Suitability as Mortgage Security

We are of the opinion that, subject to comment within this report, the property offers security suited to your purpose and intended loan facility.

We have not been informed of the details of the loan terms however, we have assumed that these are made on sensible loan to value ratios (not more than 75%) and without any unusual constraints or caveats.

## 11. ASSUMPTIONS, LIMITATIONS AND REGULATORY INFORMATION

### Information

Any third party information supplied by the client, professional advisors, investigation agencies, Local Authorities, statutory bodies and other stated sources is accepted as being correct unless otherwise specified.

### Development Proposals

For the purpose of this Report and Valuation we have assumed that any proposed works will be completed in accordance with the details provided, to a reasonable standard of workmanship and in accordance with relevant regulations.

### Services

Unless otherwise stated we understand that all mains services are available to the property, including electricity, gas, water and mains drainage, although we have not made any enquiries of the respective service supply companies. We further assume that any of the services or associated controls or software are in working order and free from defect.

### Condition

We have not carried out a building survey of the property as this was not within the scope of our instructions, nor have we inspected those parts of the property which are covered, unexposed or inaccessible, and for the purpose of this report, such parts have been assumed to be in good repair and condition.

We cannot express an opinion about, or advise upon the condition of un-inspected parts and this report should not be taken as making any implied representation or statement about such parts.

Further, we have not tested any of the drains or other services, and for the purpose of this valuation we have assumed that they are all operating satisfactorily and no allowances have been made for replacement or repair.

The property has been valued with due regard to its appropriate existing state of repair and condition, including reference to its age, nature of construction and functional obsolescence. We believe we have formed a general opinion of the state of repair of the property in so far as it is likely to affect our valuation.

It is assumed that normal periodic maintenance will be carried out to maintain the property in a state of repair fit for its present use.

It is assumed that the condition of the property at the date of valuation is identical to that found at the date of our inspection.

### Plant and Machinery

Unless otherwise specified all items normally associated with the valuation of land and buildings are included in our valuations and reinstatement cost assessments (if provided), including:

Fixed space heating, domestic hot water systems, lighting and main services supplying these, sprinkler systems and associated equipment, water, electricity, gas and steam circuits not serving industrial or commercial premises, substation buildings, lifts and permanent structures including crane rails where forming an integral part of the building structure, fixed demountable partitions, suspended ceilings, carpets, drains, sewers and sewerage plants not primarily concerned with treating trade effluent, air conditioning except where part of a computer installation or primarily serving plant or machinery.

Unless otherwise specified the following items are excluded:

All items of processed plant and machinery, tooling and other equipment not primarily serving the building, cranes, hoists, conveyors, elevators, structures which are ancillary to, or form part of an item of process plant and machinery, sewerage plants primarily concerned with treating trade effluent, air conditioning where part of a computer installation or primarily serving plant and machinery, and water, electricity, gas, steam, and compressed air supplies and circuits serving industrial and commercial processes.

Unless otherwise specified, no allowance is made for the cost of repairing any damage caused by the removal from the premises of items of plant and machinery, fixtures and fittings.

In the case of petrol filling stations, hotels and other properties normally sold and valued as operational entities, all items of equipment normally associated with such a property are assumed to be owned and are included within the valuation unless otherwise specified.

### Defective Premises Act 1972 (subject to any amendments)

Liabilities or obligations or any rights there under, whether prospective or accrued are not reflected in valuations unless actually specified.

### Asbestos and Deleterious Materials

This material was regularly used from 1960s to 1980s. The cost of maintenance, alteration and repair of any building where asbestos is present can be significantly increased because of the need to take appropriate precautions under The Control of Asbestos Regulations 2012 (amended February 2016). This in turn may impact value.

Under the terms of these Regulations a Dutyholder is required to manage asbestos in non-domestic premises. Typically, this encompasses a positive obligation to assess the likelihood of asbestos containing materials (ACMs) being present at the premises. This can be achieved either by reference to bona fide statements confirming that ACMs were not incorporated into the construction of the building, or by commissioning an asbestos survey. The results of that survey would then be interpreted, acted upon and recorded in an Asbestos Management Plan. For the purpose of our report, we have assumed that, unless indicated to the contrary, a survey would not disclose any evidence of asbestos or deleterious materials in the construction of the subject, in circumstances where it is likely to have an effect on health or safety.

We have not arranged for any investigation to be carried out to determine whether or not any deleterious materials have been used in the construction of the property, or have since been incorporated and we are, therefore, unable to report that the property is free from risk in this respect. For the purpose of this valuation we have assumed that such investigation would not disclose the presence of any such material to any significant extent.

#### **Composite Panel Cladding**

If the property has composite panel cladding, this may have implications for insurance depending on the type of panelling used; this may have an adverse impact on value. Our valuations, unless otherwise stated, assumes that if appropriate for the type of property being valued and not already provided, the property would obtain an appropriate EWS 1 form.

Many insurance companies are now requesting confirmation from the building owner/insured as to whether composite panels have been used and if so what make they are and whether they are approved for use by the Loss Prevention Council (LPC), it being virtually impossible to tell from external inspection only.

Unless advised to the contrary and addressed within our report our valuation assumes that that there are no issues with the type and nature of the panelling utilised and that the building is fully insurable on standard commercial terms.

#### **Contamination**

Unless otherwise stated herein, we have not been instructed to commission a formal audit in respect of the subject site in relation to the potential presence of contamination. Furthermore, our brief enquiries have provided no evidence that there is a significant risk of contamination affecting the property or neighbouring property which would affect our valuation.

We have not carried out, nor are we qualified to carry out an Environmental Audit. Our comments herein are therefore merely a guide and should not be relied upon. If you require confirmation of the position, we strongly recommend that an initial Environmental Audit is carried out.

If we have been provided with third party reports, we have accepted them as being correct.

We have assumed that any/all necessary decontamination works have been undertaken at the subject in its current and/or permitted use to be legally undertaken without contravention of any existing contamination related statute.

A purchaser in the market might, in practice, undertake further investigations than those undertaken by us. If those further investigations were to reveal contamination, then this might reduce the value/s now reported.

Where property has been redeveloped we have assumed that any necessary de-contamination works required for the proposed redevelopment of the subject have been undertaken.

#### **Contaminative Invasive Species**

Unless otherwise informed we have assumed that there is no presence of any contaminative invasive species.

#### **Ground Conditions**

Unless otherwise stated, we have not been provided with a site investigation or geographical or geophysical survey. We have therefore assumed the ground has sufficient load bearing strength to support the existing structures (and/or any other structure which may be erected in the future) without exorbitant or excessive costs. It is further assumed that there are no underground minerals, archaeological remains etc which may have a detrimental impact on value.

For the purpose of this advice we have assumed that the ground conditions are satisfactory for a traditional method of construction. We have also assumed that there are no contaminating or other deleterious materials present which may prevent the development of the site in a traditional method or at normal cost levels. Furthermore, we have assumed that the site is capable of being serviced at a reasonable cost level, and that there would be no exorbitant or excessive off site costs relating to matters such as drainage, infrastructural adaptations etc.

If we have confirmed herein that the subject is located in an area of past mining activity, we recommend your solicitors instigate a mining search to comment upon the incidence of mining related settlement and location of mine shafts.

#### **Flooding**

**Flood Risk** - the Environment Agency website uses indicative Flood Plain maps to provide a general overview of areas of land in natural flood plains and therefore potentially at risk of flooding from rivers or sea. The maps use the best information currently available, based on historical flood records and geographical models and indicate where flooding from rivers, streams, water courses or the sea is possible.

The information relating to the likelihood of flooding is the Environment Agency's assessment of the likelihood of flooding from rivers and the sea at any particular location, based on the presence and effect of all flood defences, predicted floor levels, and ground levels. The probability or likelihood of flooding is described as the chance that a location will flood in any one year.

**Drainage** – surface water run off flooding, known as ‘pluvial’ flooding, at times of prolonged, exceptionally heavy downpours of rain, is becoming increasingly frequent given surrounding drains and sewers are not always able to cope. It can be made worse in urban areas where the ground consists mostly of hard surfaces, such that the rain flows straight off rather than soaking away. Rising groundwater levels resulting from heavier rainfall and reduces abstractions can also present problems.

### **Town Planning**

We have made informal enquiries of the local planning and highway authorities and the information provided is assumed to be correct.

Unless otherwise stated, all planning information has been given via web based enquiries of the Local Planning Authority. In the absence of further information, we have assumed that the uses being carried out in each of the properties is an authorised planning use and that the buildings have been erected with full planning permission.

No formal search has been instigated and if reassurance is required we recommend that verification be obtained from your solicitors that the position is correctly stated in our report, that the property is not adversely affected by local authority proposals or requirements and that there are no outstanding statutory notices.

We have assumed that the properties and their value are unaffected by any matters which will be revealed by a local search and replies to the usual enquiries or by any statutory notice and that neither the properties nor their condition nor their present or intended uses are or will be unlawful.

We trust that your solicitors will check this information by taking out a local search and again, we would be pleased to advise further upon receipt of the confirmation of these details.

We have assumed that each property has full unconditional consent for the stated use and development described within.

For reference, following the Planning and Compulsory Purchase Act 2004, the old plan-making system is replaced by Local Development Frameworks (LDF). The LDF is not a single document or plan; rather, it is a suite of documents that combine to form the development plan for the area. A principal Strategy Document, sets the overall planning policy approach, which is supported by various Development Plan Documents (DPDs) for specific issues, such as site allocation.

### **Rating**

For reference the empty property rates for vacant commercial premises are 100% of the basic occupied business rate, after initial void periods have elapsed. For most properties, excluding industrial, the void period is 3 months. For industrial properties, the void period is 6 months.

Unless otherwise stated we have not investigated whether the property is subject to any transitional relief or phasing and are unable to comment in this respect.

### **Health and Safety Legislation**

Our valuation assumes that, in so far as is relevant to the subject, the property complies with the requirements of the Office Shops and Railway Premises Act 1963 as well as any superseding statute. The Act provides for securing the health, safety and welfare of persons employed to work in office or shop premises and those employed to work in certain railway premises.

### **Fire Legislation**

As from 1 October 2006 the Regulatory Reform (Fire Safety) Order 2005 came into force in England and Wales. This has now been supplemented by the Fire Safety Act 2021. Under these regulations, Fire Certificates are no longer issued and existing certificates have been superseded by Risk Assessments. A Risk Assessment is required for all non-domestic properties, as well as tenanted domestic properties, and is to be carried out by a 'Responsible Person' as defined within the Order. The findings of any risk assessment must be recorded in writing where more than five or more persons are employed or the premises are licensed or there is an alterations notice.

The smoke and Carbon Monoxide Alarm (England) Regulations 2015 came into effect from 1 October 2015 requiring that landlords of residential property must provide (a) a smoke alarm on each storey of the premises on which there is a room used wholly or partly as living accommodation and (b) a carbon monoxide alarm in any room of the premises which is used wholly or partly as living accommodation and contains a solid fuel burning combustion appliance. A landlord has a responsibility to insure that the detectors are checked and in proper working order. It is assumed that the property is compliant in regard to the above regulations.

### **General Legislation**

For the purpose of this report, we have assumed that the property complies with current fire regulations, building regulation controls, employment regulations, defective premises and health and safety legislation.

### **Discrimination**

The Equality Act 2010 and subsequent updates, makes it unlawful for service providers to treat disabled people less favourably because they are disabled (unless there is a clear and fair reason) in relation to their access to their place of employment or education; their access to goods, services and facilities (although note that where private clubs are concerned, only those with 25 or more members are required to be compliant with the Act) and their access to the functions of public bodies.

Employers, educators and service providers must all make *reasonable* adjustments for disabled people to be able to access and use property they have a right or need to visit; this is not restricted to physical access.

Where a temporary or permanent physical feature makes it impossible, or unreasonably difficult, for disabled customers to make use of a service or place of education or work, the provider has to take reasonable measures to remove the feature; alter it so that it no longer has that effect; provide a reasonable means of avoiding the feature; or, provide a reasonable alternative method of making the service available to disabled people.

The test of reasonableness is about what is practical in the service provider's individual situation; what resources they might have (and the amount of any resources already spent on making adjustments); whether taking any particular measures would be effective in overcoming a particular difficulty; the extent to which it is practicable for the service provider to take the measures; the extent of any disruption which taking the measures would cause.

For the purpose of this report and valuation we have assumed that the property complies with the relevant requirements of the Equality Act 2010 ('the Act').

### **Sustainability**

Investor and occupational decisions are increasingly being informed by a range of sustainability related metrics that are beginning to be developed and that can provide measures of some aspects of a property's sustainability characteristics, for example Energy Performance Certificates (EPCs) and BREEAM. Furthermore, industry benchmarking of sustainability performance is becoming more common place.

Characteristics that may be considered are land use, design and configuration, construction materials and services, location and accessibility, fiscal and legislative considerations and management and leasing issues. If, at the date of valuation, the market does not differentiate (in terms of demand), between a building that displays strong sustainability credentials and one that does not, there will be no impact on value.

### **Energy Performance Certificates**

EPCs contain information about the energy performance of a building.

To meet the current EU Energy Performance of Buildings Directive, EPCs must be produced by the 'relevant person' prior to marketing for property transactions including the sale, rent or construction of all buildings, whether residential or commercial, with the exception of places of worship, buildings less than 50 sq m, industrial sites, workshops and non-residential agricultural buildings that do not use a lot of energy, and temporary buildings.

The 'relevant person' will be the vendor or prospective landlord as appropriate; where a tenant wishes to assign or sub-let its interest and the premises have common heating or air-conditioning services, the landlord of those constituent parts becomes the 'relevant person'.

Local Authority Trading Standards Officers have powers to levy fines for non-compliance. EPCs are valid for 10 years from the date of production and can be reused as many times as required within that period, provided that changes have not occurred to the property relating to, for example, layout or refurbishment.

DECs (Display Energy Certificates) - Since 9 July 2015 public buildings in the UK over 250m<sup>2</sup> must display a Display Energy Certificate (DEC) prominently at all times. The aim of the Energy Performance of Buildings Directive is for the public to receive energy information about a building they are visiting. The Certificate provides information of a similar nature to an EPC but is an advisory document and thus not registered in the same way as an EPC.

**Rental properties** – when renting a property (including sub-letting and assignment, but excluding lease renewals, extensions or surrenders) to a new tenant, landlords are required to produce an EPC to the tenant and a tenant cannot legally move into the property until an EPC has been produced. Landlords are not required to produce an EPC to an existing tenant or if an existing lease is renewed or for dwellings in multiple occupation.

**Properties for sale** - sellers must obtain an EPC prior to marketing and provide a hard copy to the purchaser on completion.

Any commercial building over 50 sq m, needs a Commercial EPC. A CEPC must have been commissioned and then handed over as soon as was practicable if not available at the date of marketing/sale.

Our valuations assume that EPCs would be provided on sale in accordance with the aforementioned legislation however **we recommend that this is clarified by your legal advisors.**

### **Tenure**

Unless otherwise stated, we have not inspected any documents of title and for the purposes of this valuation we have assumed that the subject interest is unencumbered and free from any unduly onerous or unusual easements, restrictions, outgoings, covenants or rights of way and that it is not affected by any local authority proposals. We recommend that your solicitors be instructed to verify the position.

### **Tenant Status**

Unless otherwise stated, we have assumed that there are no arrears of rent, service charge or other relevant payments, or undisclosed breaches of covenant.

Furthermore, unless otherwise confirmed herein, we have not made status enquiries of the tenant company/ies and have assumed that all financially sound and capable of meeting their rental and other responsibilities under the lease terms.

### **Disclosure of New Build Incentives**

Following an agreement between the Council of Mortgage Lenders (CML), the Home Builders Federation (HBF) and Homes in Scotland, from 1 September 2008 the developer/builder or selling agent is required to complete a 'CML Disclosure of Incentives Form' for each sale of a newly built home, including newly converted property yet to be occupied for the first time. The form includes all details of the sale price and an incentive included in the selling package, and is to be supplied to the Valuer on request.

### **Taxation and Grants**

Value Added tax, taxation, grants and allowances, are not included in capital and rental values as, unless otherwise specified in the report, they are always stated on a basis exclusive of any VAT liability even though VAT will in certain cases be payable.

It is assumed for the purposes of valuation that any potential purchaser is able to reclaim VAT, unless otherwise stated. In particular, it should be noted that where a valuation has been made on a Depreciated Replacement Cost basis the Replacement Cost adopted is net of VAT unless otherwise stated.

Unless otherwise specified Lambert Smith Hampton will not take into account of any existing or potential liabilities arising for capital gains or other taxation or tax reliefs as a result of grants or capital allowances, available to a purchaser of the property.

### **Market Value (MV)**

We have prepared our valuation on the basis of Market Value (MV) which is defined in accordance with the RICS Red Book Global Standards, as:

“The estimated amount for which an asset or liability should exchange on the *Valuation Date* between a willing buyer and a willing seller in an arm’s-length transaction, after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion.”

### **Fair Value**

1. The estimated price for the transfer of an asset or liability between identified knowledge and willing parties that reflects the respective interests of those parties (IVS 2013).
2. The price that would be received to sell an asset, or paid to transfer a liability, in an orderly transaction between market participants at the measurement date (IFRS 13).

### **Depreciated Replacement Cost (DRC)**

The current cost of replacing an asset with its modern equivalent asset less deductions for physical deterioration and all relevant forms of obsolescence and optimisation.

### **Operational Entities**

The RICS advises that the most appropriate basis of valuation of properties normally sold as operational entities is Market Value as defined above. Such properties include public houses, hotels, holiday parks and other leisure uses, together with nursing homes, residential care homes, private hospital and petrol filling stations.

Our valuations reflect the following:

- a. The market’s perception of trading potential with an assumed ability on the part of the purchaser to renew existing license, consents, registrations and permits;
- b. That the property is offered with vacant possession throughout, although in the case of nursing and residential care homes, subject to the contractual rights of the patients/residents occupying the home from time to time;
- c. That trade fixtures, fittings, furniture, furnishings and equipment are included.

Our valuations also specifically assume, unless otherwise specified that the business will continue to operate at a level not significantly worse than that indicated to us.

### **Existing Use Value**

The estimated amount for which a property should exchange on the valuation date between a willing buyer and a willing seller in an arm’s length transaction, after proper marketing wherein the parties had acted knowledgeably, prudently and without compulsion, assuming that the buyer is granted vacant possession of all parts of the property required by the business and disregarding potential alternative uses and any other characteristics of the property that would cause its Market Value to differ from that needed to replace the remaining service potential at least cost.

### **Market Rent**

We have prepared an additional valuation on the basis of Market Rent (MR which is defined in accordance with the RICS Red Book Global Standards, as:

“The estimated amount for which an interest in *real property* should be leased on the *Valuation Date* between a willing lessor and willing lessee on appropriate lease terms in an arm’s length transaction, after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion.”

Further, no allowance is made for any costs of sale or any liability for taxation, including VAT, which may arise on disposal.

### **Insurance**

Insurance is usually arranged by clients (or their brokers) based on reinstatement cost assessments or occasionally on an indemnity basis and other methods of valuation are not appropriate. Therefore, in situations where advice is provided for insurance purposes, our methodology will be on a Reinstatement Cost Assessment basis.

### **Reinstatement Cost Assessment**

The replacement figure stated for fire insurance purposes is a 'Day One' valuation and is given solely as a guide which may have to be varied and should not therefore be regarded as a formal valuation for insurance purposes. If a formal valuation for fire insurance purposes is required by our Building Consultancy department will be able to undertake this on your behalf as a separate instruction.

It is assumed that the policy is on an indemnity basis with a fully operative reinstatement clause and no special conditions. We have assumed an instantaneous basis of value and have had no regard to any variation in building costs subsequent to the date of our estimate.

No provision is included for trade fixtures and fittings, occupiers fit out items, Value Added Tax, nor for loss of rent, extra costs of working or other consequential loss, local authority requirements and party wall works. Further, the figure excludes any land remediation and special contaminated waste costs. However, the figure is inclusive of professional fees, demolition and site clearance and is based on a building cost index.

Following the outcome of the legal case *Bartoline v Royal and Sun Alliance Insurance plc* and another 2006, our assessment will not include for cost liabilities arising from any environmental consequences, contamination or pollution. We recommend that you consult your Insurers in respect of any specialist cover required.

A Reinstatement cost assessment is our opinion of the likely cost of reinstating all the buildings, on the basis that:

- a. The accommodation provided will be similar in construction, design and area to the existing buildings;
- b. The works will be in compliance with conditions imposed by local Authorities in connection with the construction of the building;
- c. Unless reported separately, allowances are made to cover the cost of necessary demolition and site clearance prior to rebuilding, external works such as hard standing, private roadways and fences and professional fees which would normally be incurred.

Unless otherwise stated the reinstatement cost does not include any allowances for:

- a. Any loss of rent incurred during rebuilding;
- b. Planning restrictions which a planning authority might impose;
- c. Special foundations required for plant and machinery or due to adverse ground conditions;
- d. Any plant, machinery, equipment, tanks, loose tools, office furniture and equipment (refer to the heading "Plant, Machinery, Fixtures and Fittings" for details of items normally included);
- e. Any effect of inflation on building costs occurring after the valuation date;
- f. VAT (except on professional fees) which normally be payable in addition.

### **Apportionment of Value**

Apportionments provided between buildings, land and plant and machinery are normally depreciation purposes only. In normal circumstances apportionments are not valuations and they should not be used for any other purpose unless specified in our report. **Future Useful Economic Life**

Future useful economic life of buildings is normally assessed in bands of years, most frequently subject to a maximum of fifty years. This applies to freehold properties and to leasehold properties where the future life is less than the unexpired term of the lease. An average figure is usually provided for groups of buildings forming a single asset. The figures are appropriate for depreciation purposes only.

### **Compliance with Valuation Standards**

Where applicable our valuations are defined in accordance with RICS Red Book Global Standards, published by the Royal Institution of Chartered Surveyors ("RICS"), the Insurance Companies (Valuation of Assets) Regulations 1981, the Financial Conduct Authority (FCA) "Listing Rules" ("Source Book") and "City Code on Takeovers and Mergers" ("Blue Book") as amended and revised from time to time. Copies are available for inspection.

### **Total Valuation (Aggregation)**

Where provided this is the aggregate of the value of each individual property. It is envisaged that properties would be marketed individually or in groups in a structured and planned basis over an appropriate period of time. If all properties were to be sold as a single lot, the realisation would not necessarily be the same as the total of the valuations. This assumption is not applicable to valuations made for taxation purposes.

### **Limitations and Liabilities**

This Valuation Report is provided for the stated purpose and for the sole use of the named client. It is confidential to the client and their professional advisors and the Valuer accepts no responsibility whatsoever to any other person.

Neither the whole nor any part of this Valuation Report nor any reference hereto may be included in any published document, circular, or statement, or published in any way, without the Valuer's written approval of the form and context in which it may appear.

Such publication of, or reference to this valuation report may not be made unless it contains a sufficient contemporaneous reference to the Special Assumptions or departure(s) from the RICS Red Book Global Standards.

# APPENDICES

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APPENDIX 1: INFORMATION PROVIDED

**DATED 15/05/20**

**PARAGON REAL ESTATES (MIDLANDS) Ltd**

**- and -**

**JC FUELS Ltd**

**- and -**

**JUGRAJ SINGH CHAHAL**

**LEASE**

**- relating to -**

**70-72 WILLENHALL ROAD WOLVERHAMPTON WV1 2HJ  
AND LAND ON THE NORTH SIDE OF HICKMAN AVENUE  
WOLVERHAMPTON**

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**PRESCRIBED CLAUSES**

**LR1. Date of lease**

**LR2. Title number(s)**

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

WM643422 & SF60802

**LR2.2 Other title numbers**

None

**LR3. Parties to this lease**

**Landlord**

Paragon Real Estates (Midlands) Ltd

Of 100 Lower Street Wolverhampton WV6 9LW

Company Registered Number : 11877382

**Tenant**

JC Fuels Ltd

of Plasmar Estate Neachells Lane Wolverhampton WV11 3QG

Company Registered Number: 11838246

**Guarantor**

Jugraj Singh Chahal of 58 Scott Street Great Bridge DY4 7AG

**of**

**LR4. Property**

**In the case of a conflict between this clause and the remainder of this lease then, for the purposes of registration, this clause shall prevail.**

See the definition of "Property" in clause 1.1 of this lease.

**LR5. Prescribed statements etc.**

None

**LR6. Term for which the Property is leased**

The term as specified in this lease at clause 1.1 in the definition of "Term."

**LR7. Premium**

Nil

**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 as specified in the Part 1 of Schedule 2 to this lease

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

The easements as specified in the Part 2 of Schedule 2 to this lease

**LR12. Estate rent charge burdening the Property**

None

**LR13. Application for standard form of restriction**

The parties to this lease apply to enter the following standard form of restriction [against the title of the Property] [against title number ]

None

**LR14. Declaration of trust where there is more than one person comprising the Tenant**

None

**LEASE** dated

**BETWEEN**

- (1) **PARAGON REAL ESTATES (MIDLANDS) LTD** whose registered office is 100 Lower Street, Wolverhampton WV1 2HJ (Company Registration Number 11877382) (**the “Landlord”**)
- (2) **JC FUELS LTD** whose registered office is at Plasmar Estate Neachells Lane Wolverhampton WV11 3QG (Company Registration Number 11838246) (**the “Tenant”**)
- (3) **JUGRAJ SINGH CHAHAL** of 58 Scott Street Great Bridge DY4 7AG (**the “Guarantor”**)

**IN THIS LEASE:**

**1 DEFINITIONS:**

The following expressions shall have the meanings specified:

**1.1 Act of Insolvency:**

- (a) any voluntary arrangement or any other compromise or arrangement for the benefit of any creditors of the Tenant;
- (b) the making of an administration order in relation to the Tenant;
- (c) the filing at court of the prescribed documents in connection with the appointment of an administrator, or the appointment of an administrator, in any case in relation to the Tenant;
- (d) the appointment of a receiver or manager or an administrative receiver in relation to any property or income of the Tenant;
- (e) the commencement of a voluntary winding-up in respect of the Tenant, except a winding-up for the purpose of amalgamation or reconstruction of a solvent company in respect of which a statutory declaration of solvency has been filed with the Registrar of Companies;
- (f) a winding-up order in respect of the Tenant;
- (g) the striking-off of the Tenant from the Register of Companies;
- (h) the Tenant otherwise ceasing to exist (but excluding where the Tenant or any guarantor dies); or
- (i) the making of a bankruptcy order against the Tenant

**1.2 Energy Assessor:** an individual who is a member of an accreditation scheme approved by the Secretary of State in accordance with regulation 22 of the Energy Performance of Buildings (England and Wales) Regulations 2012 (SI 2012/3118) or regulation 30 of the Building Regulations 2010 (SI2010/2214)

**1.3 Energy Performance Certificate:** a certificate as defined in regulation 2(1) of the Energy Performance of Buildings (England and Wales) Regulations 2012 (SI 2012/3118)

**1.4 Group Company:** a company that is a member of the same group as the Tenant within the meaning of Section 42 of the Landlord and Tenant Act 1954

- 1.5 **Insurance Rent:** the aggregate in each year of the gross cost of the premium before any discount or commission for the insurance of:
- (a) the Property, other than any plate glass, for its full reinstatement cost (taking inflation of building costs into account) against loss or damage by or in consequence of the Insured Risks, including costs of demolition, site clearance, site protection and shoring-up, professionals' and statutory fees and incidental expenses, the cost of any work which may be required under any law and VAT in respect of all those costs, fees and expenses;
  - (b) loss of Annual Rent of the Property for three years; and
  - (c) any insurance premium tax payable on the above.
- 1.6 **Insured Risks:** the risks referred to in clause 4.2.1
- 1.7 **Interest Rate:** the rate of four per cent above the base rate for the time being of the Barclays Bank Plc or (in the event of such rate ceasing to exist) such other rate of interest closely comparable thereto decided on by the Landlord acting reasonably
- 1.8 **Lease:** this Lease and any document which is made supplemental to this Lease or which is entered into pursuant to or in accordance with the terms of this Lease
- 1.9 **Open Market Rental Value:** the meaning set out in clause 8.2
- 1.10 **Planning Acts:** the Town and Country Planning Act 1990 the Planning (Listed Buildings and Conservation Areas) Act 1990 the Planning (Hazardous Substances) Act 1990 the Planning (Consequential Provisions) Act 1990 and the Planning and Compensation Act 1991 and any orders plans regulations permissions consents and directions made thereunder or in pursuance thereof
- 1.11 **Property:** the premises specified in the Schedule 1
- 1.12 **Recommendation Report:** a report as defined in regulation 4 of the Energy Performance of Buildings (England and Wales) Regulations 2012 (SI 2012/3118)
- 1.13 **Rent:** rent at an initial rate of £ [REDACTED]
- 1.14 **Rent Commencement Date:** date of this lease.
- 1.15 **Rent Payment Dates:** 25<sup>th</sup> March 24<sup>th</sup> June 29<sup>th</sup> September 25<sup>th</sup> December
- 1.16 **Review Date:** each fifth anniversary from the 15<sup>th</sup> day of April 2035.
- 1.17 **Service Media:** all media for the supply or removal of heat, electricity, gas, water, sewage, energy, telecommunications, data and all other services and utilities and all structures, machinery and equipment ancillary to those media.
- 1.18 **Surveyor:** any person or firm being a member or members of the Royal Institution of Chartered Surveyors and appointed by the Landlord to perform any of the functions of the Surveyor under this Lease (including an employee of the Landlord or of a Group Company and including also any person or firm appointed by the Landlord to collect the rent)
- 1.19 **Term:** 20 years commencing on the date of this Lease and ending on 15/05/2040
- 1.20 **VAT:** value added tax or any other tax of a similar nature and unless otherwise expressly stated all references to rents or other sums payable by the Tenant are exclusive of VAT

- 1.21 Any reference to a statute (and whether to a particular statute or generally) is deemed to include reference to the statute as amended and to any further statute for the time being in force replacing amending or supplementing such statute and any regulations directions or consents made thereunder and all provisions and conditions therein
- 1.22 In the following cases any reference to the Landlord shall be deemed to include a reference to any superior Landlord and to any mortgagee of any interest of the Landlord:
- (a) where there are rights easements exceptions and reservations exercisable by the Landlord
  - (b) where there is an obligation to obtain consent from or give notice to the Landlord
  - (c) where there is a provision for repayment to the Landlord of any expenses incurred
  - (d) where there are any indemnities in favour of the Landlord
- 1.23 All rights of entry exercisable by the Landlord or any superior Landlord shall extend to include all persons reasonably and properly authorised by either of them with or without plant and materials
- 1.24 Words importing the singular number shall be deemed to include the plural number and vice versa and words importing the masculine gender shall be deemed to include the feminine and neuter genders and vice versa
- 1.25 References to “any superior Landlord” shall be deemed to include each and every superior Landlord if there shall be more than one
- 1.26 References to the “Property” shall unless otherwise stated include each and every part thereof
- 1.27 All covenants in this Lease given shall where the covenantor is or is deemed to be more than one person or company or any combination thereof be both joint and several
- 1.28 All covenants given by any person shall bind that person’s estate and personal representatives
- 1.29 Any covenant on the part of the Tenant not to do any act or thing shall be deemed to include an obligation on the part of the Tenant not to permit or suffer such act or thing
- 1.30 The clause headings in this Lease are for ease of reference only and do not affect the interpretation thereof

## **2 DEMISE**

- 2.1 The Landlord lets with full title guarantee the Property together with the ancillary rights set out in Part 1 of Schedule 2, excepting and reserving to the Landlord the rights set out in Part 2 of Schedule 2.
- 2.2 The grant is made with the Tenant paying the following as rent to the Landlord:
- (a) the Rent and all VAT in respect of it;
  - (b) the Insurance Rent; and
  - (c) all interest payable under this Lease.

### **3 THE TENANT'S COVENANTS**

**THE TENANT** covenants with the Landlord:

#### **3.1 Rent**

- 3.1.1 To pay the Rent and any VAT in respect of it by equal monthly instalments in advance from the Rent Commencement Date and a proportion (calculated on a daily basis) in respect of the period from the            day of March 2021 up to and including the 24<sup>th</sup> day of March 2021 and from the 25<sup>th</sup> day of March 2021 onwards to pay the Rent and any VAT in respect of it by equal quarterly instalments in advance on the Rent Payment Dates subject to review as hereinafter provided. The payments shall be made by banker's standing order or by any other method that the Landlord requires at any time by giving the Tenant not less than fourteen days written notice.
- 3.1.2 To pay the Landlord on demand, a fair proportion (as conclusively determined by the Landlord) of the gross cost to the Landlord in relation to its insuring of the Property in accordance with its covenants in this lease (including the cost of any professional valuation of the Property which may at any time be required by the Landlord in connection with the insurance) and any tax charged on the premiums for the insurance;
- 3.1.3 all value added tax which is chargeable upon every VAT supply made by the Landlord to the Tenant under this lease; and
- 3.1.4 on demand, interest at the Interest Rate on any sums due (whether or not lawfully demanded) from the Tenant to the Landlord under this lease and which remain unpaid for more than seven days after becoming due, for the period beginning on the first day on which the relevant sum is due and ending on the date on which the payment is made, whether before or after any judgment.

#### **3.2 Interest**

- 3.2.1 Interest at the Interest Rate (compounded on a quarterly basis on the usual quarter days) on the Rent and any other sums payable to the Landlord under the terms of this Lease (whether formally demanded or not) paid after they fall due
- 3.2.2 Interest shall be payable in the event of:
- (a) there being any material breach by the Tenant of the Tenant's covenants in this Lease and
  - (b) the Tenant being notified by the Landlord in writing that because of the breach the Landlord will not accept for the time being any rents or other sums payable by the Tenant under the provisions of this Lease then and in every such case to pay the Landlord on demand interest at the Interest Rate on the amount due to the Landlord (credit being given for any sums paid by the Tenant and accepted by the Landlord as mesne profits) from the later of the date of the Landlord's notice or the date when the rents or other sums fell due until the earlier of the date of the acceptance of payment by the Landlord or the date that such breach has been remedied and the Landlord so notified in writing

#### **3.3 Taxes & Outgoings**

To pay all existing and future rates taxes charges impositions assessments and outgoings whether parliamentary local or otherwise which are now or may after the date of this Lease be payable in respect of the Property and to repay to the Landlord on demand a fair proportion (to be determined by the Surveyor) of any rates and other charges as aforesaid which may at any time be assessed in respect of the Property together with other land or property but excluding any charge on or in respect of the income or profits or the value of

the assets of the Landlord or the grant of this Lease or any dealing by the Landlord with the reversion expectant on the Term

#### **3.4 VAT**

If VAT shall be chargeable in respect of the Rent or otherwise in respect of any supplies (as defined in the VAT legislation from time to time in force) made by the Landlord to the Tenant to pay to the Landlord in addition to any amounts otherwise payable the amount of the VAT so chargeable and the Landlord shall supply to the Tenant a valid VAT invoice addressed to the Tenant within 14 days of receipt of payment

#### **3.5 Electricity Gas and other services consumed**

To pay all costs in connection with all gas, electricity, water, sewage, telecommunications and other services consumed on the Property

#### **3.6 Plate Glass Insurance**

To insure any plate glass in the Property in a reputable insurance office for its full replacement value.

#### **3.7 Repair and Cleaning**

3.7.1 The Tenant shall keep the Property clean and tidy and in good repair and shall ensure that any Service Media within and exclusively serving the Property are kept in good working order.

3.7.2 To keep all fixtures therein and the Landlords fixtures as listed under Schedule 3 therein in good and substantial repair and without prejudice to the generality of the foregoing to repair or replace immediately with new articles of a similar kind and quality any fixtures and fittings plant or equipment (except tenants fixtures and fittings) on or in the demised premises which become in need of repair or replacement.

3.7.3 The Tenant shall not be liable to repair the Property to the extent that any disrepair has been caused by an Insured Risk, unless and to the extent that:

(a) the policy of insurance of the Property has been vitiated or any insurance proceeds withheld in consequence of any act or omission of the Tenant, any undertenant or their respective workers, contractors or agents or any person on the Property with the actual or implied authority of any of them; or

(b) the insurance cover in relation to that disrepair is excluded, limited, is unavailable or has not been extended

#### **3.8 Insured Risks Open Spaces**

To keep any open spaces on the Property free from rubbish litter and weeds and in a clean and tidy condition.

#### **3.9 Decoration**

3.9.1 The Tenant shall decorate the outside and the inside of the Property as often as is reasonably necessary and also in the last year of the Term

3.9.2 All decoration shall be carried out in a good and proper manner using good quality materials that are appropriate to the Property and shall include all appropriate preparatory work.

### **3.10 Property Rights of Entry**

- 3.10.1 To permit the Landlord to enter upon the Property for any lawful purpose in connection with this Lease and in particular to permit the Landlord to inspect measure and take a plan of the Property and to examine the state of repair and condition of it
- 3.10.2 Within one month or sooner if reasonably requisite after notice in writing to the Tenant of any defects or any remediable breach of covenant shall have been given to commence to repair and remedy the same and thereafter within three calendar months or sooner if requisite to complete the repair and the remedial work according to such notice and the covenants in this Lease to the reasonable satisfaction of the Landlord and in case the Tenant shall make default in so doing then without prejudice to the Landlord's rights and remedies under this Lease it shall be lawful for the Landlord to enter upon the Property and to repair and to remedy the same and all expenses incurred by the Landlord (including professional fees disbursements and VAT) shall be paid within 14 days of demand by the Tenant to the Landlord and shall be a debt due from the Tenant to the Landlord and be forthwith recoverable by action to the Tenant's use and enjoyment of the Property.

### **3.11 Alterations**

- 3.11.1 The Tenant shall not make any structural alteration or addition to the Property or make any opening in any boundary structure of the Property, without the consent of the Landlord, such consent not to be unreasonably withheld or delayed and conditional upon the Tenant complying with the obligations in clause 3.11.2 below
- 3.11.2 Not to make any alterations permitted by clause 3 without:
- (a) obtaining and complying with all necessary consents of any competent authority and paying all charges of any such authority in respect of such consents
  - (b) making an application to the Landlord supported by drawings and such other information as the Landlord may reasonably require
  - (c) paying the reasonable and proper fees of the Landlord and their respective professional advisers and
  - (d) entering into such reasonable covenants as the Landlord may reasonably require as to the execution and reinstatement of the alterations
- 3.11.3 The Tenant shall be permitted to:
- (a) Install any Service Media at the Property and alter the route of any Service Media at the Property;
  - (b) Carry out internal and external none structural works; and
- without requiring the Landlord's consent provided that the Tenant shall supply the Landlord with drawings showing the proposed works for the Landlord's information.
- 3.11.4 At the Tenant's cost to remove any alterations to the Property at the expiration of the Term if required to do so by the Landlord by written notice served on the Tenant no later than 3 months prior to the expiry of the Lease and to make good any part or parts of the Property which may be damaged by such removal and to deliver to the Landlord any and all health and safety files relating to the Property in accordance with the Construction (Design and Management) Regulations 2015

### **3.12 Use**

3.12.1 Not to use the Property except for the purposes set out in Schedule 3 or for such other trade or purposes as may be approved in writing by the Landlord such approval not to be unreasonably withheld or delayed

3.12.2 Not to:

- (a) use the Property for a sale by auction or for any or offensive trade business manufacture or occupation or for any illegal or immoral act or purpose
- (b) do any act or thing or use the Property for any purpose which may infringe any legislation for the time being in force
- (c) do nor allow to remain in or upon the Property anything which may be or become or cause a nuisance or damage to the Landlord or any adjoining or neighbouring premises
- (d) use the Property as sleeping accommodation or for residential purposes nor keep any animal of any kind anywhere on the Property
- (e) store or bring onto the Property any substance of a specially combustible inflammable or explosive nature or any hazardous substances within the meaning of the Planning (Hazardous Substances) Act 1990 except after having first obtained all necessary licences and in accordance with all statutory provisions and to comply with the requirements and recommendations of the fire authority as to fire precautions relating to the Property and the requirements and recommendations of the petroleum spirit licensing authority
- (f) play or use in the Property any musical instrument loudspeaker tape recorder gramophone radio or other equipment or apparatus that produces sound that may be heard outside the Property
- (g) overload the floors or ceilings or the electrical installation of the Property
- (h) do or omit to be done in or upon the Property anything which might impair or prejudicially affect the support of the Property or any adjoining properties whether above below or beside the Property but at all times during the Term to maintain and preserve such support

### **3.13 Alienation**

3.13.1 Not to hold the Property on trust for another

3.13.2 Not to assign sublet charge or otherwise deal with part of the Property separately from the rest of it which otherwise complies with the requirements of sub-clauses (a), (d) and (f) of clause 3.13.4 and not without the previous written consent of the Landlord such consent not to be unreasonably withheld or delayed

3.13.3 Not to deal with the whole of the Property save by way of assignment subletting or charge and not without the previous written consent of the Landlord such consent not to be unreasonably withheld or delayed provided that the Landlord may (for the purposes of Section 19(1A) of the Landlord and Tenant Act 1927) withhold such consent to a proposed assignment in any one or more of the following circumstances but without prejudice to any other ground on which consent may reasonably be withheld:-

- (a) if the proposed assignee is entitled to claim diplomatic or sovereign immunity

- (b) where the assets of the proposed assignee upon which any reasonable assessment of financial strength is based are not in the United Kingdom or some other jurisdiction with which there is subsisting with the United Kingdom a system of reciprocal enforcement of judgments
- (c) if there is a subsisting material breach of covenant by the Tenant
- (d) if in the reasonable opinion of the Landlord the proposed assignee is not of sufficient financial standing to enable it to comply with the Tenant's covenants in this Lease

and provided also that where it is reasonable to require the same the Landlord may for the purposes of the Landlord and Tenant (Covenants) Act 1995 give such consent subject to any one or more of the following conditions:

- (e) the payment of all undisputed rents and other sums under this Lease which have fallen due prior to the date of the assignment
- (f) that the Tenant enters into an Authorised Guarantee Agreement (as defined in Section 16 of the Landlord and Tenant (Covenants) Act 1995) in the form set out in Schedule 4
- (g) that the Landlord may reasonably require a guarantor reasonably acceptable to the Landlord PROVIDED ALWAYS that the assignee of the Lease may elect to provide in place of a guarantor as aforesaid a sum equal to one half of the Rent payable annually under this Lease such sum to be held on the terms of a rent deposit deed to be prepared by the Landlord and approved by the Tenant (such approval not to be unreasonably withheld or delayed) with interest on such sum accruing for the benefit of the Tenant

3.13.4 Not to grant any permitted underlease (save as provided for by clause 3.13.3) without complying with the following conditions:-

- (a) it is created by a lease or tenancy agreement in writing
- (b) it reserves the then open market rent exclusive of any charge for services of the premises thereby demised without payment of a fine or premium
- (c) it expressly requires the undertenant to comply with the terms of this Lease (other than payment of the Rent) in relation to the premises demised by such underlease or tenancy agreement
- (d) it reserves a right of re-entry and forfeiture on breach of any of the undertenant's obligations
- (e) it has provisions for the upwards only review of the rent reserved on the basis and on the dates on which the Rent in this Lease is to be reviewed and such reviewed rent is not to be agreed without the approval of the Landlord such approval not to be unreasonably withheld or delayed
- (f) it does not permit any dealing whatsoever with the underlet premises except an assignment with the prior written consent of the Landlord of this Lease (such consent not to be unreasonably withheld or delayed) and except on terms which comply with clause 3.13.4 of this Lease

3.13.5 Prior to any permitted underletting to procure that the undertenant enters into direct covenants with the Landlord to observe and perform the tenant covenants in this Lease except the covenant to pay the Rent reserved by this Lease (insofar as they relate to the premises thereby demised)

- 3.13.6 To enforce the performance and observance by every such undertenant of the provisions of the underlease and not at any time to waive any breach of the covenants or conditions on the part of any undertenant
- 3.13.7 Within twenty-one days after any dealing or any devolution by will intestacy assent or operation of law of this Lease to produce or cause to be produced (without any demand by any person) to the Landlord's solicitors for registration a certified copy of such deed document or instrument and to pay or cause to be paid their reasonable fee for the registration of every such document such fee not being less than Sixty Pounds and any VAT chargeable thereon
- 3.13.8 Notwithstanding clauses 3.12.2 and 3.13.3 the Tenant may share occupation of any part of or the whole of the Property with a Group Company for so long as both companies remain members of that group and provided that such sharing of occupation is otherwise than in a manner that transfers or creates a legal estate or the relationship of Landlord and Tenant

### **3.14 Encroachments**

- 3.14.1 Not to stop up darken obscure or obstruct any windows or light belonging to or used with the Property nor to obstruct the access of light or air to the Property nor to permit any encroachment to be made or easement to be acquired over the Property nor to permit or suffer any easement or right at any time belonging to or used with the Property to be obstructed or lost
- 3.14.2 At the Landlord's request and at the joint cost of the Landlord and the Tenant to take all steps to prevent any new window light opening doorway path passage pipe or other encroachment or easement being made or acquired in against out of or upon the Property and to notify the Landlord as soon as reasonably practicable after becoming aware of the same if any such encroachment or easement shall be made or acquired (or attempted to be made or acquired) and at the request of the Landlord but at the joint cost of the Landlord and the Tenant to adopt such reasonable means and to take such action that the Landlord may consider reasonably necessary or desirable for the purpose of preventing such encroachment or the acquisition of any such easement PROVIDED ALWAYS that the Tenant shall not be obliged by virtue of this sub clause or any other provision in this Lease to take any steps likely to interfere substantially with its beneficial use and occupation of the Property

### **3.15 Landlord's Costs**

To pay to the Landlord all costs fees charges disbursements and expenses reasonably and properly incurred or suffered by the Landlord in relation to or arising out of or incidental to:

- (a) the enforcement of the tenant covenants in this Lease
- (b) notices schedules and proceedings under the Leasehold Property (Repairs) Act 1938 and/or under sections 146 or 147 Law of Property Act
- (c) any schedule of dilapidations whether such schedule is for service during or within 3 months after the expiry or sooner determination of the Term
- (d) any other notice or schedule relating to breaches of any of the covenants or obligations on the part of the Tenant
- (e) any consent or approval applied for under this Lease, whether or not it is granted.

### **3.16 Statutory Obligations**

- 3.16.1 The Tenant shall comply with all laws relating to:

- (a) the property and the occupation and use of the property by the tenant
- (b) the use or operation of all Service Media and machinery and equipment at or serving the Property whether or not used or operated, and shall, where necessary, replace or convert such Service Media within or exclusively serving the Property so that it is capable of lawful use or operation;
- (c) any works carried out at the Property; and
- (d) all materials kept at or disposed from the Property.

3.16.2 As soon as reasonably practicable after becoming aware of the same to give notice to the Landlord of any notice direction order or proposal made given or issued to the Tenant or any undertenant or occupier of the Property by any local or public authority and if so required by the Landlord to produce it to the Landlord and without delay to take all necessary steps to comply and at the request of the Landlord and at the cost of the Landlord (save in the event of the same relating to default on the part of the Tenant or other occupier of the Property in which case it shall be at the cost of the Tenant) to make or join with the Landlord in making such objections or representations against or in respect thereof as the Landlord may deem expedient PROVIDED ALWAYS that the Tenant shall not by virtue of this sub clause be obliged to take or join in any such steps likely to substantially and adversely affect its lawful beneficial enjoyment and use of the Property in accordance with the provisions of this Lease and PROVIDED FURTHER that the Tenant need not comply with any such notice or order whilst an appeal is being properly pursued against such notice or order

3.16.3 Without prejudice to the generality of the above to indemnify the Landlord from and against all liability whatsoever arising under or by virtue of the Defective Premises Act 1972 or any regulations or orders made thereunder

### **3.17 Energy Performance Certificate**

3.17.1 The Tenant shall:

- (a) co-operate with the Landlord so far as is reasonably necessary and at the Landlord's expense to allow the Landlord to obtain an Energy Performance Certificate and Recommendation Report for the Property including providing the Landlord with copies of any plans or other information held by the Tenant that would assist in obtaining an Energy Performance Certificate; and
- (b) allow such access to any Energy Assessor appointed by the Landlord as is reasonably necessary to inspect the Property for the purposes of preparing an Energy Performance Certificate and/or Recommendation Report for the Property.

3.17.2 The Tenant shall not commission an Energy Performance Certificate for the Property without the Landlord's consent (such consent not to be unreasonably withheld or delayed).

### **3.18 Planning**

The Tenant shall not apply for any planning permission for the Property without the Landlord's consent not to be unreasonably withheld or delayed.

### **3.19 Signs**

3.19.1 In this clause **Signs** include signs, fascia, placards, boards, posters and advertisements.

3.19.2 The Tenant shall not attach any Signs to the exterior of the Property except Signs of a design, size and number and in a position that are appropriate to the Property and the Permitted Use.

3.19.3 Before the end of the term, the Tenant shall remove any Signs placed by it at the Property and shall make good any damage caused to the Property by that removal.

3.19.4 The Tenant shall allow the Landlord to fix to and keep at the Property any sale or within the last four months of the Term a re-letting board as the Landlord reasonably requires.

### **3.20 Yield Up**

3.20.1 At the expiration of the Term:

- (a) quietly to yield up the Property with the Landlord's fixture and fittings in good and substantial repair and condition in accordance with the covenants hereinbefore contained with vacant possession in the repair and condition required by this Lease;
- (b) remove from the Property all chattels belonging to or used by it; a
- (c) to give up all keys of the Property to the Landlord; and
- (d) if requested to do so by the Landlord (in writing) to remove all signs mouldings sign writing or painting of the name of the Tenant or other occupiers from the Property and as soon as reasonably practicable to make good any damage caused by such removal.

3.20.2 If any furniture or effects belonging to the Tenant are left on the Property for more than fourteen days at the expiry of the Term the Landlord shall have the power to sell the items as agent for and on behalf of the Tenant (and the Landlord is hereby irrevocably appointed by the Tenant to act as such) and the Landlord shall pay or account to the Tenant on demand for the proceeds of sale (but not any interest thereon) less any costs of storage and sale incurred by the Landlord and the Tenant will indemnify the Landlord against any loss arising from the sale by the Landlord of the property of any third party in the bona fide mistaken belief (which shall be presumed unless the contrary be proved) that such property belonged to the Tenant and was liable to be dealt with as such pursuant to this clause

### **3.21 Indemnities**

3.21.1 To be responsible for and to keep the Landlord fully indemnified against all damages losses costs expenses actions demands proceedings claims and liabilities made against or properly suffered or incurred by the Landlord arising directly or indirectly out of:

- (a) any act omission or negligence of the Tenant its undertenants or any persons at the Property expressly or impliedly with the authority of the Tenant any subtenant or licensee
- (b) any breach (however remote) of any covenant on the part of the Tenant or any condition contained in this Lease

### **3.22 Insurance**

3.22.1 In relation to any insurance effected by the Tenant:

- (a) at the request of the Landlord, to supply the Landlord with:
  - (i) a copy of the current insurance policy and schedule;
  - (ii) a copy of the application form for the policy; and
  - (iii) a copy of the receipt for the current year's premium.

- (b) to notify the Landlord of any change in the scope, level or terms of cover as soon as reasonably practicable after the Tenant has become aware of the change; and
- (c) if requested by the Landlord in writing, to use reasonable endeavours to procure that the interest of any Landlord's mortgagee is noted on the insurance policy, either by way of a general noting of mortgagees' interests under the conditions of the insurance policy, or specifically.

3.22.2 To give the Landlord notice immediately that it becomes aware of:

- (a) any matter which occurs in relation to the Tenant or the Property that any insurer or underwriter may treat as material in deciding whether or on what terms, to insure or continue insuring the Property;
- (b) any damage or loss that relates to the Property; and
- (c) any other event occurs which might affect any insurance policy relating to the Property.

3.22.3 If the Property or any part of it is damaged or destroyed by an insured risk, the Tenant shall:

- (a) promptly notify the Landlord and make a claim under the insurance policy for the Property;
- (b) notify the Landlord immediately if the insurer indicates that the reinstatement value will not be recoverable in full under the insurance policy;
- (c) use all insurance money received to repair the damage in respect of which the money was received or (as the case may be) to rebuild or reinstate the Property and make good any shortfall out of the Tenant's own monies.
- (d) promptly take such steps as may be necessary and proper to obtain all planning and other consents to repair (or as the case may be) rebuild or reinstate the Property;
- (e) subject to obtaining such consents, reinstate to rebuild the Property in a manner equivalent in size, quality, layout and facilities to the Property prior to the damage. If the relevant consents cannot be obtained then to reinstate or rebuild the Property in a manner and with facilities that are reasonably equivalent to those previously at the Property provided always that:
  - (i) the Tenant shall obtain the Landlord's prior approval to any alterations proposed to the size, quality or layout of the Property, such consent not to be unreasonably withheld or delayed; and.
  - (ii) the Property shall be rebuilt or reinstated to the satisfaction of the Landlord.

3.22.4 Not knowingly to do anything whereby the policy or policies of insurance on the Property may become void or voidable and to comply with all requirements and recommendations of the insurers

3.22.5 If any use of the Property or anything done or omitted increases the insurance premium payable on the Property to pay on demand the amount of that increase

## **4 THE LANDLORD'S COVENANTS**

### **4.1 Quiet Enjoyment**

To allow the Tenant to use the Property (subject to the exceptions and reservations aforesaid) without interference from the Landlord or any person claiming under or in trust for the Landlord or by title paramount

## **4.2 Insurance**

4.2.1 In this Lease "Insured Risks" means (excluding the plate glass windows and the Tenant's fixtures)

- (a) loss or damage by fire lightning explosion storm tempest flood bursting and overflowing of water tanks apparatus or pipes impact from aircraft or other aerial devices (not being hostile aircraft) and things dropped therefrom impact by road vehicles earthquakes riot landslip subsidence and heave civil commotion terrorism and malicious damage in the full reinstatement cost thereof and including professional fees in connection therewith;
- (b) three years' loss of the rent for the time being payable hereunder (including provision for any increased rent on future review); and
- (c) such other insurable risk or risks affecting the Property as the Landlord may from time to time and acting reasonably deem to be prudent

4.2.2 The Landlord covenants with the Tenant (subject to clause 4.2.3) to keep the Property insured against:

- (a) damage or destruction by the Insured Risks in a sum equal to the full reinstatement cost of the Property and VAT;
- (b) an appropriate sum for professionals' fees, demolition and site clearance costs, and VAT;
- (c) three years' loss of Rent.

4.2.3 The Landlord's insuring and other related obligations are subject to the availability of insurance cover on reasonable commercial terms, and to the excesses and limitations imposed by the insurers, and to the Tenant complying with clause 3.1.2, and will cease to be enforceable if the insurance effected becomes void or voidable owing to any act, neglect, omission or default of the Tenant or any person at the Property with the Tenant's permission.

4.2.4 Any commission paid by the insurers belongs to the Landlord absolutely

4.2.5 If the Property is destroyed or damaged by any of the Insured Risks:

- (a) the Tenant will not be obliged to repair the damage under clause 3.7 (unless and to the extent that the policies of insurance in respect of the Insured Risks effected by the Landlord are vitiated or the policy monies are withheld by reason of any act, omission, neglect or default of the Tenant or any person at the Property with the Tenant's permission);
- (b) if, as a result of the damage or destruction, the Property is rendered unfit for occupation and use then, provided that no insurance effected by the Landlord has been prejudiced and that no policy money has been withheld by reason of any act, omission, neglect or default of the Tenant or any person at the Property with the Tenant's permission, the Rent or a fair proportion of it according to the nature and extent of the damage will be suspended until the Property has been rebuilt or reinstated or (if shorter) until the period in respect of which the Landlord has insured against loss of rent has expired. Any dispute about the extent, proportion or period of such suspension is to be determined by the Landlord (acting reasonably);

- (c) the Landlord will expend all the insurance proceeds received (except for any in respect of loss of rent, fees or liability to third parties) in rebuilding or repairing the Property with all due speed, and after all requisite consents and approvals have been obtained, but subject to and in compliance with all the applicable statutory provisions and regulations and to the provisions of such consents and approvals. The Landlord is not obliged to repair or rebuild under this clause if the insurance has been prejudiced or the policy money wholly or partly withheld by reason of any act, omission, neglect or default of the Tenant or any person at the Property with the Tenant's permission, or if the Landlord is prevented from doing so by any matter beyond its control, in which case any policy money will belong to the Landlord absolutely;

## **5 RE-ENTRY AND FORFRITURE**

5.1 If and whenever during the Term:

- 5.1.1 the Rent shall be unpaid for 21 days after becoming due (whether formally demanded or not);
- 5.1.2 if any material covenant on the Tenant's part in this Lease shall not be performed or observed; or
- 5.1.3 an Act of Insolvency

the Landlord may at any time re-enter the Property (or any part of them in the name of the whole) and then the Term will absolutely cease but without prejudice to the rights of action or remedies which may have accrued to the Landlord against the Tenant in respect of any breach of covenant or other term of this Lease

## **6 RENT REFUND**

6.1 If and whenever during the Term:

- (a) the Property is damaged or destroyed by any of the Insured Risks so that the Property is unfit for occupation or use; and
- (b) payment of the insurance money is not refused in whole or in part by reason of any act or default of the Tenant or anyone at the Property expressly or by implication with the Tenant's authority

the provisions of clause 6.2 shall have effect

6.2 When the circumstances contemplated by 6.1 arise the Rent or a fair proportion of it according to the nature and extent of the damage sustained shall cease to be payable until the Property shall have been rebuilt or reinstated so that the Property are made fit for occupation or use and any dispute as to this sub-clause shall be determined in accordance with the Arbitration Act 1996 by an arbitrator to be appointed by agreement between the parties or in default by the President or other proper officer for the time being of the Royal Institution of Chartered Surveyors upon the application of either party and any prepayment of the Rent and any VAT paid thereon which relates to the period following the date of the rent cesser shall forthwith be repaid by the Landlord to the Tenant and if there is only a partial cesser of rent then only the appropriate proportion shall be repaid

6.3 If upon the expiry of three years commencing on the date of damage or destruction the Property has not been rebuilt or reinstated so as to be fit for the Tenant's occupation and use the Tenant may terminate this Lease by giving written notice to the Landlord. On giving this notice this lease shall determine but this shall be without prejudice to any right or remedy of either party in respect of any breach of the other party's covenants in this lease. Any

proceeds of the insurance (other than any insurance for plate glass) shall belong to the Landlord

## **7 PROVISOS**

- 7.1 The Landlord shall not be responsible to the Tenant or anyone at the Property expressly or by implication with the Tenant's authority or calling upon the Tenant for any accident happening or injury suffered or damage to or loss of any chattels or property sustained on the Property
- 7.2 Nothing in this Lease or in any consent granted by the Landlord shall imply or warrant that the Property may lawfully be used for any particular purpose
- 7.3 This Lease embodies the entire understanding of the parties relating to the Property and to all the matters dealt with by any of the provisions of this Lease
- 7.4 The Tenant acknowledges that this Lease has not been entered into in reliance on any statement or representation made by or on behalf of the Landlord except any such statement or representation that is expressly set out in this Lease or was made by the Landlord's solicitors prior to the date of this Lease in correspondence or in replies to preliminary enquiries
- 7.5 Any statutory right to claim compensation from the Landlord on vacating the Property is excluded to the extent the law allows
- 7.6 Whenever and to the extent that any provision of this Lease would or might contravene the provisions of Section 25 of the Landlord and Tenant (Covenants) Act 1995 Act then:-
- (a) such provision is to take effect only in so far as it may do so without contravening such section;
  - (b) where such provision is incapable of having any effect without contravening such section this Lease is to be construed and interpreted as if such provision were deleted; and
  - (c) the legality validity and enforceability of any of the remaining provisions of this Lease are not in any way to be affected or impaired as a result

## **8 RENT REVIEW**

- 8.1 The amount of Rent shall be reviewed on each Review Date to a figure equal to the Open Market Rental Value.
- 8.2 The expression "Open Market Rental Value" means the annual market rental value of the Property (exclusive of any VAT) in the open market with vacant possession which might reasonably be expected to be agreed between a willing landlord and a willing tenant at the relevant review date without a fine or premium but upon the supposition (if not a fact):-
- (a) that the Tenant has fully complied with its obligations in this Lease (but without prejudice to any rights or remedies of the Landlord in regard thereto)
  - (b) that the Property is fit for immediate occupation and use and that no work has been carried out by the Tenant or its undertenants or their predecessors in title during the Term which has diminished the rental value of the Property
  - (c) that if the Property has been destroyed or damaged it has been fully rebuilt or restored

- (d) that the Property may be used and occupied lawfully for any of the uses which would be permitted by the Lease described in the Third Schedule
- (e) any fixtures fittings machinery or equipment supplied to the Property by the Landlord that have been removed by or at the request of the Tenant or any undertenant or their respective predecessors in title remain at the Property

8.3 and there being disregarded:

- (a) any effect on rent of the fact that the Tenant its undertenants or their predecessors in title have been in occupation of the Property
- (b) any goodwill attached to the Property by reason of the carrying on there of the business of the Tenant its undertenants or their predecessors in title in their respective businesses
- (c) any increase in rental value of the Property attributable to the existence at the relevant review date of any improvement to the Property carried out with consent where required otherwise than in pursuance of an obligation to the Landlord or its predecessors in title by the Tenant its undertenants or their respective predecessors in title during the Term or during any period of occupation prior to the Term arising out of any agreement to grant this Lease
- (d) any rental concession or inducement (whether or not of a capital nature) which has been granted to the Tenant or which on a new letting with vacant possession might be granted to an incoming Tenant in each case for the purpose only of fitting out the Property in readiness for occupation by the Tenant
- (e) Such lease being for a term equal to the unexpired residue of the Term at the relevant review date PROVIDED ALWAYS that such unexpired residue of the term will be for a term of not less than 5 years

8.4 The Open Market Rental Value shall be such annual sum as shall be:

- (a) agreed between the parties in writing or
- (b) determined by an independent surveyor acting as an expert appointed for that purpose by the parties jointly in writing or upon their failure to agree upon such appointment then by an independent surveyor appointed at any time not earlier than three months before the relevant Review Date for that purpose (on application by either party) by the President or other proper officer for the time being of the Royal Institution of Chartered Surveyors

8.5 In the event of determination by an independent surveyor:

- (a) The independent surveyor shall invite the Landlord and the Tenant to submit to him within such time limits as he shall consider appropriate such representations and cross representations as to the amount of the Open Market Rental Value with such supporting evidence as they may respectively wish
- (b) The independent surveyor will give to the Landlord and the Tenant written notice of the amount of the Open Market Rental Value as determined by him and the Surveyor shall supply reasons for any determination and his determination will be final and binding as the parties hereto agree save in the case of manifest error
- (c) Neither the Landlord nor the Tenant shall without the consent of the other disclose to the independent surveyor correspondence or other evidence to which the privilege of non-production ("without prejudice") properly attaches

- (d) The independent surveyor's fees or charges shall be borne between the Landlord and the Tenant in such proportion as the independent surveyor shall determine or in the event that no notice of determination is given equally between the Landlord and the Tenant
- 8.6 If the independent surveyor shall not have given notice of his determination within two months after his appointment or within such longer period as the parties shall agree or if for any reason it becomes apparent that he will be unable to do so within such period the Landlord and the Tenant may agree upon or either of them may apply for a new independent surveyor to be appointed in his place (which procedure may be repeated as many times as may be necessary) **PROVIDED ALWAYS** that any such determination given by the independent surveyor outside such time limits but prior to the appointment of a new independent surveyor shall be valid and effective but if given after the appointment of the new independent Surveyor shall be null and void
- 8.7 If the Open Market Rental Value has not been agreed or determined in accordance with the provisions of this clause 6 before the relevant Review Date then until the Open Market Rental Value has been agreed or determined the Tenant shall continue to pay on account to the Landlord Rent at the yearly rate payable immediately before the relevant review date
- 8.8 The Tenant will pay to the Landlord within seven days after the time that the Open Market Rental Value has been agreed or determined all arrears of Rent which have accrued in the meantime with interest at 4% below the Interest Rate on each of the instalments of the arrears from the time that it would have become due if the Open Market Rental Value had then been agreed or determined until payment becomes due from the Tenant to the Landlord under this clause 6.6
- 8.9 The Landlord and the Tenant may at any time before the Open Market Rental Value is determined settle the reviewed rent in more than one amount and agree to reserve the amounts increasing in phases until the next review date or (if none) the expiry of the Term
- 8.10 On each occasion that the Open Market Rental Value is ascertained pursuant to the provisions of this Lease the Landlord and the Tenant shall cause a memorandum of the reviewed rent payable for the relevant review period to be prepared and signed by or on behalf of the Landlord and the Tenant respectively
- 8.11 If at any review date there is in being any statute which prevents or restricts the Landlord's right either to review or recover any increase in the Rent payable under this Lease by the Tenant to the Landlord the Landlord may require by twenty eight days notice in writing a further review of rent at such date to be specified in the Landlord's notice when such statute no longer affects the amount of such rent payable and the provisions of this Lease shall take effect mutatis mutandis as if such date specified by the notice were a review date

## **9 GUARANTOR'S OBLIGATIONS**

- 9.1 The Guarantor guarantees to the Landlord that the Tenant shall pay the rents and all other sums reserved by and observe and perform the tenant covenants of this Lease and that if the Tenant fails to pay any of those rents or other sums due or to observe or perform any of those tenant covenants, the Guarantor shall pay or observe and perform them
- 9.2 The Guarantor covenants with the Landlord as a separate and independent primary obligation to indemnify the Landlord against any failure by the Tenant to pay any of the rents or other sums reserved by the Lease or any failure to observe or perform any of the tenant covenants of the Lease
- 9.3 The liability of the Guarantor under the provisions of the Lease shall continue until the end of the term thereby created
- 9.3.1 The liability of the Guarantor shall not be affected by:

- (a) any time or indulgence granted by the Landlord to the Tenant; or
- (b) any delay or forbearance by the Landlord in enforcing the payment of any of the rents or the observance or performance of any of the tenant covenants of the Lease or in making any demand in respect of any of them; or
- (c) any refusal by the Landlord to accept any rent or other payment due under the Lease where the Landlord believes that the acceptance of such rent or payment may prejudice the Landlord's ability to re-enter the Property; or
- (d) the Landlord exercising any right or remedy against the Tenant for any failure to pay the rents reserved by the Lease or to observe or perform the tenant covenants of the Lease; or
- (e) the Landlord taking any action or refraining from taking any action in connection with any other security held by the Landlord in respect of the Tenant's liability to pay the rents reserved by the Lease or observe and perform the tenant covenants of the Lease including the release of any such security; or
- (f) a release or compromise of the liability of any one of the persons who is the Guarantor, or the grant of any time or concession to any one of them; or
- (g) any legal limitation or disability on the Tenant or any invalidity or irregularity of any of the tenant covenants of the Lease or any unenforceability of any of them against the Tenant; or
- (h) the Tenant being dissolved, or being struck off the register of companies or otherwise ceasing to exist, or, if the Tenant is an individual, by the Tenant dying or becoming incapable of managing the Tenant's affairs; or
- (i) the disclaimer of the Tenant's liability under this lease or the forfeiture of the Lease; or
- (j) the surrender of part of the Property, except that the Guarantor shall not be under any liability in relation to the surrendered part in respect of any period after the surrender; or
- (k) by any other act or omission except an express written release of the Guarantor by the Landlord.

9.3.2 The liability of each of the persons or bodies (if more than one) making up the Guarantor is joint and several.

9.3.3 Any sum payable by the Guarantor shall be paid without any deduction, set-off or counter-claim against the Landlord or the Tenant.

9.4 Variations and supplemental documents:

9.4.1 The Guarantor shall, at the request of the Landlord, join in and give the Guarantor's consent to the terms of any consent, approval, variation or other document that may be entered into by the Tenant in connection with this Lease

9.4.2 Whether or not the Landlord has requested that the Guarantor join in any such document and whether or not the Guarantor has done so, the Guarantor shall not be released by any variation of the rents reserved by, or the tenant covenants of, the Lease whether or not the variation is material or prejudicial to the Guarantor and whether or not it is made in any document

9.4.3 The liability of the Guarantor shall apply to the rents reserved by and the tenant covenants of the Lease as varied whether or not:

- (a) the variation is material or prejudicial to the Guarantor; or
- (b) the variation is made in any document; or
- (c) the Guarantor has consented to the variation

9.5 Guarantor to take a new lease or make payment:

9.5.1 If the Lease is forfeited or the liability of the Tenant under the Lease is disclaimed and the Landlord gives the Guarantor notice not later than six months after the forfeiture or the Landlord having received notice of the disclaimer, the Guarantor shall enter into a new lease of the Property on the terms set out in this Lease

9.5.2 The rights and obligations under the new lease shall take effect from the date of the forfeiture or disclaimer and the new lease shall:

- (a) be granted subject to the right of any person to have the Lease vested in them by the court and to the terms on which any such order may be made and subject to the rights of any third party existing at the date of the grant;
- (b) be for a term that expires at the same date as the end of the term of the Lease had there been no forfeiture or disclaimer;
- (c) reserve as an initial annual rent an amount equal to the Annual Rent on the date of the forfeiture or disclaimer or which would be payable but for any abatement or suspension of the Annual Rent or restriction on the right to collect it and which is subject to review on the same terms and dates provided by the Lease; and
- (d) otherwise be on the same terms as this lease (as varied if there has been any variation

9.5.3 The Guarantor shall pay the Landlord's solicitors' costs and disbursements (on a full indemnity basis) and any VAT in respect of them in relation to the new lease and shall execute and deliver to the Landlord a counterpart of the new lease within one month after service of the Landlord's notice.

9.5.4 The grant of a new lease and its acceptance by the Guarantor shall be without prejudice to any other rights which the Landlord may have against the Guarantor or against any other person or in respect of any other security that the Landlord may have in connection with the Lease.

## **10 NOTICES, CONSENTS AND APPROVALS**

10.1 Any notice given under or in connection with this lease shall be:

- (a) in writing and for the purposes of this clause an email is not in writing; and
- (b) given:
  - (i) by hand or by pre-paid first-class post or other next working day delivery service at the party's registered office address (if the party is a company) or (in any other case) at the party's principal place of business; or
  - (ii) by fax to the party's main fax number.

- 10.2 If a notice complies with the criteria in clause 10.1, it shall be deemed to have been received:
- (a) if delivered by hand, at the time the notice is left at the proper address;
  - (b) if sent by pre-paid first-class post or other next working day delivery service, on the second working day after posting; or
  - (c) if sent by fax, at 9.00 am on the next working day after transmission.
- 10.3 This clause does not apply to the service of any proceedings or other documents in any legal action or, where applicable, any arbitration or other method of dispute resolution.
- 10.4 Section 196 of the Law of Property Act 1925 shall otherwise apply to notices given under this lease.
- 10.5 If the Landlord gives a consent or approval under this lease, the giving of that consent or approval shall not imply that any consent or approval required from a third party has been obtained, nor shall it obviate the need to obtain any consent or approval from a third party.

## **11 GOVERNING LAW**

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) shall be governed by and construed in accordance with the law of England and Wales.

## **12 JURISDICTION**

Each party irrevocably agrees that the courts of England and Wales shall have exclusive jurisdiction to settle any dispute or claim arising out of or in connection with this lease or its subject matter or formation (including non-contractual disputes or claims).

## **13 CONTRACTS (Rights of Third Parties) Act 1999**

A person who is not a party to this lease shall not have any rights under the Contracts (Rights of Third Parties) Act 1999 to enforce any term of this lease.

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

**IN WITNESS** whereof this Deed has been duly executed the day and year first before written

### **Schedule 1 (the Property)**

**ALL THOSE** premises known as Willenhall Road Service Station, 70-72 Willenhall Road, Wolverhampton WV1 2HJ and the Land and Buildings on the North side of Hickman Avenue Wolverhampton shown edged red on the annexed plan and registered at HM Land Registry under title numbers WM643422 and SF60802.

### **Schedule 2**

#### **Part 1 (rights granted)**

None

**Part 2 (exceptions and reservations from the demise)**

- 1 The right for the Landlord at reasonable times and upon reasonable prior written notice (except in emergency) to enter the Property when necessary in order to exercise any of the rights and powers conferred upon the Landlord either by this Lease or under the general law.
- 2 The right for the Landlord to use develop rebuild extend increase alter or reconstruct on any adjoining or neighbouring property for such purposes to such extent and generally in such manner as the Landlord shall think fit notwithstanding that access of light or air to the Property shall be interfered with but not so as to adversely affect the Tenant's use and enjoyment of the Property
- 3 The right for the Landlord, the Surveyor and the third party determining the rent in default of agreement between the parties under any provisions for rent review contained in this Lease at any time and on reasonable prior written notice to enter and inspect and measure the Property for all purposes connected with any pending or intended step under the Landlord and Tenant Act 1954 for the implementation of the provisions for rent review
- 4 To permit the Landlord and those authorised by the Landlord on giving not less than twenty four hours written notice (except in emergency) to enter upon the Property with or without machinery and equipment only where such works or activities cannot be reasonably achieved otherwise than by effecting entry on to the Property:
  - (a) to execute inspections repairs decorations alterations improvements or other building works to any adjoining or neighbouring property belonging to the Landlord; and
  - (b) for the purpose of inspecting repairing renewing connecting to cleansing altering or constructing the Service Media and the party structures used in common with other properties
- 5 The person or persons exercising the rights referred to in this Part 2 shall cause the minimum disturbance and damage reasonably practicable and as soon as reasonably possible making good in a proper and workmanlike manner all physical damage thereby occasioned to the Property and its contents

**Schedule 3 (permitted use and fixtures and fittings)**

Permitted Use

**USE** as a petrol filling station with ancillary convenience store, sale of hot and cold food and drinks for consumption on or off the Property, ATM, car wash, jet wash and valeting and ancillary offices and as a site for container storage

Fixtures and Fittings

Petrol Pumps, Htec till system, Tank gauge system, Shop refrigeration (4 metre unit), Air conditioning system. Subway equipment - counters, refrigeration units, bread ovens and wash sinks.

**Schedule 4 (form of authorised guarantee agreement)**

**GUARANTEE** dated

**BETWEEN:**

(1) **"Guarantor":** [ ] of/whose registered office is at [ ] [(Company Registration Number: [ ] )]

(2) **"Landlord":** [ ] of/whose registered office is at [ ] [(Company Registration Number: [ ] )]

## **1 DEFINITIONS AND INTERPRETATION**

### **IN THIS AGREEMENT:**

The following expressions shall have the meanings specified:-

1.1 **"Assignee"** means [ ] of/whose registered office is at [ ] [(Company Registration Number [ ] )]

1.2 **"Lease"** means the lease/underlease dated [ ] and made between [ ] by which the premises known as [ ] were demised to [ ] for a term of [ ] years from [ ] [as varied by a Deed of Variation dated [ ] and made between [ ]]

1.3 **"Liability Period"** means the period during which the Assignee is bound by the tenant covenants of the Lease

1.4 the expressions **"authorised guarantee agreement"** and **"tenant covenants"** shall have the same meaning in this guarantee as in Section 28(1) of the Landlord and Tenant (Covenants) Act 1995

## **2 BACKGROUND**

2.1 By clause [ ] of the Lease the Landlord's consent is required to the assignment of the Lease

2.2 The Landlord has agreed to give consent to the assignment of the Lease to the Assignee on condition that the Guarantor enters into this guarantee

2.3 This guarantee only takes effect when the Lease is assigned to the Assignee

## **3 OPERATIVE PROVISIONS**

3.1 Guarantee

3.2 The Guarantor covenants with the Landlord that the Assignee will pay the rents reserved by and perform and observe the tenant covenants in the Lease and the Guarantor will pay and make good to the Landlord on demand any properly incurred losses damages costs and expenses suffered or incurred by the Landlord if the Assignee fails to do so

3.3 The guarantee in clause 3.1 remains in force for so long as and to the extent that the Assignee is not released by law from liability for the tenant's covenants in the Lease

3.4 The Guarantor will not be released from liability under these provisions because of:-

3.4.1 any time or indulgence granted by the Landlord to the Tenant;

- 3.4.2 any delay or forbearance by the Landlord in enforcing the payment of any of the rents or the observance or performance of any of the tenant covenants of this lease or in making any demand in respect of any of them
- 3.4.3 a variation of the Lease that does not increase or make more onerous the obligations of the Guarantor under the Lease whether or not made with the consent of the Guarantor and the guarantee of the Guarantor in clause 3.1 is to operate in relation to the Lease as it may be varied from time to time
- 3.5 a surrender of part of the Property by the Assignee in which event the liability of the Guarantor under the Lease is to continue in respect of the part of the Property not surrendered after making any necessary apportionments under the Law of Property Act 1925 section 140; and

#### **4 GUARANTOR TO ACCEPT NEW LEASE UPON DISCLAIMER**

- 4.1 If the Lease is terminated by re-entry by the Landlord or by disclaimer the Guarantor will (on notice given by the Landlord within six months after the date of termination) take from the Landlord a lease of the Property
- 4.2 The lease to be granted to the Guarantor under clause 4.1 is to be on the following terms:
- 4.2.1 the term is to commence on the date of termination of the Lease and to be equal to the residue of the Term which would have remained unexpired at that date if the Lease had not then been terminated;
- 4.2.2 the yearly rent is to be the same as would have been payable under the Lease if it had not been terminated and if a rent review operative from a review date before the grant of the lease had not been completed the Guarantor will complete the rent review with the Landlord as if it had been the Assignee under the Lease in order to establish the commencing yearly rent under the Lease;
- 4.2.3 the Lease is otherwise to be on the same terms and conditions as would have applied under the Lease if it had not been terminated; and
- 4.2.4 the Guarantor is to succeed to the rights and assume the liability of the Assignee under the Lease as if the Lease had not been terminated

#### **5 SUBORDINATION OF RIGHTS OF THE GUARANTOR**

- 5.1 The provisions of clause 4.2 are to apply unless the Landlord has no subsisting claim against the Assignee for non-payment of rent or for breach of obligation under the Lease
- 5.2 The Guarantor may not :
- 5.2.1 seek to recover from the Assignee or any third party whether directly or by way of set-off lien counterclaim or otherwise or accept any money or other property or security or exercise any rights in respect of any sum which may be or become due to the Guarantor on account of the failure by the Assignee to observe and perform the tenant covenants in the Lease;
- 5.2.2 (in competition with the Landlord) claim prove or accept any payment in a winding-up liquidation bankruptcy composition with creditors or other form of arrangement on the insolvency of the Assignee for money owing to the Guarantor by the Assignee; nor
- 5.2.3 exercise any right or remedy in respect of any amount paid by the Guarantor under the Lease or any liability incurred by the Guarantor in observing performing or discharging the obligations and covenants of the Assignee

5.3 The Guarantor warrants that it has not taken and undertakes with the Landlord that it will not without the consent of the Landlord take any security from the Assignee in respect of this guarantee and if security is nevertheless taken it is to be held on trust for the Landlord as security for the respective liabilities of the Guarantor and the Assignee

**IN WITNESS** whereof the Guarantor has executed this guarantee as a Deed and delivered it on the date of this guarantee

**EXECUTED** as a Deed by

**PARAGON REAL ESTATES (MIDLANDS) LTD**

Acting by a Director

in the presence of:- .....

Witness Signature: .....

Full Name: .....

Address: .....

.....

Occupation: .....

**EXECUTED** as a Deed by

**JC FUELS LTD**

acting by a Director in the presence of:- .....

Witness Signature: .....

Full Name: .....

Address: .....

.....

Occupation: .....

**EXECUTED** as a Deed by  
**JUGRAJ SINGH CHAHAL**

.....

in the presence of:-

Witness Signature: .....

Full Name: .....

Address: .....

.....

Occupation: .....

DATED 15th May 2020

**PARAGON REAL ESTATES (MIDLANDS) Ltd**

**-and-**

**JC FUELS Ltd**

**-and-**

**JUGRAJ SINGH CHAHAL**

**LEASE**

**-relating to-**

**70-72 WILLENHALL ROAD WOLVERHAMPTON WV1 2HJ  
AND LAND ON THE NORTH SIDE OF HICKMAN AVENUE  
WOLVERHAMPTON**

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**PRESCRIBED CLAUSES**

**LR1. Date of lease**

15th May 2020

**LR2. Title number(s)**

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

WM643422 & SF60802

**LR2.2 Other title numbers**

None

**LR3. Parties to this lease**

**Landlord**

Paragon Real Estates (Midlands) Ltd

Of 100 Lower Street Wolverhampton WV6 9LW

Company Registered Number : 11877382

**Tenant**

JC Fuels Ltd

of Plasmar Estate Neachells Lane Wolverhampton WV11 3QG

Company Registered Number: 11838246

**Guarantor**

Jugraj Singh Chahal of 58 Scott Street Great Bridge DY4 7AG

of

**LR4. Property**

**In the case of a conflict between this clause and the remainder of this lease then, for the purposes of registration, this clause shall prevail.**

See the definition of "Property" in clause 1.1 of this lease.

**LR5. Prescribed statements etc.**

None

**LR6. Term for which the Property is leased**

The term as specified in this lease at clause 1.1 in the definition of "Term."

**LR7. Premium**

Nil

**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 as specified in the Part 1 of Schedule 2 to this lease

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

The easements as specified in the Part 2 of Schedule 2 to this lease

**LR12. Estate rent charge burdening the Property**

None

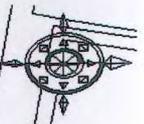
**LR13. Application for standard form of restriction**

The parties to this lease apply to enter the following standard form of restriction [against the title of the Property] [against title number ]

None

**LR14. Declaration of trust where there is more than one person comprising the Tenant**

None



MILLENHALL ROAD

FFIN STREET

ST MATTHEW STREET

Shelter

Ruins

WHS

Shelter

55

67  
65

137.2m

District Office

77

PO

79

LB

Hall

Depot

Florence Villa

The Chancel Industrial Estate

CHILLINGTON FIELDS

*Property Site Block*

EI Sub Sta

Tank

EI Sub Sta

51

1

3

4

6

9

7

01

1

2



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Promap

LANDMARK INFORMATION GROUP

LEASE dated

15th May 2020

BETWEEN

- (1) **PARAGON REAL ESTATES (MIDLANDS) LTD** whose registered office is 100 Lower Street, Wolverhampton WV1 2HJ (Company Registration Number 11877382) (the "Landlord")
- (2) **JC FUELS LTD** whose registered office is at Plasmar Estate Neachells Lane Wolverhampton WV11 3QG (Company Registration Number 11838246) (the "Tenant")
- (3) **JUGRAJ SINGH CHAHAL** of 58 Scott Street Great Bridge DY4 7AG (the "Guarantor")

IN THIS LEASE:

**1 DEFINITIONS:**

The following expressions shall have the meanings specified:

**1.1 Act of Insolvency:**

- (a) any voluntary arrangement or any other compromise or arrangement for the benefit of any creditors of the Tenant;
- (b) the making of an administration order in relation to the Tenant;
- (c) the filing at court of the prescribed documents in connection with the appointment of an administrator, or the appointment of an administrator, in any case in relation to the Tenant;
- (d) the appointment of a receiver or manager or an administrative receiver in relation to any property or income of the Tenant;
- (e) the commencement of a voluntary winding-up in respect of the Tenant, except a winding-up for the purpose of amalgamation or reconstruction of a solvent company in respect of which a statutory declaration of solvency has been filed with the Registrar of Companies;
- (f) a winding-up order in respect of the Tenant;
- (g) the striking-off of the Tenant from the Register of Companies;
- (h) the Tenant otherwise ceasing to exist (but excluding where the Tenant or any guarantor dies); or
- (i) the making of a bankruptcy order against the Tenant

**1.2 Energy Assessor:** an individual who is a member of an accreditation scheme approved by the Secretary of State in accordance with regulation 22 of the Energy Performance of Buildings (England and Wales) Regulations 2012 (SI 2012/3118) or regulation 30 of the Building Regulations 2010 (SI2010/2214)

**1.3 Energy Performance Certificate:** a certificate as defined in regulation 2(1) of the Energy Performance of Buildings (England and Wales) Regulations 2012 (SI 2012/3118)

**1.4 Group Company:** a company that is a member of the same group as the Tenant within the meaning of Section 42 of the Landlord and Tenant Act 1954

- 1.5 **Insurance Rent:** the aggregate in each year of the gross cost of the premium before any discount or commission for the insurance of:
- (a) the Property, other than any plate glass, for its full reinstatement cost (taking inflation of building costs into account) against loss or damage by or in consequence of the Insured Risks, including costs of demolition, site clearance, site protection and shoring-up, professionals' and statutory fees and incidental expenses, the cost of any work which may be required under any law and VAT in respect of all those costs, fees and expenses;
  - (b) loss of Annual Rent of the Property for three years; and
  - (c) any insurance premium tax payable on the above.
- 1.6 **Insured Risks:** the risks referred to in clause 4.2.1
- 1.7 **Interest Rate:** the rate of four per cent above the base rate for the time being of the Barclays Bank Plc or (in the event of such rate ceasing to exist) such other rate of interest closely comparable thereto decided on by the Landlord acting reasonably
- 1.8 **Lease:** this Lease and any document which is made supplemental to this Lease or which is entered into pursuant to or in accordance with the terms of this Lease
- 1.9 **Open Market Rental Value:** the meaning set out in clause 8.2
- 1.10 **Planning Acts:** the Town and Country Planning Act 1990 the Planning (Listed Buildings and Conservation Areas) Act 1990 the Planning (Hazardous Substances) Act 1990 the Planning (Consequential Provisions) Act 1990 and the Planning and Compensation Act 1991 and any orders plans regulations permissions consents and directions made thereunder or in pursuance thereof
- 1.11 **Property:** the premises specified in the Schedule 1
- 1.12 **Recommendation Report:** a report as defined in regulation 4 of the Energy Performance of Buildings (England and Wales) Regulations 2012 (SI 2012/3118)
- 1.13 **Rent:** rent at an initial rate of £50,000.00 per annum and then rising to £55,000.00 on the <sup>15<sup>th</sup> MAY</sup> day of ~~April~~ 2025 per annum and then to £60,000.00 on the <sup>15<sup>th</sup> MAY</sup> day of ~~April~~ 2030 per annum and then as revised pursuant to this Lease and any interim rent from time to time.
- 1.14 **Rent Commencement Date:** date of this lease.
- 1.15 **Rent Payment Dates:** 25<sup>th</sup> March 24<sup>th</sup> June 29<sup>th</sup> September 25<sup>th</sup> December
- 1.16 **Review Date:** each fifth anniversary from the <sup>15<sup>th</sup> MAY</sup> day of ~~April~~ 2035.
- 1.17 **Service Media:** all media for the supply or removal of heat, electricity, gas, water, sewage, energy, telecommunications, data and all other services and utilities and all structures, machinery and equipment ancillary to those media.
- 1.18 **Surveyor:** any person or firm being a member or members of the Royal Institution of Chartered Surveyors and appointed by the Landlord to perform any of the functions of the Surveyor under this Lease (including an employee of the Landlord or of a Group Company and including also any person or firm appointed by the Landlord to collect the rent)
- 1.19 **Term:** 20 years commencing on the date of this Lease and ending on [14<sup>th</sup> May] 2040
- 1.20 **VAT:** value added tax or any other tax of a similar nature and unless otherwise expressly stated all references to rents or other sums payable by the Tenant are exclusive of VAT

- 1.21 Any reference to a statute (and whether to a particular statute or generally) is deemed to include reference to the statute as amended and to any further statute for the time being in force replacing amending or supplementing such statute and any regulations directions or consents made thereunder and all provisions and conditions therein
- 1.22 In the following cases any reference to the Landlord shall be deemed to include a reference to any superior Landlord and to any mortgagee of any interest of the Landlord:
- (a) where there are rights easements exceptions and reservations exercisable by the Landlord
  - (b) where there is an obligation to obtain consent from or give notice to the Landlord
  - (c) where there is a provision for repayment to the Landlord of any expenses incurred
  - (d) where there are any indemnities in favour of the Landlord
- 1.23 All rights of entry exercisable by the Landlord or any superior Landlord shall extend to include all persons reasonably and properly authorised by either of them with or without plant and materials
- 1.24 Words importing the singular number shall be deemed to include the plural number and vice versa and words importing the masculine gender shall be deemed to include the feminine and neuter genders and vice versa
- 1.25 References to "any superior Landlord" shall be deemed to include each and every superior Landlord if there shall be more than one
- 1.26 References to the "Property" shall unless otherwise stated include each and every part thereof
- 1.27 All covenants in this Lease given shall where the covenantor is or is deemed to be more than one person or company or any combination thereof be both joint and several
- 1.28 All covenants given by any person shall bind that person's estate and personal representatives
- 1.29 Any covenant on the part of the Tenant not to do any act or thing shall be deemed to include an obligation on the part of the Tenant not to permit or suffer such act or thing
- 1.30 The clause headings in this Lease are for ease of reference only and do not affect the interpretation thereof

## **2 DEMISE**

- 2.1 The Landlord lets with full title guarantee the Property together with the ancillary rights set out in Part 1 of Schedule 2, excepting and reserving to the Landlord the rights set out in Part 2 of Schedule 2.
- 2.2 The grant is made with the Tenant paying the following as rent to the Landlord:
- (a) the Rent and all VAT in respect of it;
  - (b) the Insurance Rent; and
  - (c) all interest payable under this Lease.

### 3 THE TENANT'S COVENANTS

THE TENANT covenants with the Landlord:

#### 3.1 Rent

3.1.1 To pay the Rent and any VAT in respect of it by equal monthly instalments in advance from the Rent Commencement Date and a proportion (calculated on a daily basis) in respect of the period from the <sup>15th</sup> day of March 2021 up to and including the 24<sup>th</sup> day of March 2021 and from the 25<sup>th</sup> day of March 2021 onwards to pay the Rent and any VAT in respect of it by equal quarterly instalments in advance on the Rent Payment Dates subject to review as hereinafter provided. The payments shall be made by banker's standing order or by any other method that the Landlord requires at any time by giving the Tenant not less than fourteen days written notice.

3.1.2 To pay the Landlord on demand, a fair proportion (as conclusively determined by the Landlord) of the gross cost to the Landlord in relation to its insuring of the Property in accordance with its covenants in this lease (including the cost of any professional valuation of the Property which may at any time be required by the Landlord in connection with the insurance) and any tax charged on the premiums for the insurance;

3.1.3 all value added tax which is chargeable upon every VAT supply made by the Landlord to the Tenant under this lease; and

3.1.4 on demand, interest at the Interest Rate on any sums due (whether or not lawfully demanded) from the Tenant to the Landlord under this lease and which remain unpaid for more than seven days after becoming due, for the period beginning on the first day on which the relevant sum is due and ending on the date on which the payment is made, whether before or after any judgment.

#### 3.2 Interest

3.2.1 Interest at the Interest Rate (compounded on a quarterly basis on the usual quarter days) on the Rent and any other sums payable to the Landlord under the terms of this Lease (whether formally demanded or not) paid after they fall due

3.2.2 Interest shall be payable in the event of:

- (a) there being any material breach by the Tenant of the Tenant's covenants in this Lease and
- (b) the Tenant being notified by the Landlord in writing that because of the breach the Landlord will not accept for the time being any rents or other sums payable by the Tenant under the provisions of this Lease then and in every such case to pay the Landlord on demand interest at the Interest Rate on the amount due to the Landlord (credit being given for any sums paid by the Tenant and accepted by the Landlord as mesne profits) from the later of the date of the Landlord's notice or the date when the rents or other sums fell due until the earlier of the date of the acceptance of payment by the Landlord or the date that such breach has been remedied and the Landlord so notified in writing

#### 3.3 Taxes & Outgoings

To pay all existing and future rates taxes charges impositions assessments and outgoings whether parliamentary local or otherwise which are now or may after the date of this Lease be payable in respect of the Property and to repay to the Landlord on demand a fair proportion (to be determined by the Surveyor) of any rates and other charges as aforesaid which may at any time be assessed in respect of the Property together with other land or property but excluding any charge on or in respect of the income or profits or the value of

the assets of the Landlord or the grant of this Lease or any dealing by the Landlord with the reversion expectant on the Term

#### **3.4 VAT**

If VAT shall be chargeable in respect of the Rent or otherwise in respect of any supplies (as defined in the VAT legislation from time to time in force) made by the Landlord to the Tenant to pay to the Landlord in addition to any amounts otherwise payable the amount of the VAT so chargeable and the Landlord shall supply to the Tenant a valid VAT invoice addressed to the Tenant within 14 days of receipt of payment

#### **3.5 Electricity Gas and other services consumed**

To pay all costs in connection with all gas, electricity, water, sewage, telecommunications and other services consumed on the Property

#### **3.6 Plate Glass Insurance**

To insure any plate glass in the Property in a reputable insurance office for its full replacement value.

#### **3.7 Repair and Cleaning**

3.7.1 The Tenant shall keep the Property clean and tidy and in good repair and shall ensure that any Service Media within and exclusively serving the Property are kept in good working order.

3.7.2 To keep all fixtures therein and the Landlords fixtures as listed under Schedule 3 therein in good and substantial repair and without prejudice to the generality of the foregoing to repair or replace immediately with new articles of a similar kind and quality any fixtures and fittings plant or equipment (except tenants fixtures and fittings) on or in the demised premises which become in need of repair or replacement.

3.7.3 The Tenant shall not be liable to repair the Property to the extent that any disrepair has been caused by an Insured Risk, unless and to the extent that:

- (a) the policy of insurance of the Property has been vitiated or any insurance proceeds withheld in consequence of any act or omission of the Tenant, any undertenant or their respective workers, contractors or agents or any person on the Property with the actual or implied authority of any of them; or
- (b) the insurance cover in relation to that disrepair is excluded, limited, is unavailable or has not been extended

#### **3.8 Insured Risks Open Spaces**

To keep any open spaces on the Property free from rubbish litter and weeds and in a clean and tidy condition.

#### **3.9 Decoration**

3.9.1 The Tenant shall decorate the outside and the inside of the Property as often as is reasonably necessary and also in the last year of the Term

3.9.2 All decoration shall be carried out in a good and proper manner using good quality materials that are appropriate to the Property and shall include all appropriate preparatory work.

### **3.10 Property Rights of Entry**

- 3.10.1 To permit the Landlord to enter upon the Property for any lawful purpose in connection with this Lease and in particular to permit the Landlord to inspect measure and take a plan of the Property and to examine the state of repair and condition of it
- 3.10.2 Within one month or sooner if reasonably requisite after notice in writing to the Tenant of any defects or any remediable breach of covenant shall have been given to commence to repair and remedy the same and thereafter within three calendar months or sooner if requisite to complete the repair and the remedial work according to such notice and the covenants in this Lease to the reasonable satisfaction of the Landlord and in case the Tenant shall make default in so doing then without prejudice to the Landlord's rights and remedies under this Lease it shall be lawful for the Landlord to enter upon the Property and to repair and to remedy the same and all expenses incurred by the Landlord (including professional fees disbursements and VAT) shall be paid within 14 days of demand by the Tenant to the Landlord and shall be a debt due from the Tenant to the Landlord and be forthwith recoverable by action to the Tenant's use and enjoyment of the Property.

### **3.11 Alterations**

- 3.11.1 The Tenant shall not make any structural alteration or addition to the Property or make any opening in any boundary structure of the Property, without the consent of the Landlord, such consent not to be unreasonably withheld or delayed and conditional upon the Tenant complying with the obligations in clause 3.11.2 below
- 3.11.2 Not to make any alterations permitted by clause 3 without:
- (a) obtaining and complying with all necessary consents of any competent authority and paying all charges of any such authority in respect of such consents
  - (b) making an application to the Landlord supported by drawings and such other information as the Landlord may reasonably require
  - (c) paying the reasonable and proper fees of the Landlord and their respective professional advisers and
  - (d) entering into such reasonable covenants as the Landlord may reasonably require as to the execution and reinstatement of the alterations
- 3.11.3 The Tenant shall be permitted to:
- (a) Install any Service Media at the Property and alter the route of any Service Media at the Property;
  - (b) Carry out internal and external none structural works; and
- without requiring the Landlord's consent provided that the Tenant shall supply the Landlord with drawings showing the proposed works for the Landlord's information.
- 3.11.4 At the Tenant's cost to remove any alterations to the Property at the expiration of the Term if required to do so by the Landlord by written notice served on the Tenant no later than 3 months prior to the expiry of the Lease and to make good any part or parts of the Property which may be damaged by such removal and to deliver to the Landlord any and all health and safety files relating to the Property in accordance with the Construction (Design and Management) Regulations 2015

### **3.12 Use**

3.12.1 Not to use the Property except for the purposes set out in Schedule 3 or for such other trade or purposes as may be approved in writing by the Landlord such approval not to be unreasonably withheld or delayed

3.12.2 Not to:

- (a) use the Property for a sale by auction or for any or offensive trade business manufacture or occupation or for any illegal or immoral act or purpose
- (b) do any act or thing or use the Property for any purpose which may infringe any legislation for the time being in force
- (c) do nor allow to remain in or upon the Property anything which may be or become or cause a nuisance or damage to the Landlord or any adjoining or neighbouring premises
- (d) use the Property as sleeping accommodation or for residential purposes nor keep any animal of any kind anywhere on the Property
- (e) store or bring onto the Property any substance of a specially combustible inflammable or explosive nature or any hazardous substances within the meaning of the Planning (Hazardous Substances) Act 1990 except after having first obtained all necessary licences and in accordance with all statutory provisions and to comply with the requirements and recommendations of the fire authority as to fire precautions relating to the Property and the requirements and recommendations of the petroleum spirit licensing authority
- (f) play or use in the Property any musical instrument loudspeaker tape recorder gramophone radio or other equipment or apparatus that produces sound that may be heard outside the Property
- (g) overload the floors or ceilings or the electrical installation of the Property
- (h) do or omit to be done in or upon the Property anything which might impair or prejudicially affect the support of the Property or any adjoining properties whether above below or beside the Property but at all times during the Term to maintain and preserve such support

### **3.13 Alienation**

3.13.1 Not to hold the Property on trust for another

3.13.2 Not to assign sublet charge or otherwise deal with part of the Property separately from the rest of it which otherwise complies with the requirements of sub-clauses (a), (d) and (f) of clause 3.13.4 and not without the previous written consent of the Landlord such consent not to be unreasonably withheld or delayed

3.13.3 Not to deal with the whole of the Property save by way of assignment subletting or charge and not without the previous written consent of the Landlord such consent not to be unreasonably withheld or delayed provided that the Landlord may (for the purposes of Section 19(1A) of the Landlord and Tenant Act 1927) withhold such consent to a proposed assignment in any one or more of the following circumstances but without prejudice to any other ground on which consent may reasonably be withheld:-

- (a) if the proposed assignee is entitled to claim diplomatic or sovereign immunity

- (b) where the assets of the proposed assignee upon which any reasonable assessment of financial strength is based are not in the United Kingdom or some other jurisdiction with which there is subsisting with the United Kingdom a system of reciprocal enforcement of judgments
- (c) if there is a subsisting material breach of covenant by the Tenant
- (d) if in the reasonable opinion of the Landlord the proposed assignee is not of sufficient financial standing to enable it to comply with the Tenant's covenants in this Lease

and provided also that where it is reasonable to require the same the Landlord may for the purposes of the Landlord and Tenant (Covenants) Act 1995 give such consent subject to any one or more of the following conditions:

- (e) the payment of all undisputed rents and other sums under this Lease which have fallen due prior to the date of the assignment
- (f) that the Tenant enters into an Authorised Guarantee Agreement (as defined in Section 16 of the Landlord and Tenant (Covenants) Act 1995) in the form set out in Schedule 4
- (g) that the Landlord may reasonably require a guarantor reasonably acceptable to the Landlord PROVIDED ALWAYS that the assignee of the Lease may elect to provide in place of a guarantor as aforesaid a sum equal to one half of the Rent payable annually under this Lease such sum to be held on the terms of a rent deposit deed to be prepared by the Landlord and approved by the Tenant (such approval not to be unreasonably withheld or delayed) with interest on such sum accruing for the benefit of the Tenant

3.13.4 Not to grant any permitted underlease (save as provided for by clause 3.13.3) without complying with the following conditions:-

- (a) it is created by a lease or tenancy agreement in writing
- (b) it reserves the then open market rent exclusive of any charge for services of the premises thereby demised without payment of a fine or premium
- (c) it expressly requires the undertenant to comply with the terms of this Lease (other than payment of the Rent) in relation to the premises demised by such underlease or tenancy agreement
- (d) it reserves a right of re-entry and forfeiture on breach of any of the undertenant's obligations
- (e) it has provisions for the upwards only review of the rent reserved on the basis and on the dates on which the Rent in this Lease is to be reviewed and such reviewed rent is not to be agreed without the approval of the Landlord such approval not to be unreasonably withheld or delayed
- (f) it does not permit any dealing whatsoever with the underlet premises except an assignment with the prior written consent of the Landlord of this Lease (such consent not to be unreasonably withheld or delayed) and except on terms which comply with clause 3.13.4 of this Lease

3.13.5 Prior to any permitted underletting to procure that the undertenant enters into direct covenants with the Landlord to observe and perform the tenant covenants in this Lease except the covenant to pay the Rent reserved by this Lease (insofar as they relate to the premises thereby demised)

3.13.6 To enforce the performance and observance by every such undertenant of the provisions of the underlease and not at any time to waive any breach of the covenants or conditions on the part of any undertenant

3.13.7 Within twenty-one days after any dealing or any devolution by will intestacy assent or operation of law of this Lease to produce or cause to be produced (without any demand by any person) to the Landlord's solicitors for registration a certified copy of such deed document or instrument and to pay or cause to be paid their reasonable fee for the registration of every such document such fee not being less than Sixty Pounds and any VAT chargeable thereon

3.13.8 Notwithstanding clauses 3.12.2 and 3.13.3 the Tenant may share occupation of any part of or the whole of the Property with a Group Company for so long as both companies remain members of that group and provided that such sharing of occupation is otherwise than in a manner that transfers or creates a legal estate or the relationship of Landlord and Tenant

### **3.14 Encroachments**

3.14.1 Not to stop up darken obscure or obstruct any windows or light belonging to or used with the Property nor to obstruct the access of light or air to the Property nor to permit any encroachment to be made or easement to be acquired over the Property nor to permit or suffer any easement or right at any time belonging to or used with the Property to be obstructed or lost

3.14.2 At the Landlord's request and at the joint cost of the Landlord and the Tenant to take all steps to prevent any new window light opening doorway path passage pipe or other encroachment or easement being made or acquired in against out of or upon the Property and to notify the Landlord as soon as reasonably practicable after becoming aware of the same if any such encroachment or easement shall be made or acquired (or attempted to be made or acquired) and at the request of the Landlord but at the joint cost of the Landlord and the Tenant to adopt such reasonable means and to take such action that the Landlord may consider reasonably necessary or desirable for the purpose of preventing such encroachment or the acquisition of any such easement PROVIDED ALWAYS that the Tenant shall not be obliged by virtue of this sub clause or any other provision in this Lease to take any steps likely to interfere substantially with its beneficial use and occupation of the Property

### **3.15 Landlord's Costs**

To pay to the Landlord all costs fees charges disbursements and expenses reasonably and properly incurred or suffered by the Landlord in relation to or arising out of or incidental to:

- (a) the enforcement of the tenant covenants in this Lease
- (b) notices schedules and proceedings under the Leasehold Property (Repairs) Act 1938 and/or under sections 146 or 147 Law of Property Act
- (c) any schedule of dilapidations whether such schedule is for service during or within 3 months after the expiry or sooner determination of the Term
- (d) any other notice or schedule relating to breaches of any of the covenants or obligations on the part of the Tenant
- (e) any consent or approval applied for under this Lease, whether or not it is granted.

### **3.16 Statutory Obligations**

3.16.1 The Tenant shall comply with all laws relating to:

- (a) the property and the occupation and use of the property by the tenant
- (b) the use or operation of all Service Media and machinery and equipment at or serving the Property whether or not used or operated, and shall, where necessary, replace or convert such Service Media within or exclusively serving the Property so that it is capable of lawful use or operation;
- (c) any works carried out at the Property; and
- (d) all materials kept at or disposed from the Property.

3.16.2 As soon as reasonably practicable after becoming aware of the same to give notice to the Landlord of any notice direction order or proposal made given or issued to the Tenant or any undertenant or occupier of the Property by any local or public authority and if so required by the Landlord to produce it to the Landlord and without delay to take all necessary steps to comply and at the request of the Landlord and at the cost of the Landlord (save in the event of the same relating to default on the part of the Tenant or other occupier of the Property in which case it shall be at the cost of the Tenant) to make or join with the Landlord in making such objections or representations against or in respect thereof as the Landlord may deem expedient PROVIDED ALWAYS that the Tenant shall not by virtue of this sub clause be obliged to take or join in any such steps likely to substantially and adversely affect its lawful beneficial enjoyment and use of the Property in accordance with the provisions of this Lease and PROVIDED FURTHER that the Tenant need not comply with any such notice or order whilst an appeal is being properly pursued against such notice or order

3.16.3 Without prejudice to the generality of the above to indemnify the Landlord from and against all liability whatsoever arising under or by virtue of the Defective Premises Act 1972 or any regulations or orders made thereunder

### **3.17 Energy Performance Certificate**

3.17.1 The Tenant shall:

- (a) co-operate with the Landlord so far as is reasonably necessary and at the Landlord's expense to allow the Landlord to obtain an Energy Performance Certificate and Recommendation Report for the Property including providing the Landlord with copies of any plans or other information held by the Tenant that would assist in obtaining an Energy Performance Certificate; and
- (b) allow such access to any Energy Assessor appointed by the Landlord as is reasonably necessary to inspect the Property for the purposes of preparing an Energy Performance Certificate and/or Recommendation Report for the Property.

3.17.2 The Tenant shall not commission an Energy Performance Certificate for the Property without the Landlord's consent (such consent not to be unreasonably withheld or delayed).

### **3.18 Planning**

The Tenant shall not apply for any planning permission for the Property without the Landlord's consent not to be unreasonably withheld or delayed.

### **3.19 Signs**

3.19.1 In this clause **Signs** include signs, fascia, placards, boards, posters and advertisements.

3.19.2 The Tenant shall not attach any Signs to the exterior of the Property except Signs of a design, size and number and in a position that are appropriate to the Property and the Permitted Use.

3.19.3 Before the end of the term, the Tenant shall remove any Signs placed by it at the Property and shall make good any damage caused to the Property by that removal.

3.19.4 The Tenant shall allow the Landlord to fix to and keep at the Property any sale or within the last four months of the Term a re-letting board as the Landlord reasonably requires.

### **3.20 Yield Up**

3.20.1 At the expiration of the Term:

- (a) quietly to yield up the Property with the Landlord's fixture and fittings in good and substantial repair and condition in accordance with the covenants hereinbefore contained with vacant possession in the repair and condition required by this Lease;
- (b) remove from the Property all chattels belonging to or used by it; a
- (c) to give up all keys of the Property to the Landlord; and
- (d) if requested to do so by the Landlord (in writing) to remove all signs mouldings sign writing or painting of the name of the Tenant or other occupiers from the Property and as soon as reasonably practicable to make good any damage caused by such removal.

3.20.2 If any furniture or effects belonging to the Tenant are left on the Property for more than fourteen days at the expiry of the Term the Landlord shall have the power to sell the items as agent for and on behalf of the Tenant (and the Landlord is hereby irrevocably appointed by the Tenant to act as such) and the Landlord shall pay or account to the Tenant on demand for the proceeds of sale (but not any interest thereon) less any costs of storage and sale incurred by the Landlord and the Tenant will indemnify the Landlord against any loss arising from the sale by the Landlord of the property of any third party in the bona fide mistaken belief (which shall be presumed unless the contrary be proved) that such property belonged to the Tenant and was liable to be dealt with as such pursuant to this clause

### **3.21 Indemnities**

3.21.1 To be responsible for and to keep the Landlord fully indemnified against all damages losses costs expenses actions demands proceedings claims and liabilities made against or properly suffered or incurred by the Landlord arising directly or indirectly out of:

- (a) any act omission or negligence of the Tenant its undertenants or any persons at the Property expressly or impliedly with the authority of the Tenant any subtenant or licensee
- (b) any breach (however remote) of any covenant on the part of the Tenant or any condition contained in this Lease

### **3.22 Insurance**

3.22.1 In relation to any insurance effected by the Tenant:

- (a) at the request of the Landlord, to supply the Landlord with:
  - (i) a copy of the current insurance policy and schedule;
  - (ii) a copy of the application form for the policy; and
  - (iii) a copy of the receipt for the current year's premium.

- (b) to notify the Landlord of any change in the scope, level or terms of cover as soon as reasonably practicable after the Tenant has become aware of the change; and
- (c) if requested by the Landlord in writing, to use reasonable endeavours to procure that the interest of any Landlord's mortgagee is noted on the insurance policy, either by way of a general noting of mortgagees' interests under the conditions of the insurance policy, or specifically.

3.22.2 To give the Landlord notice immediately that it becomes aware of:

- (a) any matter which occurs in relation to the Tenant or the Property that any insurer or underwriter may treat as material in deciding whether or on what terms, to insure or continue insuring the Property;
- (b) any damage or loss that relates to the Property; and
- (c) any other event occurs which might affect any insurance policy relating to the Property.

3.22.3 If the Property or any part of it is damaged or destroyed by an insured risk, the Tenant shall:

- (a) promptly notify the Landlord and make a claim under the insurance policy for the Property;
- (b) notify the Landlord immediately if the insurer indicates that the reinstatement value will not be recoverable in full under the insurance policy;
- (c) use all insurance money received to repair the damage in respect of which the money was received or (as the case may be) to rebuild or reinstate the Property and make good any shortfall out of the Tenant's own monies.
- (d) promptly take such steps as may be necessary and proper to obtain all planning and other consents to repair (or as the case may be) rebuild or reinstate the Property;
- (e) subject to obtaining such consents, reinstate to rebuild the Property in a manner equivalent in size, quality, layout and facilities to the Property prior to the damage. If the relevant consents cannot be obtained then to reinstate or rebuild the Property in a manner and with facilities that are reasonably equivalent to those previously at the Property provided always that:
  - (i) the Tenant shall obtain the Landlord's prior approval to any alterations proposed to the size, quality or layout of the Property, such consent not to be unreasonably withheld or delayed; and.
  - (ii) the Property shall be rebuilt or reinstated to the satisfaction of the Landlord.

3.22.4 Not knowingly to do anything whereby the policy or policies of insurance on the Property may become void or voidable and to comply with all requirements and recommendations of the insurers

3.22.5 If any use of the Property or anything done or omitted increases the insurance premium payable on the Property to pay on demand the amount of that increase

## **4 THE LANDLORD'S COVENANTS**

### **4.1 Quiet Enjoyment**

To allow the Tenant to use the Property (subject to the exceptions and reservations aforesaid) without interference from the Landlord or any person claiming under or in trust for the Landlord or by title paramount

## **4.2 Insurance**

4.2.1 In this Lease "Insured Risks" means (excluding the plate glass windows and the Tenant's fixtures)

- (a) loss or damage by fire lightning explosion storm tempest flood bursting and overflowing of water tanks apparatus or pipes impact from aircraft or other aerial devices (not being hostile aircraft) and things dropped therefrom impact by road vehicles earthquakes riot landslip subsidence and heave civil commotion terrorism and malicious damage in the full reinstatement cost thereof and including professional fees in connection therewith;
- (b) three years' loss of the rent for the time being payable hereunder (including provision for any increased rent on future review); and
- (c) such other insurable risk or risks affecting the Property as the Landlord may from time to time and acting reasonably deem to be prudent

4.2.2 The Landlord covenants with the Tenant (subject to clause 4.2.3) to keep the Property insured against:

- (a) damage or destruction by the Insured Risks in a sum equal to the full reinstatement cost of the Property and VAT;
- (b) an appropriate sum for professionals' fees, demolition and site clearance costs, and VAT;
- (c) three years' loss of Rent.

4.2.3 The Landlord's insuring and other related obligations are subject to the availability of insurance cover on reasonable commercial terms, and to the excesses and limitations imposed by the insurers, and to the Tenant complying with clause 3.1.2, and will cease to be enforceable if the insurance effected becomes void or voidable owing to any act, neglect, omission or default of the Tenant or any person at the Property with the Tenant's permission.

4.2.4 Any commission paid by the insurers belongs to the Landlord absolutely

4.2.5 If the Property is destroyed or damaged by any of the Insured Risks:

- (a) the Tenant will not be obliged to repair the damage under clause 3.7 (unless and to the extent that the policies of insurance in respect of the Insured Risks effected by the Landlord are vitiated or the policy monies are withheld by reason of any act, omission, neglect or default of the Tenant or any person at the Property with the Tenant's permission);
- (b) if, as a result of the damage or destruction, the Property is rendered unfit for occupation and use then, provided that no insurance effected by the Landlord has been prejudiced and that no policy money has been withheld by reason of any act, omission, neglect or default of the Tenant or any person at the Property with the Tenant's permission, the Rent or a fair proportion of it according to the nature and extent of the damage will be suspended until the Property has been rebuilt or reinstated or (if shorter) until the period in respect of which the Landlord has insured against loss of rent has expired. Any dispute about the extent, proportion or period of such suspension is to be determined by the Landlord (acting reasonably);

- (c) the Landlord will expend all the insurance proceeds received (except for any in respect of loss of rent, fees or liability to third parties) in rebuilding or repairing the Property with all due speed, and after all requisite consents and approvals have been obtained, but subject to and in compliance with all the applicable statutory provisions and regulations and to the provisions of such consents and approvals. The Landlord is not obliged to repair or rebuild under this clause if the insurance has been prejudiced or the policy money wholly or partly withheld by reason of any act, omission, neglect or default of the Tenant or any person at the Property with the Tenant's permission, or if the Landlord is prevented from doing so by any matter beyond its control, in which case any policy money will belong to the Landlord absolutely;

## **5 RE-ENTRY AND FORFRITURE**

5.1 If and whenever during the Term:

5.1.1 the Rent shall be unpaid for 21 days after becoming due (whether formally demanded or not);

5.1.2 if any material covenant on the Tenant's part in this Lease shall not be performed or observed; or

5.1.3 an Act of Insolvency

the Landlord may at any time re-enter the Property (or any part of them in the name of the whole) and then the Term will absolutely cease but without prejudice to the rights of action or remedies which may have accrued to the Landlord against the Tenant in respect of any breach of covenant or other term of this Lease

## **6 RENT REFUND**

6.1 If and whenever during the Term:

(a) the Property is damaged or destroyed by any of the Insured Risks so that the Property is unfit for occupation or use; and

(b) payment of the insurance money is not refused in whole or in part by reason of any act or default of the Tenant or anyone at the Property expressly or by implication with the Tenant's authority

the provisions of clause 6.2 shall have effect

6.2 When the circumstances contemplated by 6.1 arise the Rent or a fair proportion of it according to the nature and extent of the damage sustained shall cease to be payable until the Property shall have been rebuilt or reinstated so that the Property are made fit for occupation or use and any dispute as to this sub-clause shall be determined in accordance with the Arbitration Act 1996 by an arbitrator to be appointed by agreement between the parties or in default by the President or other proper officer for the time being of the Royal Institution of Chartered Surveyors upon the application of either party and any prepayment of the Rent and any VAT paid thereon which relates to the period following the date of the rent cesser shall forthwith be repaid by the Landlord to the Tenant and if there is only a partial cesser of rent then only the appropriate proportion shall be repaid

6.3 If upon the expiry of three years commencing on the date of damage or destruction the Property has not been rebuilt or reinstated so as to be fit for the Tenant's occupation and use the Tenant may terminate this Lease by giving written notice to the Landlord. On giving this notice this lease shall determine but this shall be without prejudice to any right or remedy of either party in respect of any breach of the other party's covenants in this lease. Any

proceeds of the insurance (other than any insurance for plate glass) shall belong to the Landlord

## **7 PROVISOS**

- 7.1 The Landlord shall not be responsible to the Tenant or anyone at the Property expressly or by implication with the Tenant's authority or calling upon the Tenant for any accident happening or injury suffered or damage to or loss of any chattels or property sustained on the Property
- 7.2 Nothing in this Lease or in any consent granted by the Landlord shall imply or warrant that the Property may lawfully be used for any particular purpose
- 7.3 This Lease embodies the entire understanding of the parties relating to the Property and to all the matters dealt with by any of the provisions of this Lease
- 7.4 The Tenant acknowledges that this Lease has not been entered into in reliance on any statement or representation made by or on behalf of the Landlord except any such statement or representation that is expressly set out in this Lease or was made by the Landlord's solicitors prior to the date of this Lease in correspondence or in replies to preliminary enquiries
- 7.5 Any statutory right to claim compensation from the Landlord on vacating the Property is excluded to the extent the law allows
- 7.6 Whenever and to the extent that any provision of this Lease would or might contravene the provisions of Section 25 of the Landlord and Tenant (Covenants) Act 1995 Act then:-
- (a) such provision is to take effect only in so far as it may do so without contravening such section;
  - (b) where such provision is incapable of having any effect without contravening such section this Lease is to be construed and interpreted as if such provision were deleted; and
  - (c) the legality validity and enforceability of any of the remaining provisions of this Lease are not in any way to be affected or impaired as a result

## **8 RENT REVIEW**

- 8.1 The amount of Rent shall be reviewed on each Review Date to a figure equal to the Open Market Rental Value.
- 8.2 The expression "Open Market Rental Value" means the annual market rental value of the Property (exclusive of any VAT) in the open market with vacant possession which might reasonably be expected to be agreed between a willing landlord and a willing tenant at the relevant review date without a fine or premium but upon the supposition (if not a fact):-
- (a) that the Tenant has fully complied with its obligations in this Lease (but without prejudice to any rights or remedies of the Landlord in regard thereto)
  - (b) that the Property is fit for immediate occupation and use and that no work has been carried out by the Tenant or its undertenants or their predecessors in title during the Term which has diminished the rental value of the Property
  - (c) that if the Property has been destroyed or damaged it has been fully rebuilt or restored

- (d) that the Property may be used and occupied lawfully for any of the uses which would be permitted by the Lease described in the Third Schedule
- (e) any fixtures fittings machinery or equipment supplied to the Property by the Landlord that have been removed by or at the request of the Tenant or any undertenant or their respective predecessors in title remain at the Property

8.3 and there being disregarded:

- (a) any effect on rent of the fact that the Tenant its undertenants or their predecessors in title have been in occupation of the Property
- (b) any goodwill attached to the Property by reason of the carrying on there of the business of the Tenant its undertenants or their predecessors in title in their respective businesses
- (c) any increase in rental value of the Property attributable to the existence at the relevant review date of any improvement to the Property carried out with consent where required otherwise than in pursuance of an obligation to the Landlord or its predecessors in title by the Tenant its undertenants or their respective predecessors in title during the Term or during any period of occupation prior to the Term arising out of any agreement to grant this Lease
- (d) any rental concession or inducement (whether or not of a capital nature) which has been granted to the Tenant or which on a new letting with vacant possession might be granted to an incoming Tenant in each case for the purpose only of fitting out the Property in readiness for occupation by the Tenant
- (e) Such lease being for a term equal to the unexpired residue of the Term at the relevant review date PROVIDED ALWAYS that such unexpired residue of the term will be for a term of not less than 5 years

8.4 The Open Market Rental Value shall be such annual sum as shall be:

- (a) agreed between the parties in writing or
- (b) determined by an independent surveyor acting as an expert appointed for that purpose by the parties jointly in writing or upon their failure to agree upon such appointment then by an independent surveyor appointed at any time not earlier than three months before the relevant Review Date for that purpose (on application by either party) by the President or other proper officer for the time being of the Royal Institution of Chartered Surveyors

8.5 In the event of determination by an independent surveyor:

- (a) The independent surveyor shall invite the Landlord and the Tenant to submit to him within such time limits as he shall consider appropriate such representations and cross representations as to the amount of the Open Market Rental Value with such supporting evidence as they may respectively wish
- (b) The independent surveyor will give to the Landlord and the Tenant written notice of the amount of the Open Market Rental Value as determined by him and the Surveyor shall supply reasons for any determination and his determination will be final and binding as the parties hereto agree save in the case of manifest error
- (c) Neither the Landlord nor the Tenant shall without the consent of the other disclose to the independent surveyor correspondence or other evidence to which the privilege of non-production ("without prejudice") properly attaches

(d) The independent surveyor's fees or charges shall be borne between the Landlord and the Tenant in such proportion as the independent surveyor shall determine or in the event that no notice of determination is given equally between the Landlord and the Tenant

8.6 If the independent surveyor shall not have given notice of his determination within two months after his appointment or within such longer period as the parties shall agree or if for any reason it becomes apparent that he will be unable to do so within such period the Landlord and the Tenant may agree upon or either of them may apply for a new independent surveyor to be appointed in his place (which procedure may be repeated as many times as may be necessary) **PROVIDED ALWAYS** that any such determination given by the independent surveyor outside such time limits but prior to the appointment of a new independent surveyor shall be valid and effective but if given after the appointment of the new independent Surveyor shall be null and void

8.7 If the Open Market Rental Value has not been agreed or determined in accordance with the provisions of this clause 6 before the relevant Review Date then until the Open Market Rental Value has been agreed or determined the Tenant shall continue to pay on account to the Landlord Rent at the yearly rate payable immediately before the relevant review date

8.8 The Tenant will pay to the Landlord within seven days after the time that the Open Market Rental Value has been agreed or determined all arrears of Rent which have accrued in the meantime with interest at 4% below the Interest Rate on each of the instalments of the arrears from the time that it would have become due if the Open Market Rental Value had then been agreed or determined until payment becomes due from the Tenant to the Landlord under this clause 6.6

8.9 The Landlord and the Tenant may at any time before the Open Market Rental Value is determined settle the reviewed rent in more than one amount and agree to reserve the amounts increasing in phases until the next review date or (if none) the expiry of the Term

8.10 On each occasion that the Open Market Rental Value is ascertained pursuant to the provisions of this Lease the Landlord and the Tenant shall cause a memorandum of the reviewed rent payable for the relevant review period to be prepared and signed by or on behalf of the Landlord and the Tenant respectively

8.11 If at any review date there is in being any statute which prevents or restricts the Landlord's right either to review or recover any increase in the Rent payable under this Lease by the Tenant to the Landlord the Landlord may require by twenty eight days notice in writing a further review of rent at such date to be specified in the Landlord's notice when such statute no longer affects the amount of such rent payable and the provisions of this Lease shall take effect mutatis mutandis as if such date specified by the notice were a review date

## 9 GUARANTOR'S OBLIGATIONS

9.1 The Guarantor guarantees to the Landlord that the Tenant shall pay the rents and all other sums reserved by and observe and perform the tenant covenants of this Lease and that if the Tenant fails to pay any of those rents or other sums due or to observe or perform any of those tenant covenants, the Guarantor shall pay or observe and perform them

9.2 The Guarantor covenants with the Landlord as a separate and independent primary obligation to indemnify the Landlord against any failure by the Tenant to pay any of the rents or other sums reserved by the Lease or any failure to observe or perform any of the tenant covenants of the Lease

9.3 The liability of the Guarantor under the provisions of the Lease shall continue until the end of the term thereby created

9.3.1 The liability of the Guarantor shall not be affected by:

- (a) any time or indulgence granted by the Landlord to the Tenant; or
- (b) any delay or forbearance by the Landlord in enforcing the payment of any of the rents or the observance or performance of any of the tenant covenants of the Lease or in making any demand in respect of any of them; or
- (c) any refusal by the Landlord to accept any rent or other payment due under the Lease where the Landlord believes that the acceptance of such rent or payment may prejudice the Landlord's ability to re-enter the Property; or
- (d) the Landlord exercising any right or remedy against the Tenant for any failure to pay the rents reserved by the Lease or to observe or perform the tenant covenants of the Lease; or
- (e) the Landlord taking any action or refraining from taking any action in connection with any other security held by the Landlord in respect of the Tenant's liability to pay the rents reserved by the Lease or observe and perform the tenant covenants of the Lease including the release of any such security; or
- (f) a release or compromise of the liability of any one of the persons who is the Guarantor, or the grant of any time or concession to any one of them; or
- (g) any legal limitation or disability on the Tenant or any invalidity or irregularity of any of the tenant covenants of the Lease or any unenforceability of any of them against the Tenant; or
- (h) the Tenant being dissolved, or being struck off the register of companies or otherwise ceasing to exist, or, if the Tenant is an individual, by the Tenant dying or becoming incapable of managing the Tenant's affairs; or
- (i) the disclaimer of the Tenant's liability under this lease or the forfeiture of the Lease; or
- (j) the surrender of part of the Property, except that the Guarantor shall not be under any liability in relation to the surrendered part in respect of any period after the surrender; or
- (k) by any other act or omission except an express written release of the Guarantor by the Landlord.

9.3.2 The liability of each of the persons or bodies (if more than one) making up the Guarantor is joint and several.

9.3.3 Any sum payable by the Guarantor shall be paid without any deduction, set-off or counter-claim against the Landlord or the Tenant.

9.4 Variations and supplemental documents:

9.4.1 The Guarantor shall, at the request of the Landlord, join in and give the Guarantor's consent to the terms of any consent, approval, variation or other document that may be entered into by the Tenant in connection with this Lease

9.4.2 Whether or not the Landlord has requested that the Guarantor join in any such document and whether or not the Guarantor has done so, the Guarantor shall not be released by any variation of the rents reserved by, or the tenant covenants of, the Lease whether or not the variation is material or prejudicial to the Guarantor and whether or not it is made in any document

9.4.3 The liability of the Guarantor shall apply to the rents reserved by and the tenant covenants of the Lease as varied whether or not:

- (a) the variation is material or prejudicial to the Guarantor; or
- (b) the variation is made in any document; or
- (c) the Guarantor has consented to the variation

9.5 Guarantor to take a new lease or make payment:

9.5.1 If the Lease is forfeited or the liability of the Tenant under the Lease is disclaimed and the Landlord gives the Guarantor notice not later than six months after the forfeiture or the Landlord having received notice of the disclaimer, the Guarantor shall enter into a new lease of the Property on the terms set out in this Lease

9.5.2 The rights and obligations under the new lease shall take effect from the date of the forfeiture or disclaimer and the new lease shall:

- (a) be granted subject to the right of any person to have the Lease vested in them by the court and to the terms on which any such order may be made and subject to the rights of any third party existing at the date of the grant;
- (b) be for a term that expires at the same date as the end of the term of the Lease had there been no forfeiture or disclaimer;
- (c) reserve as an initial annual rent an amount equal to the Annual Rent on the date of the forfeiture or disclaimer or which would be payable but for any abatement or suspension of the Annual Rent or restriction on the right to collect it and which is subject to review on the same terms and dates provided by the Lease; and
- (d) otherwise be on the same terms as this lease (as varied if there has been any variation

9.5.3 The Guarantor shall pay the Landlord's solicitors' costs and disbursements (on a full indemnity basis) and any VAT in respect of them in relation to the new lease and shall execute and deliver to the Landlord a counterpart of the new lease within one month after service of the Landlord's notice.

9.5.4 The grant of a new lease and its acceptance by the Guarantor shall be without prejudice to any other rights which the Landlord may have against the Guarantor or against any other person or in respect of any other security that the Landlord may have in connection with the Lease.

## 10 NOTICES, CONSENTS AND APPROVALS

10.1 Any notice given under or in connection with this lease shall be:

- (a) in writing and for the purposes of this clause an email is not in writing; and
- (b) given:
  - (i) by hand or by pre-paid first-class post or other next working day delivery service at the party's registered office address (if the party is a company) or (in any other case) at the party's principal place of business; or
  - (ii) by fax to the party's main fax number.

- 10.2 If a notice complies with the criteria in clause 10.1, it shall be deemed to have been received:
- (a) if delivered by hand, at the time the notice is left at the proper address;
  - (b) if sent by pre-paid first-class post or other next working day delivery service, on the second working day after posting; or
  - (c) if sent by fax, at 9.00 am on the next working day after transmission.
- 10.3 This clause does not apply to the service of any proceedings or other documents in any legal action or, where applicable, any arbitration or other method of dispute resolution.
- 10.4 Section 196 of the Law of Property Act 1925 shall otherwise apply to notices given under this lease.
- 10.5 If the Landlord gives a consent or approval under this lease, the giving of that consent or approval shall not imply that any consent or approval required from a third party has been obtained, nor shall it obviate the need to obtain any consent or approval from a third party.

## **11 GOVERNING LAW**

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) shall be governed by and construed in accordance with the law of England and Wales.

## **12 JURISDICTION**

Each party irrevocably agrees that the courts of England and Wales shall have exclusive jurisdiction to settle any dispute or claim arising out of or in connection with this lease or its subject matter or formation (including non-contractual disputes or claims).

## **13 CONTRACTS (Rights of Third Parties) Act 1999**

A person who is not a party to this lease shall not have any rights under the Contracts (Rights of Third Parties) Act 1999 to enforce any term of this lease.

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

**IN WITNESS** whereof this Deed has been duly executed the day and year first before written

### **Schedule 1 (the Property)**

**ALL THOSE** premises known as Willenhall Road Service Station, 70-72 Willenhall Road, Wolverhampton WV1 2HJ and the Land and Buildings on the North side of Hickman Avenue Wolverhampton shown edged red on the annexed plan and registered at HM Land Registry under title numbers WM643422 and SF60802.

### **Schedule 2**

#### **Part 1 (rights granted)**

None

**Part 2 (exceptions and reservations from the demise)**

- 1 The right for the Landlord at reasonable times and upon reasonable prior written notice (except in emergency) to enter the Property when necessary in order to exercise any of the rights and powers conferred upon the Landlord either by this Lease or under the general law.
- 2 The right for the Landlord to use develop rebuild extend increase alter or reconstruct on any adjoining or neighbouring property for such purposes to such extent and generally in such manner as the Landlord shall think fit notwithstanding that access of light or air to the Property shall be interfered with but not so as to adversely affect the Tenant's use and enjoyment of the Property
- 3 The right for the Landlord, the Surveyor and the third party determining the rent in default of agreement between the parties under any provisions for rent review contained in this Lease at any time and on reasonable prior written notice to enter and inspect and measure the Property for all purposes connected with any pending or intended step under the Landlord and Tenant Act 1954 for the implementation of the provisions for rent review
- 4 To permit the Landlord and those authorised by the Landlord on giving not less than twenty four hours written notice (except in emergency) to enter upon the Property with or without machinery and equipment only where such works or activities cannot be reasonably achieved otherwise than by effecting entry on to the Property:
  - (a) to execute inspections repairs decorations alterations improvements or other building works to any adjoining or neighbouring property belonging to the Landlord; and
  - (b) for the purpose of inspecting repairing renewing connecting to cleansing altering or constructing the Service Media and the party structures used in common with other properties
- 5 The person or persons exercising the rights referred to in this Part 2 shall cause the minimum disturbance and damage reasonably practicable and as soon as reasonably possible making good in a proper and workmanlike manner all physical damage thereby occasioned to the Property and its contents

**Schedule 3 (permitted use and fixtures and fittings)**

Permitted Use

**USE** as a petrol filling station with ancillary convenience store, sale of hot and cold food and drinks for consumption on or off the Property, ATM, car wash, jet wash and valeting and ancillary offices and as a site for container storage

Fixtures and Fittings

Petrol Pumps, Htec till system, Tank gauge system, Shop refrigeration (4 metre unit), Air conditioning system. Subway equipment - counters, refrigeration units, bread ovens and wash sinks.

**Schedule 4 (form of authorised guarantee agreement)**

None

**Part 2 (exceptions and reservations from the demise)**

- 1 The right for the Landlord at reasonable times and upon reasonable prior written notice (except in emergency) to enter the Property when necessary in order to exercise any of the rights and powers conferred upon the Landlord either by this Lease or under the general law.
- 2 The right for the Landlord to use develop rebuild extend increase alter or reconstruct on any adjoining or neighbouring property for such purposes to such extent and generally in such manner as the Landlord shall think fit notwithstanding that access of light or air to the Property shall be interfered with but not so as to adversely affect the Tenant's use and enjoyment of the Property
- 3 The right for the Landlord, the Surveyor and the third party determining the rent in default of agreement between the parties under any provisions for rent review contained in this Lease at any time and on reasonable prior written notice to enter and inspect and measure the Property for all purposes connected with any pending or intended step under the Landlord and Tenant Act 1954 for the implementation of the provisions for rent review
- 4 To permit the Landlord and those authorised by the Landlord on giving not less than twenty four hours written notice (except in emergency) to enter upon the Property with or without machinery and equipment only where such works or activities cannot be reasonably achieved otherwise than by effecting entry on to the Property:
  - (a) to execute inspections repairs decorations alterations improvements or other building works to any adjoining or neighbouring property belonging to the Landlord; and
  - (b) for the purpose of inspecting repairing renewing connecting to cleansing altering or constructing the Service Media and the party structures used in common with other properties
- 5 The person or persons exercising the rights referred to in this Part 2 shall cause the minimum disturbance and damage reasonably practicable and as soon as reasonably possible making good in a proper and workmanlike manner all physical damage thereby occasioned to the Property and its contents

**Schedule 3 (permitted use and fixtures and fittings)**

Permitted Use

**USE** as a petrol filling station with ancillary convenience store, sale of hot and cold food and drinks for consumption on or off the Property, ATM, car wash, jet wash and valeting and ancillary offices and as a site for container storage

Fixtures and Fittings

Petrol Pumps, Htec till system, Tank gauge system, Shop refrigeration (4 metre unit), Air conditioning system. Subway equipment - counters, refrigeration units, bread ovens and wash sinks.

**Schedule 4 (form of authorised guarantee agreement)**

- 3.4.2 any delay or forbearance by the Landlord in enforcing the payment of any of the rents or the observance or performance of any of the tenant covenants of this lease or in making any demand in respect of any of them
- 3.4.3 a variation of the Lease that does not increase or make more onerous the obligations of the Guarantor under the Lease whether or not made with the consent of the Guarantor and the guarantee of the Guarantor in clause 3.1 is to operate in relation to the Lease as it may be varied from time to time
- 3.5 a surrender of part of the Property by the Assignee in which event the liability of the Guarantor under the Lease is to continue in respect of the part of the Property not surrendered after making any necessary apportionments under the Law of Property Act 1925 section 140; and

#### **4 GUARANTOR TO ACCEPT NEW LEASE UPON DISCLAIMER**

- 4.1 If the Lease is terminated by re-entry by the Landlord or by disclaimer the Guarantor will (on notice given by the Landlord within six months after the date of termination) take from the Landlord a lease of the Property
- 4.2 The lease to be granted to the Guarantor under clause 4.1 is to be on the following terms:
- 4.2.1 the term is to commence on the date of termination of the Lease and to be equal to the residue of the Term which would have remained unexpired at that date if the Lease had not then been terminated;
- 4.2.2 the yearly rent is to be the same as would have been payable under the Lease if it had not been terminated and if a rent review operative from a review date before the grant of the lease had not been completed the Guarantor will complete the rent review with the Landlord as if it had been the Assignee under the Lease in order to establish the commencing yearly rent under the Lease;
- 4.2.3 the Lease is otherwise to be on the same terms and conditions as would have applied under the Lease if it had not been terminated; and
- 4.2.4 the Guarantor is to succeed to the rights and assume the liability of the Assignee under the Lease as if the Lease had not been terminated

#### **5 SUBORDINATION OF RIGHTS OF THE GUARANTOR**

- 5.1 The provisions of clause 4.2 are to apply unless the Landlord has no subsisting claim against the Assignee for non-payment of rent or for breach of obligation under the Lease
- 5.2 The Guarantor may not :
- 5.2.1 seek to recover from the Assignee or any third party whether directly or by way of set-off lien counterclaim or otherwise or accept any money or other property or security or exercise any rights in respect of any sum which may be or become due to the Guarantor on account of the failure by the Assignee to observe and perform the tenant covenants in the Lease;
- 5.2.2 (in competition with the Landlord) claim prove or accept any payment in a winding-up liquidation bankruptcy composition with creditors or other form of arrangement on the insolvency of the Assignee for money owing to the Guarantor by the Assignee; nor
- 5.2.3 exercise any right or remedy in respect of any amount paid by the Guarantor under the Lease or any liability incurred by the Guarantor in observing performing or discharging the obligations and covenants of the Assignee

5.3 The Guarantor warrants that it has not taken and undertakes with the Landlord that it will not without the consent of the Landlord take any security from the Assignee in respect of this guarantee and if security is nevertheless taken it is to be held on trust for the Landlord as security for the respective liabilities of the Guarantor and the Assignee

**IN WITNESS** whereof the Guarantor has executed this guarantee as a Deed and delivered it on the date of this guarantee

**EXECUTED** as a Deed by  
**PARAGON REAL ESTATES (MIDLANDS) LTD**

Acting by a Director  
in the presence of:- .....

Witness Signature: .....

Full Name: .....

Address: .....

Occupation: .....

**EXECUTED** as a Deed by  
**JC FUELS LTD**  
acting by a Director in the presence of:-

*Jayraj Singh*  
.....

Witness Signature: *[Signature]* .....

Full Name: *SUREEET BHATIA* .....

Address: *2 Bens Bligh St*  
*Solicitors & Notary Public*  
*111 Soho Road, Handsworth*  
*Birmingham B21 9SF*  
*0121 634 7436*  
.....

Occupation: *Solicitor* .....

**EXECUTED** as a Deed by  
**JUGRAJ SINGH CHAHAL**

*Jugraj Singh Chahal*

in the presence of:-

Witness Signature: *[Signature]*

Full Name: *LURPREET BHATIA*

Address: *Harbans Singh & Co.*  
*Solicitors & Notary Public*  
*091 Soho Road, Handsworth,*  
*Birmingham B21 9SF*  
*Tel: 0121 551 4496*

Occupation: *SOLICITOR*

APPENDIX 2: ECONOMIC AND MACRO PROPERTY MARKET COMMENTARY

# UK MARKET MACRO

Autumn 2022

# UK ECONOMY & PROPERTY MARKET

Key economic indicators:

|                   | Latest data       | Capital Economics forecasts |      |
|-------------------|-------------------|-----------------------------|------|
|                   |                   | 2022                        | 2023 |
| GDP growth        | -0.1% (Q2 22)     | 3.3%                        | 0.0% |
| CPI inflation     | 9.9% (Jul 22)     | 9.6%                        | 7.2% |
| Unemployment rate | 3.6% (May-Jul 22) | 3.7%                        | 4.5% |

## UK may already be in recession

UK GDP fell by 0.1% in Q2 2022, following growth of 0.8% in Q1. While there was a slight rebound in monthly GDP in July, with growth of 0.2%, this was largely due to the unwinding of effects caused by June's extra bank holidays, and it was weaker than most economists had expected. Purchasing Managers' Index (PMI) data points to a further loss of economic momentum in August, suggesting that there was a sharp contraction in manufacturing output, while the services sector grew at its slowest pace for 18 months. This raises the possibility that Q3 will be the second successive quarter of negative GDP growth, which would mean that the economy is officially in a recession.

## Inflation hits new highs

The recent weakening of economic activity can be largely attributed to the growing impact of rising prices on consumers and businesses, with CPI inflation close to a 40-year high at 9.9% in July. Inflation is likely to remain elevated over the coming months, but there are signs that some global inflationary pressures may be starting to wane, with supply chain issues caused by the pandemic easing, and wholesale gas prices falling back after spiking upwards in August due to reductions in Russian supplies to Europe.

## 'Energy price guarantee' to cap bills

The new Prime Minister Liz Truss has announced an 'energy price guarantee' to stave off the threat of severe increases in household fuel bills, which had been set to rise by 80% in October to an average of £3,549 a year. Instead, government-backed loans to energy suppliers will be used to cap average household bills at £2,500 for two years, with the previously announced £400 discount to energy bills also being applied. Businesses will have fuel bills capped for six months, while additional support may be targeted towards vulnerable industries such as the hospitality sector.

## New policy may reduce inflation's peak

The energy bill package is unlikely to prevent the recession, but it may reduce its depth and length. It should also stop inflation from reaching the highs that had been expected under economists' previous forecast scenarios. Capital Economics predicts that instead of topping out at 14.5% in January, CPI inflation will peak at c. 11.0% in November and it will fall faster than had been expected next year. Nonetheless, a period of high inflation is still in prospect over the winter, and broader cost pressures such as food and drink inflation will continue to impact households' spending.

## More interest rate hikes ahead

With inflation staying high, the Bank of England will remain under pressure to make further hikes to the base rate. The new prime minister's promise to loosen fiscal policy may also put an increased onus on the Bank to use monetary policy to counter rising prices. The base rate was raised by 50bps to 2.25% in September, the seventh consecutive increase, taking it to its highest level since 2008. Further increases are likely, with market pricing implying that the base rate could reach 4.0% next year, albeit this is higher than most economists' expectations.

**Labour market slightly looser**

The labour market remains tight by any measure, but the first signs of a slight loosening have started to appear. The unemployment rate dropped to a 48-year low of 3.6% in the three months to July, but this was caused primarily by a shortfall in the labour supply rather than strong demand from employers. An increase in the level of economic inactivity, driven by students and the long-term sick, was a major factor; and the number of economically inactive people of working age has now risen by 904,000 since the start of the pandemic. Job vacancies have fallen slightly after reaching a record 1.3m in May, but nonetheless remain close to all-time highs. Labour demand may soften further over the coming months due to the weakening economy, and this could lead to reduced levels of wage growth. To date, wages have continued to grow strongly by historical standards, with nominal annual earnings (including bonuses) rising by 5.5% in the three months to July. While this means that wages are falling in real terms, it is higher than the 3.0-3.5% that is usually considered consistent with the Bank of England's 2% inflation target, and it adds to the pressure for interest rate hikes.

**Retail sales on a downward trend**

Retail sales volumes have been on a broad downward trend since summer 2021. Monthly retail sales volumes fell by 1.6% in August 2022, and were 5.4% lower than in the same month of last year. While the initial falls in retail sales mainly resulted from a spending rotation to services following the removal of COVID-19 restrictions, more recent declines have stemmed from consumers reining in spending in the face of rising prices. Retail sales volumes are expected to see further falls over the coming months, as high inflation puts a continued squeeze on real disposable incomes.

**Strong Q2, but choppy waters ahead**

The investment market remained robust in Q2, with £15.7bn of property assets changing hands, 15% above the five-year quarterly average. However, volume was flattered by a handful of large-scale deals, most notably GIC and Greystar's colossal £3.3bn acquisition of the Student Roost portfolio from Brookfield. There were signs of a cooling of the investment market towards the end of Q2, and this trend appears to have continued into Q3, as rising borrowing costs and the weakening economic backdrop have increasingly impacted activity. Pricing is coming under pressure across the market, particularly in low-yielding sectors such as industrial. With 10-year gilt yields rising above 3% in September, the margins between prime yields and the risk-free rate have continued to narrow.

**Market hits an inflection point**

According to MSCI's latest quarterly index, the all-property total return for Q2 2022 was 2.9%, slowing from 4.8% in Q1. During the second quarter, total returns were led by industrial (4.5%), followed by retail (3.0%) and offices (1.1%). However, the market appears to have reached a turning point at the end of Q2, and monthly returns have moved into negative territory during Q3, driven primarily by falls in industrial capital values. The change in market conditions is also reflected in widespread downgrades to forecasts for the rest of the year and 2023. The latest IPF Consensus Forecasts, published in September, envisage that the all-property total return for 2022 will be 6.4%, implying a negative performance over H2. The all-property return for 2023 is forecast to be a modest 3.0%, with the strongest sectors expected to be retail warehouses (4.5%), industrial (4.1%) and shopping centres (3.3%).

# UK OFFICES

Q2 2022 MSCI data:

|                       | Rental growth (%) |            | Capital growth (%) |             | Income return (%) |            | Initial yield (%) |            |
|-----------------------|-------------------|------------|--------------------|-------------|-------------------|------------|-------------------|------------|
|                       | 3mth              | 12mth      | 3mth               | 12mth       | 3mth              | 12mth      | Q2 21             | Q2 22      |
| West End offices      | 0.2               | 1.7        | 0.0                | 3.1         | 0.8               | 3.2        | 3.4               | 3.0        |
| City offices          | 0.5               | 1.5        | 0.3                | 2.2         | 0.9               | 3.1        | 3.2               | 3.2        |
| South East offices    | -0.1              | 1.4        | 0.2                | 2.3         | 1.0               | 4.2        | 4.4               | 4.2        |
| Rest of UK offices    | 0.5               | 1.5        | 0.4                | 1.5         | 1.1               | 4.6        | 4.9               | 4.5        |
| <b>ALL UK OFFICES</b> | <b>0.2</b>        | <b>1.5</b> | <b>0.2</b>         | <b>2.3</b>  | <b>0.9</b>        | <b>3.8</b> | <b>4.0</b>        | <b>3.7</b> |
| <i>ALL PROPERTY</i>   | <i>1.0</i>        | <i>3.8</i> | <i>1.9</i>         | <i>14.6</i> | <i>1.0</i>        | <i>4.2</i> | <i>4.5</i>        | <i>3.9</i> |

## Office attendance continues to languish

Despite COVID-19 restrictions having ended in early 2022, office-based employers up and down the country continue to grapple with low rates of staff attendance. Recent research by Remit Consulting reveals that the number of staff working in the office reached a national daily average of 31% in September, less than half the rate of circa 70% prior to the pandemic. With office attendance levels appearing increasingly unlikely to return to pre-COVID levels, a mass rethinking of office requirements will drive strong, albeit consolidatory, demand over the coming years.

## Post-COVID bounce stalls in the regions

Having rallied in the wake of the pandemic throughout 2021, challenging conditions in the economy more recently have driven a general weakening of activity in the regional occupier markets. In the South East, while Q2 take-up of 960,000 sq ft was slightly above average, it was skewed by several large deals and was significantly down on the three-year high of 1.2m sq ft seen in Q4 2021. The core regional markets fared worse in Q2, with total take-up of 1.8m sq ft being 18% below the quarterly average, with only Newcastle boasting take-up ahead of trend.

## Central London finally back on form

Meanwhile, Central London - having been hardest hit in the wake of the pandemic - bounced back to form to 2022. Q2 take-up hit 3.8m sq ft; the strongest outturn since Q3 2018 and 26% above trend. Activity was underpinned by the return of the churn market and a number of major pre-lets, the largest being Kirkland & Ellis's 415,000 sq ft commitment at 40 Leadenhall, EC3. Despite the positive outturn, Central London is relatively exposed to post-pandemic structural changes to working patterns, given the relative expense and extent of rail commuting associated with the capital.

## Regions vs. London supply contrasts

Despite the pandemic-driven disruption in the market, supply across the regional markets has held broadly steady since the pandemic. Across the core regional markets combined, availability still stands 40% below its cycle peak in 2012. This is in stark contrast with Central London, however, where total supply soared to a 16-year high in 2021, before edging down slightly in Q2 2022. The sharp rise in the capital was fueled by a considerable release of tenant space after the pandemic, a trend that is yet to really materialise in the regional markets.

## Focus on quality lifts rents

Fears that the pandemic would drive a prolonged downturn in rents were misplaced. Indeed, reduced occupancy has prompted many occupiers to exchange quantity for quality, with regard to location, amenity and ESG credentials. With limited 'best in class' option available, many markets around the UK have witnessed double-digit percentage growth in prime rents

over the past 18 months. Meanwhile, on the MSCI Index, average UK rental growth has been positive albeit muted since Q2 2021, reflecting a relative aversion to generic quality space. Average UK rents increased by 0.2% in Q2 2022 taking the annual growth to 1.5%. Q2 growth was led by the City of London, with average rents rising by 0.5%, while the South East region was the only segment to record a fall, with average rents down 0.1% in the quarter.

**Investors  
target life  
sciences**

Despite ongoing uncertainty around future occupancy strategies, total office investment volume was only 10% below the five-year trend in Q2. At £2.1bn, investment in Central London offices was down almost 50% from Q1. The capital saw only a handful of major deals, the largest of which was Hong Kong investor Kingboard's £294m (3.99% NIY) purchase of 2 London Wall Place, EC2 from Brookfield AM. Meanwhile, global appetite for life sciences continued apace in Q2, with Life Sciences REIT's £183m acquisition of Oxford Technology Park accounting for 43% of UK office park volume. Elsewhere, regional office volume hit a four-year high of £1.2bn in Q2, the headline deal being Blackstone's £182m (4.60% NIY) acquisition of Colmore Plaza, Birmingham from Ashby Capital Ltd.

**Values begin  
to fall over  
summer**

According to MSCI's quarterly index, average UK office capital values gradually increased since returning to positive territory in Q2 2021, rising by 2.3% over the year to Q2 2022. All of the segments have recorded growth over the year, led by London's West End, where average values have increased by 3.1%. However, more recent data from MSCI's smaller, but more timely, monthly index shows a reversal in values took place over in the summer months, reflecting darkening conditions in the economy and the changing financial environment. Average UK office values fell by 0.6% in August 2022, the sharpest monthly fall in values since the height of the pandemic in May 2020.

**Yields  
remain  
stable**

MSCI's average net initial yield for UK offices moved in by 18bps in Q2 to stand at 3.7%, the lowest level ever recorded. However, as indicated by the above fall in values over the summer, this may represent a turning point in the direction of travel for average yields. Interest rate hikes, the rising cost of borrowing and increasing gilt yields are increasingly likely to impact on pricing over the rest of 2022. A degree of yield softening has already been recorded on the more timely MSCI monthly measure, with average office yields moving out by 4bps in August 2022.

**Returns  
easing down**

Average UK office total returns have eased down in 2022, having hit a four-year quarterly high of 2.0% in Q4 2021. Q2's return of 1.6% nonetheless took the annual return to a respectable 6.3%, marginally led by South East offices with annual returns of 6.6%. Total returns across the office segment are likely to ease down more significantly in the second half of 2022, with the softening of yields leaving income as the main driver of performance.

**Uncertain  
outlook**

The most recent IPF Consensus Forecast (published in September 2022), anticipates UK office total returns will hit a modest 1.9% in 2022, a result that reflects expectations of softening yields and a circa 2% fall in capital values over the year. Over the five years to 2026, UK office returns are forecast to recover to 3.9% p.a., albeit this represents a marked fall in the earlier Spring consensus from the forecast. However, with the nature of the recovery from the pandemic and the economic outlook still highly uncertain, medium-term forecasts should be treated with caution.

# UK RETAIL

Q2 2022 MSCI data:

|                              | Rental growth (%) |             | Capital growth (%) |             | Income return (%) |            | Initial yield (%) |            |
|------------------------------|-------------------|-------------|--------------------|-------------|-------------------|------------|-------------------|------------|
|                              | 3mth              | 12mth       | 3mth               | 12mth       | 3mth              | 12mth      | Q2 21             | Q2 22      |
| Standard retail – South East | 0.2               | -2.1        | 0.8                | 3.2         | 1.0               | 4.0        | 4.0               | 3.9        |
| Standard retail – Rest of UK | -0.1              | -1.9        | 0.2                | 3.5         | 1.4               | 5.8        | 6.0               | 5.6        |
| Shopping Centres             | 0.0               | -1.2        | -0.3               | -1.8        | 1.6               | 6.7        | 6.3               | 7.0        |
| Retail Warehouses            | 0.2               | 0.5         | 3.5                | 24.5        | 1.4               | 6.1        | 6.8               | 5.4        |
| <b>ALL UK RETAIL</b>         | <b>0.1</b>        | <b>-0.8</b> | <b>1.7</b>         | <b>10.9</b> | <b>1.3</b>        | <b>5.5</b> | <b>5.7</b>        | <b>5.2</b> |
| <i>ALL PROPERTY</i>          | <i>1.0</i>        | <i>3.8</i>  | <i>1.9</i>         | <i>14.6</i> | <i>1.0</i>        | <i>4.2</i> | <i>4.5</i>        | <i>3.9</i> |

## Retail sales volumes falling

Retail sales volumes have been on a broad downward trend since summer 2021, and were 5.4% lower in August 2022 than the same month of last year. Retail sales values rose by 5.4% over the same period, with the divergence between volumes and values reflecting the impact of rising prices. The beginning of the downward trajectory in retail sales volumes was partly due to the lifting of COVID-related hospitality restrictions last year, which gave consumers more opportunities to spend outside of the retail sector. However, as the trend has continued in 2022, it has become increasingly attributable to the impact of the cost-of-living crisis.

## Households tighten belts

There is growing evidence that consumers are cutting back on discretionary spending in response to high inflation. Household goods stores (including electrical items and furniture) have seen the greatest falls in sales, with volumes down by 16.8% in August compared with a year earlier. Feedback from retailers to the Office for National Statistics attributes this to increased prices and affordability concerns. Retail spending will be constrained by further falls in real household disposable incomes, with Capital Economics forecasting that these will drop by 3% this year and by 2% next year.

## Online sales recede further

Online sales as a proportion of all retailing fell to 25.7% in August. A general downward trend in online's market share has been observed since it reached a peak of 37.4% in February 2021, albeit it remains comfortably above the pre-pandemic level of 19.8% in February 2020. While the pandemic has clearly accelerated consumers' adoption of ecommerce, the online share of overall retail sales could further moderate in the short term as consumers rein in discretionary online purchases.

## Footfall still below pre-pandemic levels

Retail footfall has improved from the low levels seen during the lockdowns of the last two years. According to Springboard data, footfall across UK retail destinations was 15.6% higher in July 2022 than the same month of 2021. However, it remained 13.2% below the pre-pandemic level of July 2019. Footfall trends vary between the retail segments; while high streets (-17.0%) and shopping centres (-18.6%) were still well below pre-pandemic levels in July, retail parks were down by a more modest 3.5%.

|   |   |
|---|---|
| <b>Retail failures increase from 2021 low</b> | The Centre for Retail Research reported 14 major retail failures in the first six months of 2022, affecting 1,536 stores and 28,510 employees. Retailers going into administration during H1 included McColl's, Sofa Workshop and Missguided. This represents a faster pace of retail failures than was seen in 2021, when 19 companies went bust across the whole year, but it is still a considerable improvement on 2020, when a joint-record 54 major retailers failed.   |
| <b>Vacancy rates down from pandemic highs</b> | After rising sharply during the pandemic, retail vacancy rates fell for the third successive quarter in Q2 2022. According to the Local Data Company, the overall vacancy rate decreased to 14.0%, down from the peak of 14.5% recorded last year. Vacancy rates nudged down across all segments, but there remain large variations across the market, with shopping centres at 18.9%, high streets at 14.0%, and retail parks at 10.2%. By region, vacancy rates are lowest in London, the South East and the East of England; and highest in the North East, Wales and Scotland.  |
| <b>Rental values stabilising</b>              | MSCI data suggests that retail rents were relatively stable in H1 2022, after falling consistently over the previous four years. Retail market rental values nudged upwards by 0.1% in Q2, albeit they remained 0.8% down year-on-year. Retail warehouses were the only segment where rents were higher than a year ago, with growth of 0.2% in Q2 taking the 12-month figure to 0.5%. Shopping centre rents were flat in Q2, while standard retail recorded growth of 0.1%. However, the nascent recovery in rental growth is at risk of being extinguished by the growing impact of the cost-of-living crisis on the retail sector. |
| <b>Retail investment edges down</b>           | Retail investment slipped by 37% from Q1's four-year high to £1.2bn in Q2. This was largely due to a significant drop in retail warehousing volume. Despite ongoing strong demand in this segment, a lack of large-scale deals saw activity fall to a two-year low of £420m. In contrast, shopping centre volume rose by 26% to £484m, with activity in this sector boosted by investors seeking repurposing and repositioning opportunities. For the first time in six years, shopping centre volume of was ahead of both retail warehousing and shops in Q2.  |
| <b>Prime yields face upward pressure</b>      | Prime yields softened in parts of the retail market in Q2, after remaining broadly stable for the previous years. Prime shops (exc. London) and sub-regional shopping centres both saw prime yields move out by 25 basis points, to 6.75% and 9.25% respectively. Prime yields were unchanged across most other retail segments. However, in common with other sectors, upward pressure on yields can be expected in H2 as rising interest rates cause investors to re-evaluate pricing.  |
| <b>Retail warehouse leading performance</b>   | According to MSCI data, the retail total return for Q2 2022 was 3.0%, taking the figure for the last 12 months to 16.9%. Retail warehouses have been the main driver of performance, returning 4.9% in Q2 and 32.0% over 12 months. Capital growth of 1.7% was recorded across the retail sector in Q2, led by 3.5% growth for retail warehouses. However, standard shops also recorded positive capital growth for the first time in more than four years, at 0.3%. In contrast, shopping centre capital values fell back by 0.3% in Q2.   |
| <b>Returns to moderate</b>                    | The latest IPF Consensus Forecasts point to a much weaker outlook for retail property performance in H2 2022 and next year. Total returns in 2023 are forecast to be 1.4% for standard retail, 3.3% for shopping centres and 4.5% for retail warehouses. Retail warehouses is the only segment expected to see positive rental growth in 2023, while all three segments are projected to see falls in capital values in 2023.   |

# UK INDUSTRIAL & LOGISTICS

Q2 2022 MSCI data:

|                          | Rental growth (%) |             | Capital growth (%) |             | Income return (%) |            | Initial yield (%) |            |
|--------------------------|-------------------|-------------|--------------------|-------------|-------------------|------------|-------------------|------------|
|                          | 3mth              | 12mth       | 3mth               | 12mth       | 3mth              | 12mth      | Q2 21             | Q2 22      |
| London & SE Industrial   | 2.9               | 13.6        | 3.7                | 35.3        | 0.7               | 3.2        | 3.5               | 2.8        |
| Rest of UK Industrial    | 2.1               | 9.8         | 3.7                | 26.1        | 0.9               | 4.1        | 4.6               | 3.7        |
| Distribution Warehouses  | 2.2               | 12.1        | 3.2                | 29.0        | 0.8               | 3.6        | 4.1               | 3.2        |
| <b>ALL UK INDUSTRIAL</b> | <b>2.6</b>        | <b>12.1</b> | <b>3.7</b>         | <b>32.0</b> | <b>0.8</b>        | <b>3.5</b> | <b>3.9</b>        | <b>3.1</b> |
| <i>ALL PROPERTY</i>      | <i>1.0</i>        | <i>3.8</i>  | <i>1.9</i>         | <i>14.6</i> | <i>1.0</i>        | <i>4.2</i> | <i>4.5</i>        | <i>3.9</i> |

## Activity remains impressive

For units over 50,000 sq ft, total UK take-up hit 36.3m sq ft for the first half of the year, up 1% on H2 2021 and 26% above trend. Despite increasing nervousness around inflation and a deterioration in the wider UK economic outlook, take-up also improved during this period; Q2's take-up of 18.6m sq ft was 6% above Q1's level. However, Q2's strong showing owed much to handful of exceptionally large deals, with Amazon, The Range, Top Hat, Peugeot and DHL among eleven 500,000 sq ft plus commitments in the quarter.

## Broad spectrum of demand

Amazon's decision to pull out of several key deals early in the year did not signal an end to the boom as some had feared. Moreover, reflecting the strong and varied depth of demand, several sites previously earmarked for Amazon were readily snapped up by other occupiers during H1. The Retail and Wholesale sector commanded the leading share of activity in H1 although strong demand continued to emanate from third-party logistics operators and emerging sectors, with film & TV, data centre operators and off-site house builders all competing for space. Recent months have also witnessed a discernible pick-up in requirements from manufacturers, reflecting a growing desire to 'onshore' production and supply chains in the wake of the pandemic.

## Large units drive pick-up in UK supply

Overall UK supply picked up in H1 2022, the first half-yearly increase since H2 2018. UK supply of units in excess of 50,000 sq ft increased by 9% from the record low seen at the end of 2021 to stand at 57.0m sq ft. Supply nevertheless remains very low in an historic context, equivalent to only 1.0 years of average annual take-up and an availability rate of just 3.3%. The rise in total UK supply was driven by larger units, with supply of units above 250,000 sq ft rising by 32% in H1 as a flurry of speculative developments in this size bracket commenced construction in Q1.

## Rental growth accelerates

A combination of strong demand and supply scarcity continued to drive unprecedented rates of rental growth around the UK. Average industrial rents increased by 12.1% over the 12 months to June 2022, accelerating from an annual rate of 8.7% in 2021. Such rates of rental growth are likely to prove unsustainable over the medium term, as occupiers increasingly grapple with sharp increases in both labour and running costs.

## Yields move out from record lows

While underlying investment demand for industrial assets remains strong, extremely low yields for prime long income / single-let assets have become increasingly difficult to achieve. Rising borrowing costs drove yields out by 25pbs in late Q2 with further softening continuing into Q3. However, with ongoing faith in rental growth prospects, the changing financial climate is proving less problematic for reversionary stock and some multi-let assets.

**Volumes remain strong**

Despite increased caution over pricing, UK industrial's strong run of volume continued in Q2. Buoyed by a plethora of stock hitting the market, £3.3bn of industrial assets changed hands in the quarter, 39% above the five-year quarterly average. AXA's £391m purchase of the Hercules Portfolio from Goldman Sachs / Canmoor (3.10% NIY) was Q2's largest deal, while the largest single-asset warehouse deal was Frasers Property's £101m forward-funding of the new Peugeot facility in Ellesmere Port (3.77% NIY).

**Capital values slip from Q2 peak**

According to MSCI's quarterly index, average industrial capital growth hit 3.7% in Q2 2022, a significant easing down from the rates seen over the prior 12 months. More recent evidence from MSCI's monthly index confirms that the softening of yields has impacted on values over the summer months. On this monthly measure, industrial values fell by 1.9% in July, followed by a fall of 2.8% in August, the sharpest month-on-month fall in industrial values since the global financial crisis in 2008.

**Industrial continues to outperform**

Despite the easing down, industrial has continued to hold onto its status as the lead-performing core property sector. According to MSCI, UK industrial returns hit 4.5% in Q2, taking the annual return to a phenomenal 36.5%. For context, this compares with 6.3% for UK offices and 16.9% for retail.

**Industrial forecast to outperform**

While rising interest rates and borrowing costs represent an inflection point for the investment market, industrial is nevertheless forecast to continue to outperform over the medium term. With income set to be key in driving returns, expectations for ongoing rental growth in the industrial sector will underpin a modest level of outperformance over the coming years. Latest IPF consensus forecasts show industrial return of 6.7% per annum over the period to 2026, compared with 5.5% per annum for All Property.

## UK LIVING SECTORS

Q2 2022 MSCI data:

|                     | Rental growth (%) |            | Capital growth (%) |             | Income return (%) |            | Initial yield (%) |            |
|---------------------|-------------------|------------|--------------------|-------------|-------------------|------------|-------------------|------------|
|                     | 3mth              | 12mth      | 3mth               | 12mth       | 3mth              | 12mth      | Q2 21             | Q2 22      |
| Healthcare          | 0.1               | 0.9        | 0.9                | 4.9         | 1.3               | 5.4        | 5.3               | 5.3        |
| Hotels              | 0.1               | 0.4        | 1.1                | 6.2         | 1.0               | 3.9        | 4.0               | 3.9        |
| Residential         | 0.3               | 0.8        | 0.7                | 6.8         | 1.1               | 4.0        | 3.7               | 3.7        |
| <b>ALL PROPERTY</b> | <b>1.0</b>        | <b>3.8</b> | <b>1.9</b>         | <b>14.6</b> | <b>1.0</b>        | <b>4.2</b> | <b>4.5</b>        | <b>3.9</b> |

### Living sectors back in demand

Investment in the living sectors has recovered strongly from the slump induced by the pandemic, with £10.1bn transacted in H1 2022, 60% higher than the same period of last year. This included investment of £5.8bn in Q2, the second strongest quarter on record. Q2 volume was underpinned by GIC and Greystar's massive £3.3bn acquisition of the Student Roost portfolio from Brookfield, comprising 23,000 beds across 20 UK cities. However, other living sectors also performed well, reflecting a broad improvement in activity. The living sectors overtook offices and industrial to be the most active part of the investment market in H1, accounting for nearly a third of the total investment. This represents a resumption of longer-term trends that were in train before the pandemic, as the living sectors have increasingly become a core part of investors' strategies, supported by structural trends driving their growth and a deepening pool of capital seeking stable income streams.

### Hotel market recovers over summer

Hotel occupancy rates recovered to close to pre-COVID levels over the summer, after two years of being heavily impacted by the pandemic. The UK-wide hotel occupancy rate was 77.1% in July, according to Hotstats data. With hoteliers able to make the most of the high demand and charge premium prices, average daily rates (ADR) and RevPAR rose above pre-COVID levels. In July, ADR was £165.99 in the UK and £267.73 in London; while RevPAR was £127.90 nationally and £205.63 in the capital. However, rising operational costs and lower demand from consumers impacted by the cost-of-living crisis could mean that the autumn and winter months are a much tougher trading period for the sector.

### Student property top of the class

GIC and Greystar's £3.3bn purchase of the Student Roost portfolio supported investment of £3.9bn in student property in Q2, well over three times the five-year quarterly average. However, this was not the only significant transaction of the quarter as other major deals included Scape's £173.25m forward-funding of a 713-bed student scheme at 181 Talgarth Road in west London; and Apollo Global Management's £161m purchase of an 897-bed purpose-built student accommodation (PBSA) portfolio. Student property operators report that demand has recovered strongly to be in line with pre-pandemic levels, with the Unite Group, for example, saying that it expects to achieve occupancy of 97% in the 2022/23 academic year. This is underpinned by a record 684,000 applications to UK universities ahead of the June deadline, according to UCAS data. International applications to UK universities hit a new high of 135,000, despite the number of EU students remaining well below pre-Brexit levels, with applications from Nigeria, India and China being among the main sources of growth.

### Healthcare demand picks up

Healthcare property investment reached £596m in Q2, the strongest total since Q4 2019, supported by the transaction of several sizeable care home portfolios. These included two separate sale and leaseback deals of c. £100m with the operator and developer Hamberley,

which saw Octopus Real Estate acquire six assets and Rynda Healthcare purchase five. The care home sector is reportedly seeing occupancy rates return close to pre-pandemic levels, while the demographic drivers of demand continue to support an attractive long-term investment case, particularly for buyers seeking secure income. The healthcare sector has continued to see positive capital growth, with MSCI recording that values rose by 4.9% in the year to Q2 2022.

**PRS/BtR  
sector  
continues to  
grow**

PRS/BtR assets attracted £736m of investment in H1 2022, which represented a slowing of activity after volume reached £3.4bn in 2021. Forward-funding deals continued to dominate the larger end of the market, with Q2 transactions including Cortland Group's £138m deal at Lisbon Street, Leeds; and Get Living's £136m deal at Sherlock Street, Birmingham. The BtR sector continues to offer development and investment opportunities due to a shortage of supply across the UK. According to the British Property Federation, the BtR stock stood at 73,739 homes in Q2, less than 2% of the UK's total private rented sector households, but a further 47,764 are under construction and 115,859 are in planning. Demand for rented homes remains strong, but high inflation is impacting the affordability of rents and starting to limit rental growth prospects.

**Upward  
pressure on  
yields**

Prime yields were broadly flat across most of the living arena in Q2. However, as with all sectors, yield levels are now subject to upward pressure due to rising interest rates and the weakening economic backdrop. Nonetheless, the living sectors appear to have seen more limited movements than most commercial property sectors, with anecdotal evidence suggesting that prime yields generally moved out by no more than 25 basis points in the first two months of Q3.

APPENDIX 3: VALUATION PRINTOUT



## 70-72 Willenhall Road, Willenhall

**Portfolio:** General

**Scenario:** SCENARIO1

|                          |                |                           |        |
|--------------------------|----------------|---------------------------|--------|
| Valuation Date:          | 25/08/2022     |                           |        |
| Freehold                 |                |                           |        |
| Rounded Value:           | 800,000        | Net Initial Yield:        | 5.948% |
| Net Rent:                | 50,000         | Nominal Equivalent Yield: | 7.117% |
| Total ERV:               | 67,000         | True Equivalent Yield:    | 7.420% |
| Total Area:              | 0 sqft         | Reversionary Yield:       | 7.970% |
| WAULT (to First Break):  | 17 yrs, 8 mths |                           |        |
| WAULT (to Lease Expiry): | 17 yrs, 8 mths |                           |        |

### Unit001, JC Fuels Limited

|                         |   |        |        |                |
|-------------------------|---|--------|--------|----------------|
| <b>Current</b>          | Gross income  | 50,000 |        |                |
|                         | Net Income  |        | 50,000 |                |
|                         | YP (6.500% for 2 years and 8 months)                                    | 2.3783 |        | 118,915        |
| <b>Apr 2025</b>         | Gross income  | 55,000 |        |                |
|                         | Net Income  |        | 55,000 |                |
|                         | YP (6.500% for 5 years deferred for 2 years and 8 months)               | 3.5133 |        | 193,229        |
| <b>Apr 2030</b>         | Gross income  | 60,000 |        |                |
|                         | Net Income  |        | 60,000 |                |
|                         | YP (6.500% for 4 years and 11 months deferred for 7 years and 8 months) | 2.5278 |        | 151,668        |
| <b>Mar 2035</b>         | Gross income  | 67,000 |        |                |
|                         | Net Income  |        | 67,000 |                |
|                         | YP (6.500% for 5 years and 1 month deferred for 12 years and 7 months)  | 1.9081 |        | 127,840        |
| <b>Apr 2040</b>         | Gross income  | 67,000 |        |                |
|                         | Net Income  |        | 67,000 |                |
|                         | YP (7.500% in perpetuity deferred for 17 years and 8 months)            | 3.7158 |        | 248,961        |
| <b>Unit Gross Value</b> |   |        |        | <b>840,613</b> |

### Summary of Unit Values

|                             |                |
|-----------------------------|----------------|
| Unit001, JC Fuels Limited   | 840,613        |
| <b>Total of Unit Values</b> | <b>840,613</b> |

### Buyers Costs

|                                |            |         |   |         |
|--------------------------------|------------|---------|---|---------|
| Acquisition Fees               | 1.0000%    | -9,600  | v |         |
| Legal Fee                      | 0.5000%    | -4,800  | v |         |
| Stamp Duty                     | (=3.6875%) | -29,500 |   |         |
| Total (=5.4875% of Say Value): |            |         |   | -43,900 |

|                          |                |
|--------------------------|----------------|
| <b>Net Value</b>         | <b>796,768</b> |
| <b>Rounded Net Value</b> | <b>800,000</b> |

Total VAT Amount: 2,391

### Running Yield Report

| Date       | Cumulative Capital Invested | Capital Adjustment | Gross Income | Net Income | Running Yield | Cap Adj Running Yield |
|------------|-----------------------------|--------------------|--------------|------------|---------------|-----------------------|
| 25/08/2022 | 843,900                     | 0                  | 50,000       | 50,000     | 5.948%        | 5.925%                |
| 15/05/2025 | 843,900                     | 0                  | 55,000       | 55,000     | 6.543%        | 6.517%                |
| 15/05/2030 | 843,900                     | 0                  | 60,000       | 60,000     | 7.138%        | 7.110%                |

Full Valuation Report

Printed on 25/08/2022 by Lambert Smith Hampton



## 70-72 Willenhall Road, Willenhall

**Portfolio:** General

**Scenario:** SCENARIO1

### Running Yield Report (Continued)

| Date       | Cumulative Capital Invested | Capital Adjustment | Gross Income | Net Income | Running Yield | Cap Adj Running Yield |
|------------|-----------------------------|--------------------|--------------|------------|---------------|-----------------------|
| 15/04/2035 | 843,900                     | 0                  | 67,000       | 67,000     | 7.970%        | 7.939%                |

### Assumptions

All dates for capitalisation calculations taken from the nearest month start/end.

Running Yields and Net Initial Yield are based on gross value before the deduction of capital adjustments 840,613.

Formulae as in Parry's Tables: rent annually in arrears.

Stamp Duty is progressive and derived from the set "HMRC (UK excl Scotland)"

Cap Adj Running Yield is based on rounded cumulative capital invested.

Buyer's costs are based on Say Value.

VAT rate of 20.00% applied where applicable.



**70-72 Willenhall Road, Willenhall**

**Portfolio:** General

**Scenario:** VP SCENARIO

|                 |            |                           |         |
|-----------------|------------|---------------------------|---------|
| Valuation Date: | 25/08/2022 |                           |         |
| Freehold        |            |                           |         |
| Rounded Value:  | 625,000    | Net Initial Yield:        | 0.000%  |
| Net Rent:       | 0          | Nominal Equivalent Yield: | 8.966%  |
| Total ERV:      | 67,000     | True Equivalent Yield:    | 9.428%  |
| Total Area:     | 0 sqft     | Reversionary Yield:       | 10.242% |

|                |                                     |        |   |   |
|----------------|-------------------------------------|--------|---|---|
| <b>Current</b> | Gross income                        | 0      |   |   |
|                | Net Income                          |        | 0 |   |
|                | YP (9.000% for 1 year and 6 months) | 1.3473 |   | 0 |

|                 |  |        |        |         |
|-----------------|--|--------|--------|---------|
| <b>Feb 2024</b> | Gross income   | 67,000 |        |         |
|                 | Net Income   |        | 67,000 |         |
|                 | YP (9.000% in perpetuity deferred for 1 year and 6 months) | 9.7638 |        | 654,173 |

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**Gross Value** **654,173**

**Buyers Costs**

|                                |            |         |   |         |
|--------------------------------|------------|---------|---|---------|
| Acquisition Fees               | 1.0000%    | -7,500  | v |         |
| Legal Fee                      | 0.5000%    | -3,750  | v |         |
| Stamp Duty                     | (=3.2988%) | -20,750 |   |         |
| Total (=5.1200% of Say Value): |            |         |   | -32,000 |

|                          |                |
|--------------------------|----------------|
| <b>Net Value</b>         | <b>622,353</b> |
| <b>Rounded Net Value</b> | <b>625,000</b> |

Total VAT Amount: 1,867

**Running Yield Report**

| Date       | Cumulative Capital Invested | Capital Adjustment | Gross Income | Net Income | Running Yield | Cap Adj Running Yield |
|------------|-----------------------------|--------------------|--------------|------------|---------------|-----------------------|
| 25/08/2022 | 657,000                     | 0                  | 0            | 0          | 0.000%        | 0.000%                |
| 25/02/2024 | 657,000                     | 0                  | 67,000       | 67,000     | 10.242%       | 10.198%               |

**Assumptions**

All dates for capitalisation calculations taken from the nearest month start/end.  
 Running Yields and Net Initial Yield are based on gross value before the deduction of capital adjustments 654,173.  
 Formulae as in Parry's Tables: rent annually in arrears.  
 Stamp Duty is progressive and derived from the set "HMRC (UK excl Scotland)"  
 Cap Adj Running Yield is based on rounded cumulative capital invested.  
 Buyer's costs are based on Say Value.  
 VAT rate of 20.00% applied where applicable.

APPENDIX 4: LETTER OF INSTRUCTION, LETTER OF  
ACKNOWLEDGEMENT AND LSH TERMS OF ENGAGEMENT

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**Please provide as appendices:**

- Sufficient colour photographs of the street scene, exterior (front and rear) and interior of the Property.
- A general location map and a more detailed plan showing boundaries you have assumed for the Property.
- Land registry extract.

**Report on Title**

The Security Trustee requires that its acting Solicitors arrange to send you a copy of their Report on Title in respect of the Property and obtain your written confirmation that nothing in the report on title has any effect on the valuation report you have provided to the Security Trustee. Please respond to any such request by the acting Solicitors in a timely manner and without delaying Completion.

**Fees**

You have quoted and the Borrower has agreed to pay a fee of £750 + VAT for this undertaking. Whilst a receipted invoice for this service should be supplied with your report, we ask that you seek settlement of your fee from the proposed Borrower whose contact details are supplied above. Proplend Security Limited cannot accept any responsibility for non-payment of your fees in this regard.

**Contact Details**

Please contact Proplend on 0203 637 8418 if you have any queries regarding this instruction.

Please send the Valuation Report to [borrower@proplend.com](mailto:borrower@proplend.com), with hard copy to 15 Little Green, Richmond TW9 1QH. Following provision of the Valuation Report, you should be prepared to discuss its contents with the Proplend and Proplend Security Limited (Security Trustee). By sending the Valuation Report you signify your acceptance of the terms of this letter of instruction, which shall be governed by and construed in accordance with English law.

Yours Faithfully,



Brian Bartaby  
Director

Proplend Security Limited

26 September 2022

T +44 (0)121 236 2066  
www.lsh.co.uk

**THE DIRECTORS**

Proplend Security Limited  
20-22 Wenlock Road  
London  
N1 7GU

Lambert Smith Hampton  
Interchange Place  
Edmund Street  
Birmingham  
B3 2TA

For the attention of: Stewart Bruce

Our Ref: TB

Dear Stewart,

**Client:** PROPLEND SECURITY LIMITED  
**Applicant:** PARAGON REAL ESTATE (MIDLANDS) LIMITED  
**Subjects of Valuation:** TIPTON SERVICE STATION, 232 WHITEHALL ROAD, TIPTON, DY4 7EX AND 70-72 WILLENHALL ROAD, WOLVERHAMPTON, WV1 2HJ  
**Your Reference:** B/S

Thank you for your instruction email dated 15 September 2022 to provide valuation advice in respect of the above investment properties. Our valuation will be undertaken in accordance with the RICS Red Book Global Standards.

We set out the basis of our instruction as follows:

1. You have instructed us to value the property for loan security purposes.
2. We have not been informed of the details of the loan terms however, we have assumed that these are made on sensible loan to value ratios (not more than 75%) and without any unusual constraints or caveats.
3. We must draw to your attention our enclosed Terms of Engagement for Valuation Services which, together with this Engagement Letter, form the Agreement between us regarding the work we are to undertake, the circumstances in which fees and expenses will be payable and details of our respective duties.
4. We maintain adequate insurance cover for the purpose of this instruction.
5. The valuation is to be of the freehold interest and on the basis of Market Value and Market Rent (the definitions of which are attached). You have also requested that we provide an informal estimate of reinstatement cost. All values will be stated in £GBP
6. You require a valuation on the basis that the properties are subject to existing tenancies.

7. You have requested additional valuations on the basis of Market Value with the Special Assumptions that:
- Market Value with the assumption of vacant possession.
  - Market Value with the assumption of vacant possession and special assumption of a 90-day period in which to exchange contracts.
  - Market Value with the assumption of vacant possession and special assumption of a 180-day period in which to exchange contracts.

These assumptions will be stated in our valuation report and will be assumed to exist at the valuation date.

8. We have agreed that we shall rely upon the following information for the purpose of reporting to you:
- Signed occupational lease dated 15th May 2020.
  - Signed occupational lease dated 20th June 2017 – Tipton Petrol Filling Station.
  - Signed occupational lease dated 20th June 2018 – Tipton Tyre Workshop.
  - Copy of site plans.
9. The valuation is required asap. The valuation date will be the date of our inspection. The Valuation will be carried out by Tim Bloomer BSc (Hons) MRICS, Associate Director, a RICS Registered Valuer who will be acting as an External Valuer. We confirm this Valuer will act with independence, integrity and objectivity, and has sufficient current local and national knowledge of the particular asset type at its particular market as well as the skills, qualifications, experience and understanding necessary to undertake the valuation competently. He will sign the report on behalf of Lambert Smith Hampton.
10. Please note that as you are not yet aware of/do not wish to disclose the identity of the intended lender, we are required to state that our valuation report may not be acceptable to that lender, either because that lender does not accept that a valuation procured by a borrower or its agent is sufficiently independent or because that particular lender has specific reporting requirements.
11. We set out below our involvement over the last two years with the property, the borrower or a prospective borrower or with any party connected with a transaction for which lending is required:-
- We provided further advice to another financial institution for secured lending purposes 1 month ago.

We do not consider that this constitutes a conflict of interest or compromise our ability to report to you with independence and objectivity.

12. Our agreed fee for providing you with our valuation report is £1,500, plus VAT and will be paid by the Applicant. We shall charge VAT at the statutory rate on all fees. VAT will be calculated with reference to the level prevailing at the date of our invoice.

Our valuation report will be released on receipt of cleared funds.

13. In the event that your bank intends to syndicate the whole or any part of the loan we draw to your attention clause 9 of the attached 'Terms of Engagement for Valuation Services' which operate to the exclusion of any other terms or conditions which you may seek to apply to this instruction.
14. Please note that any reproduction or public reference to the valuation or report will require our prior written consent.

15. We must draw to your attention that our compliance with the Red Book Global Standards may be subject to monitoring under the Royal Institution of Chartered Surveyors conduct and disciplinary regulations.
16. We confirm that the Valuation Division of Lambert Smith Hampton has a Quality Management System which complies with ISO 9001:2015.
17. In the event of any ambiguity or conflict between any of the documents comprising the Agreement, this Engagement Letter shall take precedence over any of the other Terms.
18. We are happy to consider your Solicitor's Report on Title prepared in connection with the proposed facility as part of this instruction. If, however the Report on Title is delayed and is received in excess of three months from the date of our valuation report we will charge an additional fee on a time spent basis.
19. Our Valuation Report will be provided for the above-stated purpose and for the sole use of the named Client. It will remain confidential to the Client and his professional advisers and the Valuer accepts no responsibility whatsoever to any other person. Neither the whole nor any part of the Valuation Report nor any reference thereto may be included in any published document, circular, or statement, or published in any way, without the Valuer's written approval of the form and context in which it may appear. Such publication of, or reference to the valuation report may not be made unless it contains a sufficient contemporaneous reference to any Special Assumptions or departures from the Red Book confirmed therein. We refer you to Condition 9 of the attached Terms of Engagement for Valuation Services.
20. This instruction may be terminated by either party upon 30 days' notice to the other. If the instruction is terminated by either party, we will be entitled to fees and expenses on the basis set out in the Terms of Engagement.
21. We are committed to providing a high level of service. In the event that you have any concerns about any aspect of our work please do not hesitate to contact me. Details of our complaints procedure are available on request.

Yours sincerely



Tim Bloomer MRICS  
RICS Registered Valuer  
Associate Director  
**For and on behalf of**  
**LAMBERT SMITH HAMPTON**

DDI 0121 237 2306  
Mobile 07591 384 237  
Email [tbloomer@lsh.co.uk](mailto:tbloomer@lsh.co.uk)

encl. Terms of Engagement for Valuation Services

**RICS Red Book Global Standards  
Bases of Value**

**Market Value (MV)**

The estimated amount for which an asset or liability should exchange on the *valuation date* between a willing buyer and a willing seller in an arm's-length transaction, after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion.

**Market Rent (MR)**

The estimated amount for which an interest in *real property* should be leased on the *valuation date* between a willing lessor and willing lessee on appropriate lease terms in an arm's length transaction, after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion.

# Terms of Engagement for Valuation Services

## 1. INTERPRETATION

### (i) In these Terms:

"Agreement" means the agreement between the Client and LSH for carrying out the Service, incorporating the Terms and the Engagement Letter.

"Client" means the person to whom LSH is to provide services in accordance with the Terms and includes the person to whom the Engagement Letter is addressed.

"Data Protection Laws" all applicable data protection and privacy legislation in force from time to time in the UK including without limitation the Data Protection Act 2018 (and regulations made thereunder) ("DPA 2018"); the UK GDPR (as defined in section 3(10) and as supplemented by section 205(4) of the DPA 2018); the Privacy and Electronic Communications Regulations 2003 (SI 2003/2426) as amended.

"Director" means any person whose title includes the word 'director' whether or not a statutory director.

"Engagement Letter" means the letter or proposal document sent out by LSH to the Client setting out the basis on which it will carry out the Service.

"Expert Witness Terms" means the terms and conditions which, in addition to the Terms of Engagement letter, govern the provision of the Expert Witness Services (as defined within the Expert Witness Terms of Engagement).

"Fee" means the fee for the Service as set out in the Engagement Letter or as otherwise agreed in writing between LSH and the Client, plus any expenses or other amounts properly due under this Agreement.

"LSH" means Lambert Smith Hampton Group Limited whose registered office is at 55 Wells Street, London, W1T 3PT and any company which is in the same group of companies as that company.

"LSH Report" means the written advice and report(s) provided to the Client by LSH under this Agreement.

"Property" means the property identified in the Engagement Letter and any agreed variation to the Engagement Letter.

"RICS" means the Royal Institution of Chartered Surveyors.

"Service" means the service to be performed or procured by LSH under the Agreement including, where applicable, any Expert Witness Services (as defined in the Expert Witness Terms).

"Terms" means the terms and conditions set out in this document and includes the Expert Witness Terms and any other terms and conditions set out in the Engagement Letter or any other letter or document from LSH accompanying, supplementing or varying the Terms.

"Valuation Standards" means the RICS Valuation Guidance Standards as set out within the RICS Red Book - Global

### (ii) In these Terms:

(a) A reference to "writing" includes electronic mail.

(b) A reference to any provision of a statute or regulation shall be construed as a reference to that provision as it is in force at the relevant time taking account of any amendment, re-enactment, extension or repeal.

(c) Except where the context otherwise requires, words denoting the singular include the plural and vice versa, words denoting any gender include all genders and any reference to a "person" includes an individual, firm, corporation and/or other legal entity.

(d) References to a numbered condition are to that condition in these Terms.

(e) The headings are for convenience only and shall not affect the interpretation of these Terms.

## 2. GENERAL

(i) The Agreement shall be made when the Client receives a copy of the Terms or gives instructions to LSH, whichever shall be the later, and shall be subject to the Terms, which shall also apply to all or any part of the Service carried out prior to such date.

(ii) LSH shall perform all Services on the basis of the Agreement only, which shall apply to the exclusion of any other terms and conditions which the Client may seek to impose or incorporate, or which are implied by trade, custom, practice or course of dealing.

(iii) No variation of:

(a) the Terms shall be binding unless previously agreed in writing by a statutory director of LSH (as identified on Companies House from time to time);

(b) The Engagement Letter shall be binding unless previously agreed in writing by a Director of LSH,

and in entering into the Agreement the Client acknowledges that it has not relied on any statement, promise or representation which has not been confirmed in writing by a Director of LSH.

(iv) In the event of any ambiguity or conflict between any of the documents comprising the Agreement, the Engagement Letter shall take precedence over any of the other Terms.

(v) Nothing in the Agreement shall confer or purport to confer on any third party any benefit or right to enforce any terms of the Agreement. No term of the Agreement shall be enforceable under the Contracts (Rights of Third Parties) Act 1999 by a person who is not a party to the Agreement, although this shall not affect any right or remedy of any third party which exists or is available other than under such Act.

(vi) LSH's duties under the Agreement shall be limited to those set out in the Terms.

(vii) LSH shall be entitled to accept and act on any instruction given to LSH by any person who is an employee of, or advisor to, the Client.

(viii) If any provision of the Terms shall become or be declared illegal, invalid or unenforceable for any reason such provision shall be divisible, and shall be deemed to be deleted, from the Terms.

(ix) The Client shall provide its authority, instructions or information required to LSH promptly.

(x) It is a condition of the Client's agreement with LSH that (save where and to the extent that LSH instructs independent experts, consultants or other third parties on the Client's behalf) the duties and responsibilities owed to the Client are solely and exclusively those of LSH and that no employee of LSH shall owe the Client any personal duty of care or be liable to the Client for any loss or damage howsoever arising as a consequence of the acts or omissions of such employee (including negligent acts or omissions) save and to the extent that such loss or damage is caused by the fraud, dishonesty, wilful misconduct or unauthorised conduct on the part of such employee.

## 3. SERVICE

LSH shall seek to provide a service such as would be expected of a national firm of consultant surveyors in a proper professional manner and shall perform the Service with reasonable care and skill.

The Service shall, however, be provided on the basis that:

(i) LSH reserves the right to carry out instructions in accordance with such procedures, principles or methodologies as LSH deems to be appropriate. Where appropriate, LSH shall comply with the relevant Practice Statements and Guidance Notes published by the RICS and measurements shall be undertaken in accordance with the relevant Code of Measuring Practice published by the RICS.

(ii) Estimates of times for performance of all or any part of the Service have been made upon the basis of information available to LSH at the time and are approximate only so that LSH shall not be bound by any such estimate.

(iii) LSH may, if it considers it appropriate, secure performance of any or all Services by instructing one or more other persons (whether as sub-contractor or in any other capacity) upon such terms as LSH considers appropriate. In circumstances where LSH secures the performance of another person, no additional fee shall be payable by the Client in the absence of prior agreement to such additional fee but the Client shall be liable to pay all Fees as if all Services had been performed by LSH.

(iv) The Client shall provide LSH (or ensure that LSH is provided) with details of any other consultants or contractors appointed or to be appointed by the Client relevant to the Service.

(v) If LSH are instructed to act as an "independent valuer", then the meaning and understanding of the term independent valuer shall be that LSH will exercise independence, integrity and objectivity when undertaking the Service in accordance with the Valuation Standards, but LSH shall not (unless otherwise agreed in writing with the Client prior to the relevant instruction) be under any obligation (express or implied) to conform to any statutory or regulatory requirements associated with use of the term "independent valuer" (other than to the extent that such requirements cannot lawfully be excluded by agreement of the parties), or the Client's own definition or understanding of the term.

(vi) LSH shall not be liable to the Client for the non-performance or delay in the performance of any of its obligations hereunder due to events or circumstances outside its reasonable control. Upon the occurrence of such an event, LSH shall immediately notify the Client with as much detail as possible and keep it updated of continuing developments. Once the event is removed or ended LSH shall perform its obligations unless this Agreement has been terminated in accordance with Condition 11(ii)(a).

## 4. THE PROPERTY

### (i) Information

The Client warrants represents and undertakes to LSH that (save as specifically notified to LSH by the Client in writing):

- (a) LSH shall be entitled to rely upon information and documents provided by or on behalf of the Client including those relating to matters such as Health & Safety, the Asbestos Register, energy performance and details of tenure, tenancies, use, contamination, building costs, costs of development, town planning consents and building regulation consents, historic or projected future trading accounts and the like as being, to the best of the Client's knowledge, information and belief, accurate and not misleading (either on their face or by inference or omission) and the Client shall advise LSH and shall instruct any advisor to inform LSH in the event that the Client and/or any advisor receives notice or becomes in any other way aware that any information given to LSH is or may be misleading or inaccurate.
- (b) It shall provide legible true copies of any relevant documents reasonably required by LSH.
- (c) It shall make arrangements for the inspection of or attendance at the Property by LSH on reasonable notice in order to carry out the Service.
- (d) If the Client instructs LSH to re-value the Property without inspection LSH will assume that no material changes to the physical attributes of the Property and the area in which it is situated have occurred and the Client has provided information of changes in rental income from investment properties and any other material changes to the non-physical attributes of each property such as lease terms, planning consents, statutory notices etc.
- (e) if the Client instructs LSH to undertake a critical review of a valuation prepared by another valuer and if LSH agrees in writing to do so then the Client shall undertake to provide LSH with full details of the first valuer's instructions so that LSH is in possession of all of the facts and information including the terms of instruction, circumstances and reasons for the first instruction so that LSH are able to undertake a critical review and the Client shall not publicise, discuss with third parties or refer to any critical review carried out by LSH in any documents or circular or otherwise without the express authority from LSH in writing.
- (ii) **Assumptions**
- Except where disclosed to LSH in writing, LSH shall be entitled to assume the following as appropriate:
- (a) Opinions of value shall be provided on the basis of "Market Value" or "Market Rent" as defined in the Practice Statements and Guidance Notes published by the RICS and in accordance with the Valuation Standards unless otherwise agreed in writing between LSH and the Client and, unless specifically notified by the Client to LSH and agreed in writing by LSH, LSH shall not be under any obligation to identify or take into account any marketing constraint such as if the Property cannot be freely or adequately exposed to the market or if the Property is subject to an inherent defect or constraint whether or not such circumstance or constraint is actual, anticipated or hypothetical and LSH shall not be required to take into account any time limit for disposal without adequate explanation from the client of the reasons for such a constraint.
- (b) There are no tenant's improvements which would materially affect LSH's opinion of the value of the Property unless otherwise advised. LSH shall not take account of any item in the nature of the tenant's fixtures and fittings, improvements, plant equipment, and machinery and LSH may (without any obligation to do so) make any reasonable assumptions to identify if any fixtures and fittings are part of the Property and which would pass, with the Property, on reversion, back to the landlord or on any sale and that all such tenant's improvements or fixtures and fittings have all necessary consents and are not subject to any onerous conditions.
- (c) There are no restrictive covenants encumbrances or unduly onerous or unusual easements, restrictions, outgoing or conditions attaching to the Property or unusual terms in any relevant documentation or notices or procedures (including compulsory purchase orders) served, issued or threatened or any other matters whatsoever full information about which have not been supplied and brought to LSH's attention in writing and which would materially affect LSH's opinion of the value of the Property and that the Property has good marketable title.
- (d) The Property complies with all relevant statutory requirements including building safety and fire regulations.
- (e) The Property has the benefit of all necessary full planning consent or established use rights and building regulations approval and all or any work has been carried out fully in compliance with those consents.
- (f) No dangerous or harmful materials or techniques have been used in the construction of the Property or its subsequent alteration, extension or refurbishment and the Property is not contaminated or potentially contaminated or subject to environmental hazards. Unless specifically instructed, LSH shall not undertake any investigation into the past or present uses of either the Property or any adjoining or nearby land to establish whether there is any potential for contamination from these uses and shall assume that none exists.
- (g) LSH may rely on all data provided to it, or stated on any publicly available websites, in respect of any EPC affecting the property. LSH shall be under no obligation to establish if any EPC is accurate or current. In the event that no EPC is available LSH shall assume that the Property meets the minimum requirements of the legislation and that there will be no adverse impact on value and marketability.
- (h) The Property (including, without limitation, all means of access and egress, which shall be assumed to be freely available, to and from the same and all plant and/or machinery or substances located in or at the Property and provided for the use of any person) has been properly maintained and is in good repair and condition and that any obligation concerning repair, maintenance, decoration or reinstatement have been complied with in accordance with all and any necessary statutory or other regulations and requirements and, without prejudice to the generality of the foregoing, is safe and without risks to health. LSH may at its discretion reflect any readily apparent defects or items of disrepair noted during its inspection in valuations but the Client shall not rely on this to assume either that the Property is free from defect or that LSH have in any way quantified the extent of any repair;
- (i) There are no facts known to the Client which ought to be brought to the attention of LSH to enable it to ensure that access to the Property by any person is safe and without risks to health.
- (j) LSH's Report shall reflect the state reached in construction and the company's costs at the date of valuation, having regard to the obligations of parties involved in the development only to the extent that any costs or estimates which have been prepared by the Client's professional advisors are made available to LSH and LSH shall not be liable for any error or inaccuracy arising directly or indirectly from such information and shall not be under any duty to advise concerning the accuracy or relevance of such information:
- (1) Except where specifically stated otherwise, LSH shall assume that the Property is subject to normal outgoing and that where relevant any tenant(s) are responsible for repairs, the cost of insurance and payment of rates and other usual outgoing, either directly or by means of service charge provisions.
  - (2) Unless specifically requested, LSH shall not make enquiries as to the financial standing of actual or prospective tenants although LSH shall reflect the general market's perception of a tenant's status in its valuation. LSH shall assume, unless advised in writing, that tenants are capable of meeting their financial obligations under the lease terms and that there are no arrears of rent, service charge or other relevant payments or undisclosed breaches of covenants.
  - (3) In the valuation of portfolios LSH shall value each Property separately and not as part of the portfolio. Accordingly, LSH shall make no allowance, either positive or negative, in the aggregate value reported to reflect the possibility of the whole of the portfolio being put on the market at any one time.
- (iii) LSH shall be entitled to make such special assumptions ("**Special Assumptions**") as are necessary to provide the Client with the opinions of value requested by the Client. Any Special Assumptions made shall be agreed with the Client and set out in the Engagement Letter and shall be stated in the LSH Report.
- (iv) **Limitations**
- Unless otherwise stated in the Engagement Letter:
- (a) LSH shall not be responsible for making any local search or other enquiries of local or any other authorities including HMLR, including town planning enquiries or investigation of title regarding the Property, which shall be the Client's sole responsibility, and LSH may rely on any such information provided by the Client or the Client's advisors without further enquiry. If LSH shall make oral or other enquiries regarding the Property to third parties, the results of such enquiries shall not be relied on by the Client.
  - (b) Subject to agreement of the terms of any subsequent instruction, LSH shall not be responsible for making any structural or site survey or audit of the Property such as may be required under applicable law without limitation under the Equality Act 2010 or the Control of Asbestos Regulations 2012 or for testing any services to or on the Property, including the availability of broadband or other communications or information technology infrastructures.
  - (c) Any advice, approval or representation made by LSH or any person on behalf of LSH regarding the legal meaning or effect of any lease or contract shall not be relied on by the Client and such advice shall be limited to matters upon which it is suitable for a Chartered Surveyor to advise and shall not constitute advice regarding legal interpretation or drafting issues. Unless otherwise agreed in writing between the LSH and the Client, LSH shall not be obliged to advise upon the interpretation or drafting of any draft agreements, leases or other legal or technical documents.
  - (d) LSH shall not be responsible for advising in respect of, or effecting the service of, any notice required to be given under statute, regulation or under the provisions of any contract or lease or otherwise and shall not be liable for advice, interpretation or compliance with any time periods or other provisions under statute, regulation (including the Civil Procedure Rules from time to time) or provided for in any contract or lease including

any notice of appeal or for making payments or carrying out any other actions in accordance with such time periods.

- (e) LSH shall exclude and shall not be required to take into account any work in progress stock in trade and shall not be required to take into account or be responsible for the interpretation of accounts, turnover figures or other financial or information relating to trade.
- (f) No allowance shall be made for any liability for payment of Corporation Tax, Capital Gains Tax, Stamp Duty Land Tax or any other tax applicable on development or disposal, deemed or otherwise. Any prices and/or rentals stated shall be deemed to be exclusive of Value Added Tax.
- (g) Whilst LSH will endeavour to treat all information which is relevant to the Client's instruction as confidential, LSH may at its sole discretion provide any information to other professionals or third parties as is usual practice and, in any event, LSH may be required to provide such information to a court, or tribunal or to the other party in any proceedings.
- (h) LSH shall not be under any duty to carry out conflict checks in relation to any third party (such as related companies) other than the Client or any other relevant party notified in writing by the Client to LSH.
- (i) Valuations shall not reflect any element of marriage value or special purchaser value which could possibly be realised by a merger of interests or by sale to an owner or occupier of an adjoining property, other than in so far as this would be reflected in offers made in the open market by prospective purchasers other than the purchaser with a special interest unless LSH shall make a Special Assumption in this regard.
- (j) All valuations are given without adjustment for capital based government grants received, or potentially receivable, at the date of valuation or at some future date.
- (k) LSH's valuations shall be reported in pounds GBP. Overseas properties shall be reported in the appropriate local currency and represent LSH's opinion of the realisable value in the country of origin computed in accordance with local practice, with no allowance made for the transfer of funds in the UK.
- (l) Unless the Client specifically commissions a formal survey with relevant obligations and LSH accepts such instruction on agreed terms, LSH shall not be under any obligation to take into account any aspect arising from the condition of the Property including any benefit or liability in respect of dilapidations and no advice or representation concerning the condition of the Property shall be relied on by the Client or any third party.
- (m) Unless the Client specifically commission a formal management arrangement with relevant obligations and LSH accept such instruction on terms to be agreed, the Client shall remain responsible for the insurance of the Property and for notifying its insurers should the Property become vacant. LSH shall not be responsible for the management, security or deterioration of the Property or, for any other like matter or loss however caused. If the keys for the Property are held by LSH then the Client shall be deemed to have given authority to LSH to supply keys to any persons who wish to inspect the Property or carry out works or inspections at the Property and LSH shall accept no responsibility for the action of such persons. The Client shall effect and maintain full insurance cover against any claim that may be made by LSH or any representative or employee of LSH or by any third party in respect of any loss, damage or injury however caused arising directly or indirectly under or in respect of the Agreement.
- (n) LSH shall not be under any obligation to arrange for any investigations to be carried out to determine whether or not any deleterious or hazardous materials have been used in construction of the buildings or have since been incorporated and LSH shall not therefore, be in a position to report that the Property is free from risk in this respect. Unless LSH are advised by the Client in writing, and subject to LSH's sole discretion, LSH's valuations shall be made on the assumption that such investigations would not disclose the presence of any such materials to any significant extent but this shall not be relied on by the Client as any indication that the Property is free from risk.
- (o) LSH shall not be under any obligation to carry out or commission a site investigation or geographical or geophysical survey in order to determine the suitability of ground conditions and services, nor shall LSH undertake archaeological, ecological or environmental surveys. Unless otherwise advised LSH assume, but can give no assurances, that the ground has sufficient load bearing strength for the existing structures or any structures proposed or considered. Where development is contemplated, LSH assume that no extraordinary expenses or delays will be incurred during the construction period, due to any adverse ground conditions or archaeological matters.

## 5. TERMS OF PAYMENT

- (i) Unless otherwise stated in the Engagement Letter the Client shall be liable to pay LSH its Fee at intervals to be determined by LSH or on completion of the Service, at LSH's discretion. Payments are due on issue of the invoice and the final dates for payment by the Client shall be the date of issue of the invoice.

- (ii) LSH shall be entitled to submit accounts for the expenses element of the Fees at the time when incurred or ordered by LSH and such accounts shall be payable by the Client whether or not the Client withdraws its instructions. Accounts for expenses are due for settlement on presentation. Alternatively LSH may arrange for the suppliers to invoice the Client directly for services supplied.
- (iii) VAT will be payable where applicable at the prevailing rate on all Fees.
- (iv) LSH reserves the right to charge the Client interest (both before and after any judgement) on any unpaid invoice at the rate of 3% per annum above the base lending rate of the Bank of Scotland calculated on a daily basis from the date of its invoice up to and including the date of settlement in full.
- (v) If any sum due to LSH from the Client remains unpaid for more than 30 days after the date of the invoice LSH shall be entitled to suspend all further work for the Client until the outstanding sum is paid to LSH in full. In these circumstances LSH shall not be liable for any delays, losses or expenses resulting from such suspension.
- (vi) The Client shall not withhold any payment after the final date for payment of any sum due under this Agreement unless in relation to a bona fide dispute of which notice is provided to LSH in writing by the Client not less than seven days before the final date specifying the amounts to be withheld and the reasonable grounds for withholding payment or, if there is more than one ground, each ground and the amount attributable to it.
- (vii) Unless otherwise stated in the Engagement Letter and subject to Condition 5vi), all amounts due under this Agreement by the Client shall be made without set-off, deduction, withholding or counterclaim (other than any deduction or withholding of tax as required by law).
- (viii) Where there are two or more clients in the case of a joint or multiple instruction, invoices for an appropriate share of any Fees as determined in LSH's sole discretion may be issued by LSH to all clients or any client simultaneously or otherwise, and each client shall be jointly and severally liable for the full amount of LSH's Fees in the event that payment is not received from one or more clients.
- (ix) The Client may, with the prior written consent of LSH, appoint a third party nominee to satisfy the Client's obligations under this Condition 5 (an "Appointed Payor"). Appointment of an Appointed Payor shall not discharge any obligation of the Client's under this Agreement, provided that payment by the Appointed Payor of any sums owed by the Client to LSH in accordance with this Condition shall be good and valid discharge of the Client's obligations to pay such sums.

## 6. FEES AND EXPENSES

- (i) LSH shall charge the Fees in the event of a change in the scope of the Service or LSH being required to carry out additional Services, LSH reserves the right to charge an additional Fee.
- (ii) The Client shall also be responsible for all fees and expenses incurred or ordered in respect of the Property, which may include without limitation advertising, brochure production, printing of particulars, photography, mailing, digital marketing expenses, administration, Anti-Money Laundering checks, on site representation, sign boards, travelling, mileage, messenger delivery and copying of documents and plans. Expenses shall be passed on to the Client at gross cost unless otherwise stated in the Engagement Letter. LSH shall be entitled to retain any discounts or commissions which are available or paid to LSH in order to offset administrative expenses. A copy of LSH's rates where applicable shall be made available upon request, such rates being subject to amendment from time to time by LSH on written notice.
- (iii) If, in connection with the service, the resolution of a dispute with a third party is referred to an adjudicator, arbitrator, expert, mediator, court or tribunal, all costs in connection with such referral shall be the sole liability of the Client and shall either be paid directly by the Client or be recharged to the Client as an expense and the Client shall indemnify LSH in respect of any liability or loss in such matters.
- (iv) Unless specifically provided for in the Terms or accompanying letter or as otherwise agreed in writing between LSH and the Client the Fees do not include remuneration for acting as an expert witness, for which service a separate fee shall be required and the Expert Witness Terms shall apply.

## 7. INTELLECTUAL PROPERTY

- (i) Ownership of any rights in any information, documents or other material provided by the Client to LSH in relation to the Property or Services shall remain the property of the Client ("Client Material") and the Client hereby grants to LSH a perpetual royalty free, worldwide, irrevocable licence to use, copy, adapt and modify such Client Material for the purposes of performing the Services and for the purposes of advertising or promoting LSH and its business.
- (ii) Ownership of all rights in materials, know-how, developments, reports, forecasts, drawings, accounts and other documents created and/or originated by LSH, its employees or agents, in relation to or arising out of the Services, shall as between LSH and the Client belong to LSH.
- (iii) LSH shall grant the Client a royalty free licence to use the LSH Report in accordance with this Agreement. The Client may not use the whole, or any

part of the LSH Report, or any reference to it in any published document, circular or statement, without LSH's written approval of the form and context in which it shall appear. Such approval is required whether or not LSH is referred to by name and whether or not the reports are combined with others.

- (iv) If at any time the Client is in default of payment of Fees, LSH may suspend the Client's licence to the LSH Report. At LSH's discretion, the licence may be resumed on receipt of all outstanding amounts.

## 8. INDEMNITY

The Client shall indemnify and keep indemnified LSH from and against all and any liability, losses, damages, penalties, fines, costs and expenses (including legal costs and expenses) suffered or incurred by LSH arising out of or by virtue of:

- (i) The breach by the Client of any of its obligations under the Terms;
- (ii) The Client's instructions to LSH other than any losses, damages, costs and expenses arising by virtue of the wilful default of LSH or its employees or agents; or
- (iii) Any allegation that the Property (including without limitation the means of access to or egress from the same or any plant or substances in such premises provided for the use of any person) were not safe or posed a risk to health except where LSH had been notified in writing of all facts necessary to bring to the attention of LSH such fact(s).

## 9. LIMITATION AND LIABILITY

- (i) Nothing in this Agreement shall limit LSH's liability for death and/or personal injury caused by the negligence of LSH or its employees, fraud or fraudulent misrepresentation, or any other liability to the extent that such liability cannot be limited in accordance with applicable law.
- (ii) **Subject to Condition 9i) above, in respect of this Agreement, the aggregate liability of LSH to the Client whether arising from tort (including negligence), breach of contract, breach of statutory duty or howsoever otherwise arising shall be limited to five million pounds sterling (£5,000,000.00).**
- (iii) Subject to Condition 9i) above, LSH shall not be liable for any claim to the extent that such claim is or can be characterised as a claim for (or arising from):
  - (a) Loss of revenue or profits;
  - (b) Loss of business opportunity or loss of contracts;
  - (c) Loss of goodwill or injury to reputation; or
  - (d) Anticipated savings,
    - (in each case whether arising directly or indirectly from any breach of this Agreement by LSH); or
  - (e) for any indirect, consequential or special loss or damage.
- (iv) In the event of the Client engaging LSH together with other advisers, service providers and/or suppliers engaged by the Client or any other third party in relation to the Project, LSH's liability shall, without prejudice to the limitations contained in Condition 9 and subject always to Condition 9i), be limited to that proportion of any loss or damage suffered by the Client as it would be just and equitable for LSH to bear having regard to LSH's responsibility for it and on the basis that all other advisers, service providers and/or suppliers shall be deemed to have paid such proportion of the relevant loss or damage suffered by the Client which is just and equitable for them to have paid having regard to the extent of their respective responsibilities.
- (v) The LSH Report is provided solely for the purpose of the Service and to the Client. Should the Client disclose any part of the LSH Report to any third party the Client shall notify such third party in advance of the disclosure and in writing that LSH does not owe a duty of care to such third party. The Client shall indemnify LSH and hold LSH harmless against all liabilities, costs, expenses, damages and losses suffered or incurred by LSH arising out of or in connection with such disclosure by the Client.
- (vi) In the event of a proposal to place any loan secured over the Property in a syndicate, the Client must (i) notify LSH of such proposal, ii) disclose the identity of the parties participating in the syndicate to LSH, and iii) obtain LSH's written consent (which may be subject to the inclusion of alternative or additional terms) for such parties to rely on any of LSH's valuations, reports and/or any other advice or information resulting from the Client's instruction.
- (vii) All risks and/or liabilities in relation to toxic mould, deleterious materials, contamination, radon gas, HAC or calcium chloride shall remain with the Client and the Client shall take such steps as it deems necessary to insure against or otherwise address such risks and liabilities.
- (viii) LSH is not qualified to and will not provide any advice or services in connection with asbestos. The Client acknowledges that all risks relating to asbestos howsoever arising remain with the Client who shall take such steps as it deems necessary to address such risks. If appropriate the Client will arrange for the appointment by the Client of specialist asbestos consultants.

- (ix) LSH will not advise on capital allowances in performance of the Services and will not be liable for any liability, losses, damages, penalties, fines, costs and expenses suffered or incurred by the Client or any other Third Party in respect of capital allowances. Insofar as LSH are liable for any capital allowances incurred as a result of the performance of the Services the indemnity set out in Condition 8 shall apply.

## 10. REINSTATEMENT COST ESTIMATES

In the event that the Client requires an estimate of the cost of reinstating any building or structure, for insurance purposes the following terms shall apply:

- (i) The Reinstatement Cost assessment is an estimate provided on an informal basis only and should not be relied upon for the purposes of placing insurance cover on the property. Should a Reinstatement Cost Assessment be required to enable an insurance policy to be placed, LSH Building Consultancy Division must be separately instructed to undertake such an assessment.
- (ii) The Reinstatement Cost assessed for insurance purposes shall be a "Day One" valuation and shall not include an allowance for inflation and or design/procurement periods etc.
- (iii) LSH shall assume that the policy is on an indemnity basis with a fully operative reinstatement clause, no special conditions, an instantaneous basis of value and shall have no regard to any variation in building costs subsequent to the date of LSH's informal assessment. LSH's assessment will be based on the assumption that the reconstruction of any premises, to provide similar or new accommodation, will be permitted by the appropriate authorities with no undue restrictions.
- (iv) LSH will exclude tenant fit-out and or fixtures and fittings, Value Added Tax, loss of rent, extra costs of working or other consequential losses, local authority requirements and party wall works. Further, LSH's assessment shall exclude any land remediation and special contaminated waste costs. However, the figure will be inclusive of professional fees, demolition and site clearance.
- (v) LSH shall assume that VAT is chargeable on professional fees and building works to new and existing premises.
- (vi) LSH will not carry out a structural survey and LSH's assessment will be prepared on the assumption that ground conditions will not give rise to the need for any specialist or unduly expensive constructional techniques (specialist foundations etc) unless LSH is otherwise advised by the Client. In addition, the removal of hazardous materials, if any, shall be excluded from the informal assessment.

## 11. TERMINATION OF INSTRUCTIONS

- (i) The instruction from the Client to LSH may be terminated by the Client by giving not less than 30 days' notice in writing to LSH whereupon LSH shall be entitled to charge (at LSH's option):
  - (a) A fair and reasonable proportion of the full Fee which would have been payable if the work had been carried through to a conclusion and as if LSH had become entitled to payment in accordance with conditions 5 and 6 above, or
  - (b) A reasonable sum for all the work undertaken up to and including the date of termination based on quantum meruit; or
  - (c) The Fees as LSH are entitled to under Conditions 5 and 6 to include in each case any expenses already incurred (each a "**Contracted Fee**").
- (ii) The instruction from the Client to LSH may be terminated by LSH on the following terms by giving not less than 30 days' notice in writing:
  - (a) If, as a result of circumstances outside the reasonable control of either party, it becomes unfeasible to perform the Services within a reasonable period. In these circumstances the Client shall pay to LSH all Fees by way of the **Contracted Fee**, or a fee for all work which has been done up to and including the date of termination on a quantum meruit basis where early termination of this Agreement deprives LSH of entitlement (or the opportunity to become entitled) to a Contracted Fee; or
  - (b) If the Client has made it impossible to complete the instruction within a reasonable period or has not made payment by the due date of any sum payable by the Client to LSH. In these circumstances the Client shall pay to LSH the full Fee which would have been charged as if the work had been carried through to a conclusion (plus any expenses already incurred).
- (iii) Any outstanding Fees due to LSH shall be paid in full by the Client on or before the expiry of the notice period for termination of instructions. For the avoidance of doubt in the event of termination of instructions, whether by LSH or by the Client, LSH shall not be liable to repay the Client any Fees previously paid by the Client to LSH.
- (iv) Where any Fees are to be charged on a quantum meruit basis such Fees shall be calculated by reference to LSH's hourly charges from time to time, details of which are available from LSH on request.
- (v) Notwithstanding the provisions of Conditions i) and ii) above, LSH shall be entitled to terminate an instruction from a client without notice, if required to do so for statutory regulatory reasons.

## 12. REGULATION AND COMPLAINTS

- (i) LSH is regulated by RICS for the provision of surveying services. This means we agree to uphold the RICS Rules of Conduct for Firms and all other applicable mandatory professional practice requirements of RICS, which can be found at [www.rics.org](http://www.rics.org). As an RICS regulated firm we have committed to cooperating with RICS in ensuring compliance with its standards. The firm's nominated RICS Responsible Principal is Massimo Marcovecchio, Chief Operating Officer, 55 Wells Street, London, W1T 3PT or email [mmarcovecchio@lsh.co.uk](mailto:mmarcovecchio@lsh.co.uk)
- (ii) LSH aims to carry out any instructions received from the Client in an efficient and professional manner. LSH, therefore, hopes that the Client will not find cause for complaint but recognises that in an isolated circumstance there may be complaints. These should be addressed initially to the Head of the LSH office dealing with the instruction.
- (iii) LSH adopts the complaints handling procedures that are required by the RICS, a copy of our Complaints Handling Procedure may be obtained from our National Head of Standards and Practice, 55 Wells Street, London, W1T 3PT or email [NHSP@lsh.co.uk](mailto:NHSP@lsh.co.uk).

## 13. ASSIGNMENT

- (i) LSH may assign the Agreement without the consent of the Client.
- (ii) The Agreement is not assignable by the Client without the prior written consent of LSH.

## 14. DATA PROTECTION

- (i) We collect and process your personal information. All information will be processed in accordance with the applicable Data Protection Laws
- (ii) Full details of how we process your information can be found on our website <http://www.lsh.co.uk/privacy-policy>. Printed copies of our privacy notice are available on request.
- (iii) You may change your communication preferences or withdraw from any further communications from us by contacting us at [privacy@lsh.co.uk](mailto:privacy@lsh.co.uk)
- (iv) Where we receive personal data from any prospective purchaser or tenant of the Property, we shall only use that data for the purposes of your instructions and shall comply with Data Protection Laws. The Client warrants that where it or its appointed third parties or advisors provide such data to LSH, it has or shall procure that all necessary notices and consents are in place to enable the lawful transfer to LSH in accordance with Data Protection Laws.

## 15. MONEY LAUNDERING REGULATIONS

- (i) **Money laundering reporting**
  - (a) Much of LSH's work falls into the regulated sector under the Proceeds of Crime Act and Sanctions and Anti-Money Laundering Act 2018 and, as such, we are required to report all knowledge or suspicion (or reasonable grounds for knowledge or suspicion) that a criminal offence giving rise to any direct or indirect benefit from criminal conduct has been committed. Failure to report such knowledge or suspicion would be a criminal offence. This duty to report exists regardless of whether the suspected offence has been, or is about to be, committed by a client or by a third party.
  - (b) If as part of our normal work LSH obtain knowledge or suspicion (or reasonable grounds for knowledge or suspicion) that such offences have been committed we are required to make a report to the National Crime Agency or OFSI. It is not our practice to discuss the existence or otherwise of any reports with you or with anyone else, because of the restrictions imposed on us by the tipping off provisions of the anti-money laundering legislation.
  - (c) LSH shall not be liable for any liabilities of the Client or third parties arising out of its regulatory obligations to report.

## 16. ETHICS

- (i) Each party shall:
  - (a) Comply with all applicable law relating to anti-bribery, anti-facilitation of tax evasion and anti-slavery including without limitation the Bribery Act 2010, the Criminal Finances Act 2017 and the Modern Slavery Act 2015 ("**Relevant Requirements**");
  - (b) Have and maintain in place throughout the term of this Agreement its own policies and procedures, including without limitation adequate procedures under the Bribery Act 2010 and reasonable prevention procedures under the Criminal Finances Act 2017 to ensure compliance with the Relevant Requirements, and enforce them where appropriate; and
  - (c) Promptly report to the other party any: (i) breach, or potential breach, of the Relevant Requirements (ii) actual or suspected slavery or human trafficking in a supply chain which has any connection with this Agreement, or (iii) request or demand for any undue or suspicious financial or other advantage of any kind received by it in connection with the performance of its obligations under this Agreement, or (ii) request or demand from a third party to facilitate the evasion of tax within the

meaning of Part 3 of the Criminal Finance Act 2017 in connection with the performance of the complying Party's obligations under this Agreement.

## 17. GOVERNING LAW AND JURISDICTION

The Terms, and the Agreement of which they form part, shall be governed by and construed in all respects in accordance with English Law and the parties irrevocably and unconditionally submit to the exclusive jurisdiction of the English Courts in relation to any dispute or proceedings arising out of, or in connection with, the Terms or any such Agreement but without prejudice to LSH's right to take proceedings in any other jurisdiction in order to enforce payment of any sums owed to LSH.

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