REPORT ON TITLE

Date 11 October 2023

SECURITY TRUSTEE: Proplend Security Limited

BORROWER: GI Property Management Limited

PROPERTY: 324 Hitchin Road, Luton (LU2 7SR)

SELLER: Landchief Limited

GUARANTOR: Frederico Giannandrea

Brecher LLP
4th Floor, 64 North Row
London, W1K 7DA
Switchboard: 020 7563 1000
DX: 42701 Oxford Circus North
Web: www.brecher.co.uk

Reference : JXC/P473-4

1 INTRODUCTION

1.1 The purpose of the facility being given by the Security Trustee is to provide the Borrower with a loan in the sum of £875,000 to assist with the purchase of the Property.

1.2 In this Report we review the title documents and searches with which we have been provided and report on the result of our investigations. This Report is based solely on the information provided to us by the Borrower's Solicitors or information obtained through our own investigations and as far as we are aware, is all the information needed in order to provide this Report.

2 PROPERTY DETAILS

2.1 Title Matters

- Brief Description: 324 Hitchin Road, Luton (LU2 7SR)
- Tenure: Freehold title absolute
- Registered title number: BD36674
- Price paid on last purchase and date: has not been provided.
- Market Value in the Valuation Report: £1,250,000

Disclosure: The Borrower is purchasing the Property for £1,125,000, which is less than the market value in the Valuation.

2.2 Plan

We enclose a copy of the Land Registry Plan at **Schedule 2**. The Property is edged red and your Valuer should check it. We have not inspected the Property.

Disclosure: While the Land Registry Plan refers to numbered areas, this numbering is not referred to on the Official Copies and so can be disregarded. It most likely relates to historic entries, subsequently cancelled.

2.3 Access

The Property abuts a roadway maintainable at public expense at each point where access is gained or has the benefit of all necessary rights to and from such a roadway.

Disclosure: None.

2.4 **Matters benefitting the Property**

The Property has the benefit of all rights over other land that are required in connection with its current use and those rights are set below**.**

Disclosure: None.

2.5 **Matters adversely affecting the Property**

Any adverse matters of a material nature affecting the Property are set out below.

Disclosure: The Property is subject to a restriction preventing the registration of charges without a certificate signed by the secretary, director or solicitor confirming that the charge does not contravene the provisions of the memorandum and articles of association of the proprietor. We have been provided with an application to the Land Registry signed by the Seller to remove this restriction, which is no longer relevant.

2.6 **Financial charges**

There are no financial charges secured on the Property which will affect the Property after completion of your charge.

Disclosure: None.

2.7 **Agreements**

The relevant terms of the purchase contract in respect of the Property are as follows:

Date:	3 May 2023
Parties:	(1) The Seller and (2) the Borrower as Buyer.
Premium:	£1,125,000 (One Million One Hundred and Twenty Five Thousand Pounds)
Deposit:	10% of the Premium, being £112,500.
Completion Date:	10 working days from satisfaction of the **Condition**. There is a **Longstop Date** of 31 October 2023. If the Condition has not been satisfied by the Longstop Date then there is a mutual right to determinate the Agreement by written notice. The deposit shall then be returned to the Buyer.

	The **Condition** is that the Seller obtains and evidence of vacant possession of Units E, F and H (e.g. Deed of Surrender for the lease dated 18.12.20 from the tenant, Thoroughbred Motor Company Limited). Comment: the Tenant of Units E, F and H has now vacated the Property.
VAT:	The Borrower and Seller have agreed that the purchase of the Property is a TOGC (Transfer Of a Going Concern), which is a transfer of a business where the purchaser is carrying on the same kind of business operated as the Seller. In this situation, the business is that it will be a commercially rented Property before and after completion. The benefit of this arrangement to the Borrower is that no supply takes place for VAT purposes and no VAT is chargeable on the purchase price. For this to apply, an option to tax the Property must be exercised and both Buyer and Seller must be VAT registered. A copy of the Seller's Acknowledgment of Option to Tax the Property dated 1 March 2020 has been supplied. Comment: we have been provided with confirmation that the Borrower has made an application to register for VAT on 21 April 2023 and is now shown as VAT registered. The Borrower has made an option to tax.
SDLT amount payable:	£45,750
Vacant possession:	The purchase is subject to the following occupational tenancies:- 1. Unit A and G – lease dated 13 August 2019 to Tarisai Makwabarara. 2. Unit A1 – lease dated 16 November 2016 to Silvertoad Limited. 3. Unit A2 and G1 – lease dated 12 September 2019 to TSN Automotive Limited 4. (Unit B – vacant since 07.07.2019.) 5. Unit B1 – licence dated 1 November 2010 to Barry Cottier. 6. Unit C – lease dated 29 March 2023 to One Nil Ltd and Kevin Smith 7. (Unit D – vacant since 13.12.2018.) 8. (Unit E, F and H – vacant) 9. Agreement for two parking spaces to TSN Automotive Limited (undated) We report on the tenancies at **Schedule 3**.

Key terms of the contract:	The Property is on the Standard Commercial Property Conditions (Second Edition) as varied by the Agreement. We would draw your attention to the following conditions:- i. The Buyer will be bound by any Agreements for Leases entered into by the Seller, but not completed, prior to completion. ii. On completion, the Seller will provide the Buyer with rent authority letters. The rent deposit deeds will also be assigned. iii. The rent due under the occupational leases will be apportioned on completion. Here rent means all sums reserved as rent under the lease, except for service charge and VAT. The apportionment is:= A/365 x B Where A = annual rent reserved for the occupational lease at completion and; B = the number of days from and including completion to the date when the next instalment of rent is due. iv. There will be a reckoning of service charge receipts and account between the Seller and the Buyer within 3 months of completion. v. The Seller reserves the right to collect any rent arrears due at the Property in respect of the period prior to completion. This includes any unbilled utilities and metered sums. There will be a capital allowances election made on the sale.

2.8 **Energy Performance Certificate**

We report on the Energy Performance Certificates below:-

<u>Disclosure:</u> • Unit A and G – rating of E121, valid to 30 July 2029 • Unit A1 – rating of D79 valid to 26 February 2033 • Unit A2 – rating of E105 valid to 28 July 2029 • Unit B1 – rating of E116, valid to 30 July 2029 • Unit C – rating of D99, valid to 28 July 2032 • Unit D – rating of D91, valid to 21 January 2032 • Unit G1 – rating of E122 valid to 28 July 2029 • Units E, F & H – rating of D86 valid to 7 October 2031 Comment: The EPCs currently meet the minimum rating for rented premises. However, the government is looking to raise the minimum rating over the course of

the next decade so it will be prudent for landlords to improve the energy efficiency ratings in anticipation of further reform.

2.9 **Replies to enquiries**

We have raised appropriate enquires of the Borrower's solicitors in connection with the transaction and their replies do not reveal anything material which needs to be drawn to your attention.

Disclosure:

The balance of the purchase monies will be an unsecured loan of £374,710.10 from FG Holdings & Ventures Ltd to the Borrower. The unsecured loan was pursuant to a loan agreement dated 9 October 2023. Interest is not payable on the loan and it is repayable on 31 December 2028, The Lender has required that the parties enter into a Deed of Subordination to subordinate this debt.

2.10 **Complaints and disputes:**

The Seller has told us that it has not had occasion to make any complaint or claim in relation to any neighbouring property or its use and occupation and that there are no claims disputes actions demands or complaints in respect of the Property which are outstanding or anticipated.

Disclosure:

We have been provided with CPSE 1 (version 3.8 replies to general pre-contract enquiries dated 14 March 2023 and CPSE 2 (version 3.4) supplemental replies for property subject to commercial tenancies dated 7 March 2023. We have no replies to draw to your attention.

2.11 **Valuer's report**

The assumptions relating to the Property stated by the Valuer in the Valuation report are correct.

Disclosure:

We have been provided with a copy of the Valuation dated 2 May 2023 prepared by Belleveue Mortlakes.

The Valuation assumes that all of the tenancies fall outside of the 1954 Act and so the Tenant is not entitled to renew the leases on the same terms. While Units A & G; A2 & G1 and C are contracted out, the 1954 Act has not been validly excluded from Units A1 and B1. Your Valuer should confirm whether this will have an adverse impact on Valuation, as it will likely make obtaining vacant possession of these units more difficult.

2.12 **Matters needing independent consideration by Valuer and Monitoring Surveyor**

Your Valuer and Monitoring Surveyor should consider whether any of the following, not otherwise disclosed in this Report, are present at the Property:

- access ways and staircases which lead on to or overhang the Property from neighbouring land;
- any windows overlooking the Property from neighbouring premises;
- anyone using or occupying the Property who is not accounted for in this Report;
- any tracks or access ways over the Property, not specifically mentioned in this Report;
- drains or pipes running under or over the Property, from neighbouring land;
- telecommunication apparatus or other equipment, eaves or any items situated on neighbouring land, but which overhang the Property;
- any party walls and or fences which could be affected by the Borrower's plans for the Property;
- anything blocking a proposed visibility splay, or a visibility splay to be provided on land owned by a third party;
- any potential interference with rights to light or air in connection with the Development;
- will the development overhang a highway.

3 SEARCHES

NOTE: As a number of the searches are out-of-date, search validation insurance has been obtained and we report on the insurance terms at Schedule 5.

Search	**Date of Result**	**Disclosures**
Index Map	7 April 2023	The search is clear.
Local Search and any optional enquiries	18 April 2023	We report on the planning entries at **paragraph 7** below, and have no other disclosures.
Environmental Desktop	6 April 2023	The search has been forwarded to your Valuer. The conclusion in the report states as follows: a) There are some potentially contaminative land uses, however the Property is unlikely to be impacted by contaminated land liability issues;

		b) the Property is within an area that could be affected by natural ground subsidence; c) the Climate Index projects a moderate risk of change in physical and transition risks from natural ground instability; d) existing or proposed wind / solar installations have been identified within 5km e) no significant concerns have been identified as the result of the flood risk searches; f) the Property is not in a radon affected area.
Drainage Search	6 April 2023	The Property is connected to mains drainage/sewers
Highways Search	18 April 2023	A copy of the Highways Plan is attached at **Schedule 2** and shows that the Property abuts the public highway.
Chancel Repair Search (if applicable)	4 April 2023	The Property is within the historical boundary of a tithe district within a parish that continues to have a potential chancel repair liability. An indemnity policy has been provided and we report on the terms at **Schedule 5**.
Mining search/railways search/wayleave Search (if applicable)	-	The Property is not within a coal mining area, so this search has not been provided.
Fire Risk Assessment	-	The Property does not have a fire risk assessment. The provision of the FRA is a post-completion condition subsequent.
Asbestos Survey	19 July 2022 and 28 September 2023	We have been provided with an Asbestos Management Plan for managing the asbestos at Units A – C at the Property dated 19 July 2022. We have also been provided with an earlier survey dated June/July 2004, which identified asbestos containing materials at the Property. Subsequently, a separate Asbestos Management Survey was provided for Units D and G dated 28 September 2023, which also located asbestos containing materials to be managed. A survey has not been provided for Units E, F and H, which hare currently vacant.
EWS1	-	Not applicable.

Bankruptcy Search against individual guarantor	25 September 2023	Search expires 16 October 2023.
Companies House Search against Seller and Borrower		**To be carried out on the day of completion.**
Land Registry Search and date of priority	26 September 2023	Search expires 6 November 2023.

4 LEASES

The Property is subject to tenancies, the key terms of which are reported upon in **Schedule 3**.

The documents do not reveal anything materially adverse, or which would interfere with the Borrower's proposals for the Property.

Disclosure:

- Missing counterparts – the Property is subject to a number of occupational leases and the Seller is the Landlord under those leases. The Seller's solicitor does not hold of all counterparts of the leases signed by the Landlord, so there is a gap in the documentation. It is a legal requirement that a Lease be signed by both Tenant and Landlord, and then dated on completion. The Seller's solicitor advises that the Landlord did sign the leases, but that they did not obtain copies of their client's signed and dated counterpart following completion (as would be usual practice).

  Comment: The risk on enforcement is that there is a potential argument that the Leases were not correctly completed. However, it is reassuring that the Tenant's counterpart is the one held, as this would make it difficult for the Tenant to argue that they did not agree to the terms.

- Rent paid for the occupational leases – we note the following:-
  a) Unit A1 lease dated 16 November 2016 to Silvertoad Limited - The tenancy schedule indicates the rent being received is £10,500 p/a when the lease provides for a rent of £10,000 p/a.
  b) Unit B1 licence dated 1 November 2010 to Barry Cottier - The tenancy schedule indicates the rent being received is £1,060 p/a, however the licence/lease shows this is £1,010p/a.

  In both cases, the rent has been increased but there is no written documentation of the increase and the Seller declines to provide the same. The risk to the Lender in an enforcement scenario is that a Receiver / Mortgagee in Possession would be unable to produce written evidence of the increased rent, and so would be reliant on the tenant to voluntarily keep paying the higher amount. If the tenant objected, then the rent would need to be taken at the documented sum. The best position would be for the Lender to require that the Seller puts its documentation in order prior to purchase of the Property, by obtaining rental memorandums from the Tenants. Alternatively, it could be a post-completion condition

subsequent for the Borrower to obtain these once it becomes owner of the Property.

Comment: we are instructed that the Lender will take a commercial view and not require rental memorandums evidencing the higher paid rent.

- As of a tenancy schedule supplied in August 2023, Unit A & G was said to be in £12,571 arrears and Unit A2 & G1 was said to be £3,228.16 in arrears.

5 INSURANCE

Details of all the insurances are set out in **Schedule 4**.

6 CORPORATE

The Borrower and Corporate Guarantor are duly incorporated and we have checked the relevant Memorandum and Articles of Association and they are able to enter into the transaction. We have carried out a search at Companies House and there are no charges registered against the Property and no floating charges or debentures which we have not previously brought to your attention.

Disclosure:

This is a sole director company on model articles, and the model articles do not allow a sole director to count as quorum in board meetings. The Borrower has appointed a second director, so it is able to validly hold board meetings.

7 PLANNING

The current use of the Property is as offices, industrial use and storage warehouse in Classes B1, B2 and B8 of the Town and Country Planning (Use Classes) Order 1987. The current use appears to be authorised by long user.

The Property is not listed and is not within a conservation area. Our review of the local search results has not disclosed any historic or pending enforcement action in respect of the Property.

Disclosure:

The local search contains the following relevant planning history:-

i. A Certificate of Lawfulness was issued on 13 April 2006 authorising the use of Unit E as Class B2 general industrial use (reference: 06/00202/LAWE). A copy of the certificate was not available for inspection from the Luton planning authority.

ii. An application for a Certificate of Lawfulness for existing use of Unit F as Class B2 was withdrawn (date not provided).

iii. Change of use for Units C and C1 from light industrial building to solarium was refused on 21 April 1988.

iv.	Change of use from Class 5 to Class 3 industrial was granted on 17 July 1972.

8 QUALIFICATIONS

- *We have not inspected the Property.*
- *We give no opinion as to the capital value of the Property.*
- *We do not consider any environmental or flood assessments, audits, surveys or other reports on the environmental condition of the Property. We do receive an Environmental Report and will flag any areas of particular concern on such report but are not able to advise as to what steps should be taken in relation to any such matters.*
- *We do not review documentation relating to building regulations.*
- *We do not advise as to rights of light or the contents of insurance policies relating to the same unless specifically required.*
- *Where information has been provided to us by the Borrower's solicitors, our investigations have given us no reason to doubt the accuracy of that information but we do not accept responsibility for it.*
- *We have not investigated whether any consents which may have been required under any mortgages or other documents no longer in force were obtained.*
- *We express no opinion as to whether any transaction affecting the Borrower's title to the Property may be at an undervalue but where we may have concerns about an undervalue we will draw this to your attention.*
- *We do not carry out any AML or credit checks on Borrowers or Guarantors.*
- *We cannot advise as to the adequacy of any insurance in relation to the Property.*
- *This Report is intended for the sole use of the Security Trustee and is not to be disclosed to or relied upon by any other person without our prior written consent.*

9 GENERAL

We are not aware of any financial charges secured on the Property which will affect the Property after completion of the Security Trustee's charge and after completion and registration both you and the Borrower will have a good and marketable title to the Property free from prior charges and from onerous encumbrances and which title will be registered with absolute title.

In the case of unregistered land, there is no caution registered against first registration and no event has occurred in consequence of which registration of the title should have been effected.

Clear Land Charges Act searches against every estate owner who was a party to any transaction comprised in the relevant title are held with the deeds.

We confirm that all documentation necessary to create the security referred to in the Facility Letter will be executed by the Borrower and all other relevant parties prior to drawdown. Following registration, the Security Trustee will have good and marketable security.

This Report is intended for the sole use of the Security Trustee and is not to be disclosed to or relied upon by any other person without our prior written consent.

This report is not to be deemed to be the provision of advice in respect of the transaction or the Security Trustee's decision to lend and for that purpose shall be regarded as information.

Brecher LLP

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Brecher LLP

SCHEDULE 1 – LAND REGISTRY PLAN

HM Land Registry
Official copy of title plan

Title number **BD36674**
Ordnance Survey map reference **TL1022NW**
Scale **1:1250**
Administrative area **Luton**

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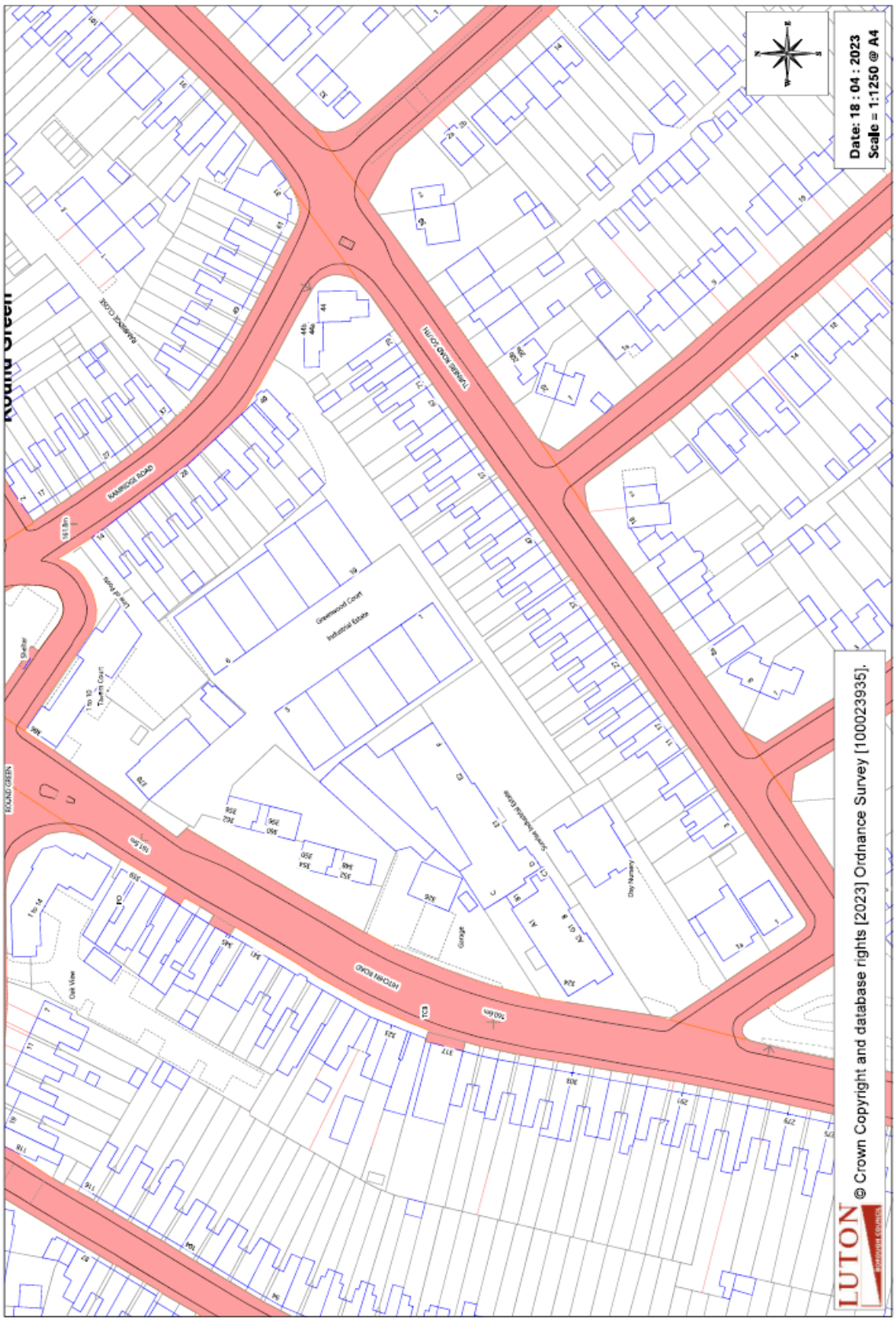
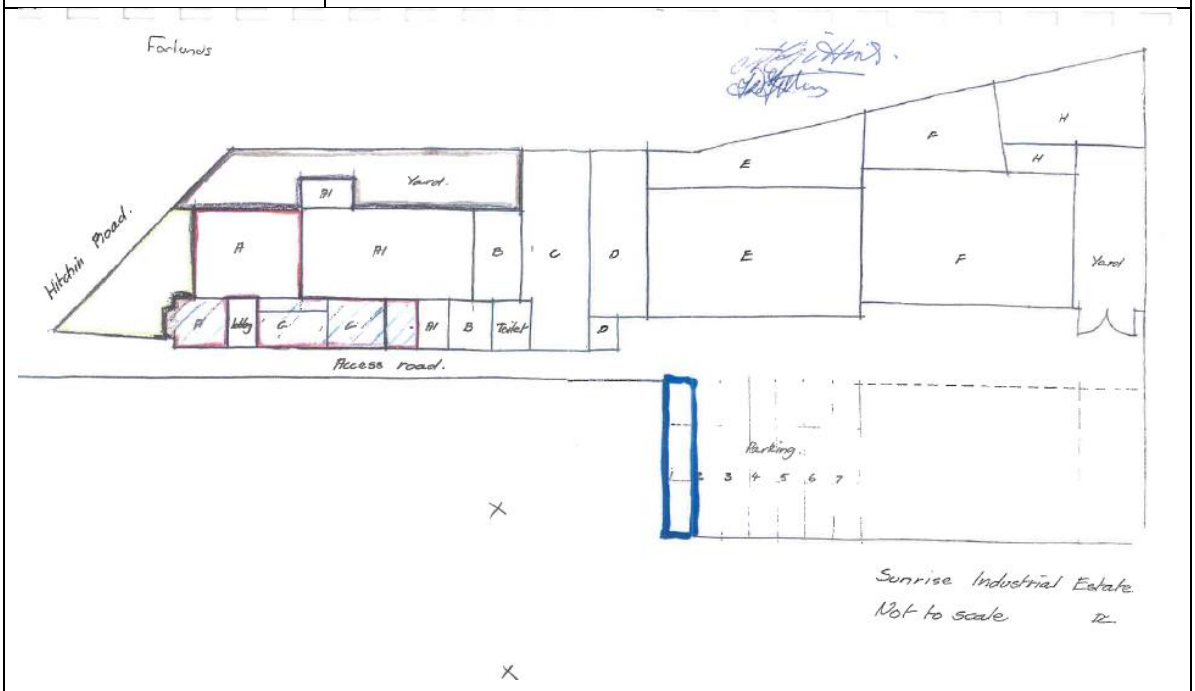
SCHEDULE 2 – HIGHWAYS PLAN



SCHEDULE 3 – TENANCY AGREEMENTS

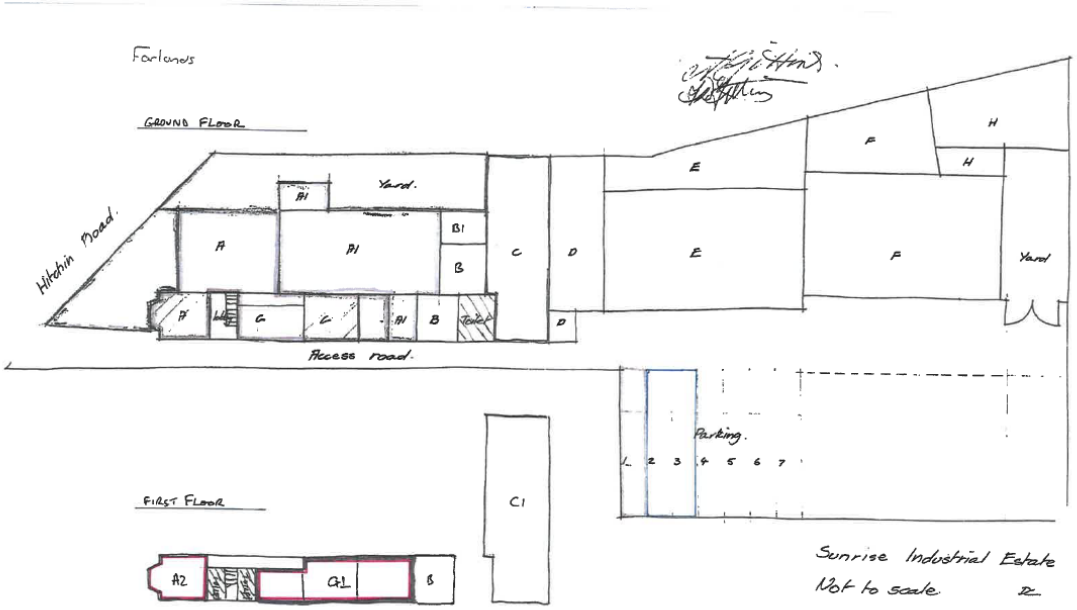
1. Unit A and G – lease dated 13 August 2019 to Tarisai Makwavarara

DEMISE	
Extent of demise:	All that land on the first floor known as Units A and G (the "**Premises**") as shown edged red on the Plan attached to the Lease, and forming part only of the Property. As to the land edged red and hatched blue, the demise is on the ground floor only. The lease is unregistered. **Comment: A copy of the Lease Plan is below. It is hand drawn and not to scale. Accordingly, there may be potential issues with the accuracy of the plan. Also, the Property has been defined in the lease as "Sunrise Industrial Estate at 324 Hitchin Road" and not by reference to the Land Registry title number, so the extent of the Landlord's demise is unclear.**
	
LANDLORD	Landchief Limited (the Seller)
TENANT	Tarisai Makwavarara
PREMIUM ON GRANT	None.
TERM	
Date of Lease:	13 August 2019
Duration:	5 years from 13 August 2019 to 12 August 2024
Security of tenure:	The provisions of the 1954 Act has been excluded from the Lease and we have been provided with copies of the Tenant's statutory declaration.
Options to renew / break options:	There is a mutual option to determine the lease on six months' notice at any time after 1 January 2021,

	If the Tenant serves notice, at the time of the determination that Tenant must (i) give vacant possession; (ii) not be in breach of the tenant's covenants and (iii) pay all rents.
RENT	
Initial rent:	£10,000 per annum, excluding VAT.
Rent Commencement Date:	13 October 2019 (two-month rent-free period)
Payment dates:	Payable in advance on the usual quarter days.
Other sums payable as rent:	The Tenant pays insurance rent and a service charge, on demand annually.
Review date and type:	None.
USER	For storage of wedding and events equipment and products within Class B8 of the Town and Country Planning (Use Classes) Order 1987, or for such other industrial or warehousing use as may be agreed with the Landlord (such agreement not to be unreasonably withheld or delayed).
REPAIR	• The Tenant to keep the interior of the Premises in good and substantial repair and condition (damage by the insured risks excepted). • To decorate the interior of the Premises using good quality, suitable materials in every third year of the term and in the last 6 months of the term. • The Tenant to renew and replace from time to time all Landlord's fixtures and fittings that may become beyond repair.
ALTERATIONS	• Structural alterations and additions are prohibited. • Non-structural alterations or additions are permitted with the Landlord's prior written consent such consent not to be unreasonably withheld or delayed.
ALIENATION	• Assignment, underletting and charging of part is prohibited • Assignment of the whole is permitted with the written consent of the Landlord, such consent not to be unreasonably withheld. The Landlord's consent may be subject to all or any of the following conditions:- o The assignor enters into an authorized guarantee agreement in respect of the tenant's covenants; and/or o A person of standing acceptable to the Landlord enters into a guarantee of the tenant covenants in the lease; Consent may be refused if:- o Any annual rent or other sums due under the lease are outstanding; o The proposed assignee is a company registered outside of England and Wales o The assignee is not a person likely to be able to comply with the tenant covenants because they are not of sufficient financial standing; o The assignee is not prepared to provide a rent deposit of three months; o The assignee is an associated or subsidiary company of the current tenant. • Underlettings of the whole is permitted with the written consent of the Landlord, such consent not to be unreasonably withheld and subject to the following conditions:-

	○ The 1954 Act provisions are excluded from the undertenancy. ○ The underlease must be consistent with the provisions and covenants in the Lease and include forfeiture provisions. ○ It must prohibit further underlettings. Within one month of any assignment or underletting of more than one year, to serve notice on the Landlord giving details of the assignment / underletting and paying the Landlord's reasonable fees of £50 plus VAT.
INSURANCE	The Landlord is responsible for insuring the Premises against the usual insured risks.
FORFEITURE	The Landlord may forfeit if: • Any rent remains unpaid 14 days after becoming due for payment; • For any breach of covenants; • An event of insolvency occurs in relation to the Tenant.
CAR PARKING	The Tenant has the right to park up to 2 roadworthy vehicles in the parking spaces edged blue on the Lease Plan.
RENT DEPOSIT	There is a rent deposit deed dated 13 August 2019 for a rental deposit of £2,500 and interest accrued in the sum from time to time.

2. Unit A2 and G1 – lease dated 12 September 2019 to TSN Automotive Limited

DEMISE	
Extent of demise:	All that land on the first floor known as Units A2 and G1 (the "**Premises**") as shown edged red on the Plan attached to the Lease, and forming part only of the Property. The lease is unregistered. **Comment: A copy of the Lease Plan is below. It is hand drawn and not to scale. Accordingly, there may be potential issues with the accuracy of the plan. Also, the Property has been defined in the lease as "Sunrise Industrial Estate at 324 Hitchin Road" and not by reference to the Land Registry title number, so the extent of the Landlord's demise is unclear.**
	
LANDLORD	Landchief Limited (the Seller)
TENANT	TSN Automotive Limited (CRN: 04148493)
PREMIUM ON GRANT	None.
TERM	
Date of Lease:	12 September 2019
Duration:	5 years from 12 September 2019 to 11 September 2024
Security of tenure:	The provisions of the 1954 Act has been excluded from the Lease and we have been provided with copies of the Tenant's statutory declaration.
Options to renew / break options:	There is a mutual option to determine the lease on six months' notice at any time after 1 January 2021, If the Tenant serves notice, at the time of the determination that Tenant must (i) give vacant possession; (ii) not be in breach of the tenant's covenants and (iii) pay all rents.

RENT	
Initial rent:	£4,650 per annum, excluding VAT.
Rent Commencement Date:	Date of Lease
Payment dates:	Payable in advance on the usual quarter days.
Other sums payable as rent:	The Tenant pays insurance rent and a service charge, on demand annually.
Review date and type:	None.
USER	Offices within Class B1 of the Town and Country Planning (Use Classes) Order 1987.
REPAIR	Same as Unit A and G
ALTERATIONS	Same as Unit A and G
ALIENATION	Same as Unit A and G
INSURANCE	Same as Unit A and G
FORFEITURE	Same as Unit A and G
CAR PARKING	The Tenant has the right to park up to 4 roadworthy vehicles in the parking spaces edged blue on the Lease Plan.
RENT DEPOSIT	There is a rent deposit deed dated 12 September 2019 for a rental deposit of £1,000 and interest accrued in the sum from time to time.

3. TSN Automotive Limited – draft car parking agreement

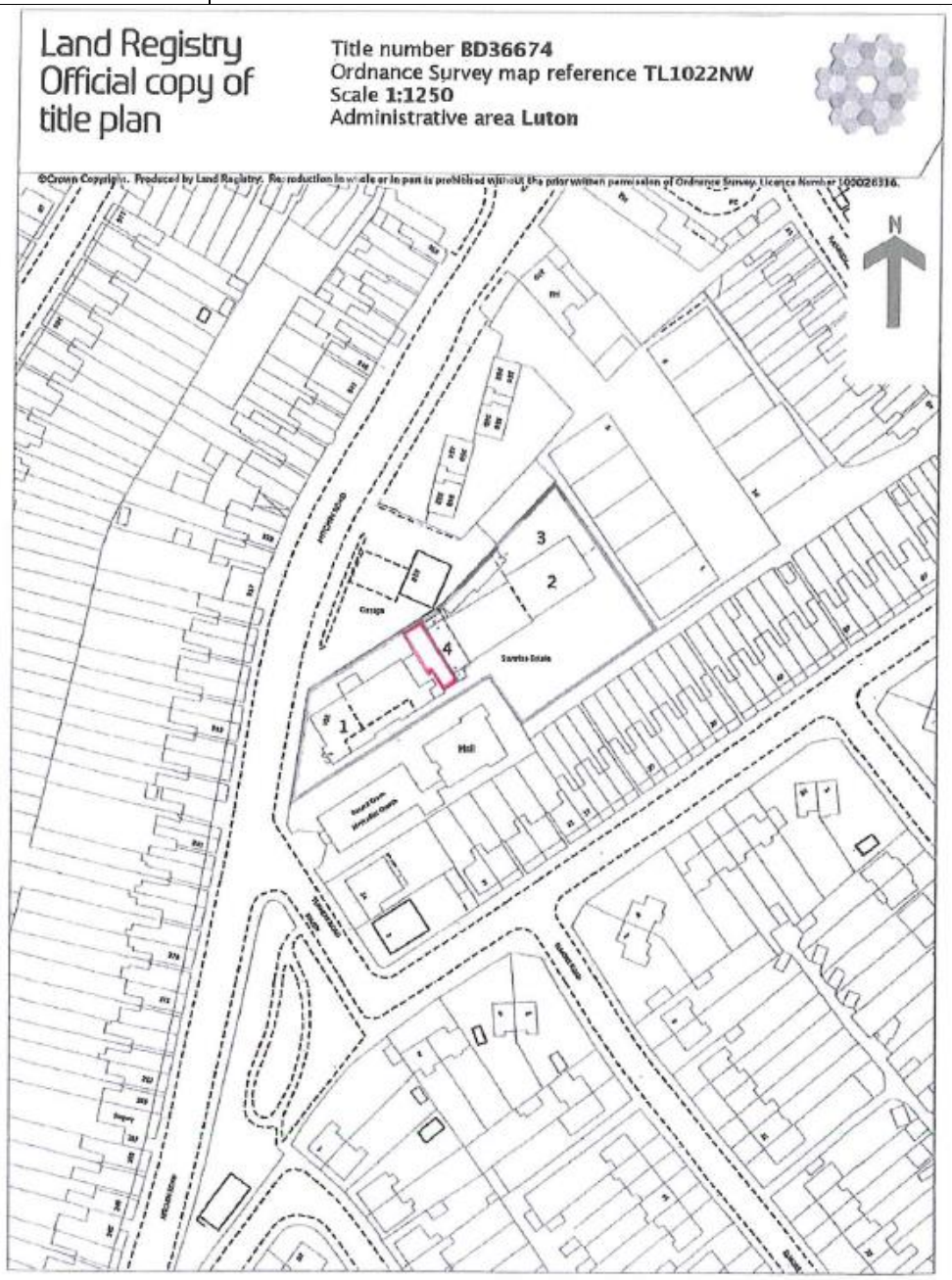
We have been provided with an unsigned and undated draft agreement between (1) the Seller and (2) TSM Automotive Limited of Unit A2 for the use of two spaces hatched blue on the plan (not provided).

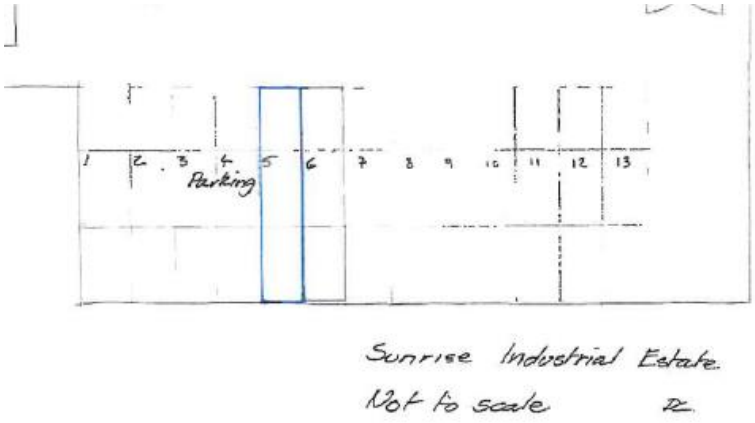
Key terms:-

- Licence Fee - £500 per space per annum, payable quarterly in advance
- Term – 12 months, for a term to be commenced on payment of the first fee.

Comment: while the purchase is said to be subject to the terms of this agreement, the Seller / Landlord has not been able to demonstrate the actual agreement by provision of a signed and dated document. As such, the status of this agreement is unknown and the Borrower should enter into a new licence agreement with this Tenant following completion.

4. Unit C – lease dated 29 March 2023 to One Nil Ltd

DEMISE	
Extent of demise:	Unit C (the "**Premises**") as shown edged red on the Plan attached to the Lease, a copy of which is below and forming part only of the Property. The lease is unregistered. **Comment: The Property has been defined in the lease as "Sunrise Industrial Estate at 324 Hitchin Road" and not by reference to the Land Registry title number, so the extent of the Landlord's demise is unclear.**
	
LANDLORD	Landchief Limited (the Seller)
TENANT	One Nil Ltd (CRN: 14299147)

GUARANTOR	Kevin Smith
PREMIUM ON GRANT	None.
TERM	
Date of Lease:	29 March 2023
Duration:	5 years from 29 March 2023 to 28 March 2028
Security of tenure:	The provisions of the 1954 Act has been excluded from the Lease and we have been provided with copies of the Tenant's statutory declaration.
Options to renew / break options:	There is a mutual option to determine the lease on six months' notice on the expiry of the second year. If the Tenant serves notice, at the time of the determination that Tenant must (i) give vacant possession; (ii) not be in breach of the tenant's covenants and (iii) pay all rents.
RENT	
Initial rent:	£9,000 per annum, excluding VAT.
Rent Commencement Date:	Date of Lease
Payment dates:	Payable in advance on the usual quarter days.
Other sums payable as rent:	The Tenant pays insurance rent and a service charge, on demand annually.
Review date and type:	None.
USER	Storage and distribution within Class B8 of the Town and Country Planning (Use Classes) Order 1987.
REPAIR	Same as Unit A and G
ALTERATIONS	Same as Unit A and G
ALIENATION	Same as Unit A and G
INSURANCE	Same as Unit A and G
FORFEITURE	Same as Unit A and G
CAR PARKING	The Tenant has the right to park up to 2 roadworthy vehicles in the parking spaces edged blue on the Parking Plan, an extract of which is below. 
RENT DEPOSIT	There is a rent deposit deed dated 29 March 2023 for a rental deposit of £2,700 and interest accrued in the sum from time to time.

5. Unit A1 – lease dated 16 November 2016 to Silvertoad Limited

Comment: the tenancy "Agreement" purports in some places to be a licence, personal to the occupier. However, the form of the tenancy is more akin to a Lease since the Tenant has exclusive possession of this unit, pays rent and it is for a term. We have therefore reported on the basis that the Tenant does have a commercial lease of the Premises. We recommend that the Borrower terminate the licence and enter into a market standard lease with the Tenant on completion, to regularise the position.

DEMISE	
Extent of demise:	Unit A1 (the "**Premises**") and forming part only of the Property. The lease is unregistered. **Comment: The Lease is not by reference to any plan, and as such the demise is unclear. The Lease was signed by a director underhand, and has not been executed as a Deed.**
LANDLORD	Landchief Limited (the Seller)
TENANT	Silvertoad Ltd (CRN: 6614038)
PREMIUM ON GRANT	None.
TERM	
Date of Lease:	16 November 2016
Duration:	36 months from Date of Lease, and then on a rolling 12-month periodic contract.
Security of tenure:	The provisions of the 1954 Act have not been excluded from the Lease, and the Tenant has security of tenure.
Options to renew / break options:	The Tenant may give three months' notice to determine the Lease at any time.
RENT	
Initial rent:	£10,000 per annum, excluding VAT. In addition, the Tenant is to pay three months' rent as a sum to be held on deposit by the Landlord. **Comment: we are advised that the Tenant is paying £10,500 per annum but that the agreement to pay the higher rent is undocumented. Accordingly, the risk for a successor in title is that the Tenant may dispute that a higher rental sum has been agreed.**
Rent Commencement Date:	Date of Lease
Payment dates:	Payable in advance on the usual quarter days.
Other sums payable as rent:	The Tenant pays insurance rent and a service charge, on demand annually.
Review date and type:	None.
USER	As a workshop and a store.
REPAIR	• The Tenant to keep the whole of the Premises including fixtures and fittings in good and tenantable repair and condition and maintain the good decorative order.
ALTERATIONS	• Additions are prohibited. • Alternations (whether structural or non-structural alterations) are permitted with the Landlord's consent.

ALIENATION	• The Lease may not be assigned or underlet, and the Tenant may not part with possession.
INSURANCE	The Landlord is responsible for insuring the Premises against the usual insured risks.
FORFEITURE	The Landlord may forfeit if: • Any rent remains unpaid 7 days after becoming due for payment; • A breach of any covenant of the Lease; • An event of insolvency occurs in relation to the Tenant.
CAR PARKING	The Tenant has the right to park roadworthy and road legal vehicles in the yellow hatched marked area outside of the unit in front of the shutter.

6. **<u>Unit B1 – Licence Agreement dated 1 November 2010 to Barry Cottier</u>**

Comment: the tenancy "Agreement" purports in some places to be a licence, personal to the occupier. However, the form of the tenancy is more akin to a Lease since the Tenant has exclusive possession of this unit, pays rent and it is for a term. We have therefore reported on the basis that the Tenant does have a commercial lease of the Premises. We recommend that the Borrower terminate the licence and enter into a market standard lease with the Tenant on completion, to regularise the position.

DEMISE	
Extent of demise:	Unit B1 (the "**Premises**") and forming part only of the Property. The lease is unregistered. **Comment: The Lease is not by reference to any plan, and as such the demise is unclear.**
LANDLORD	Landchief Limited (the Seller)
TENANT	Barry Cottier
PREMIUM ON GRANT	None.
TERM	
Date of Lease:	16 November 2016
Duration:	Two years from Date of Lease, and then on a rolling 1 year periodic contract.
Security of tenure:	The provisions of the 1954 Act have not been excluded from the Lease, and the Tenant has security of tenure.
Options to renew / break options:	The Tenant may give one months' notice to determine the Lease in the final month of each one-year period. The Landlord may give one months' prior written notice to the Tenant at any time and so notice for a breach of the Tenant's obligations.
RENT	
Initial rent:	£1,010 per annum. In addition, the Tenant is to pay three months' rent as a sum to be held on deposit by the Landlord. **Comment: we are advised that the Tenant is paying £1,060 per annum but that the agreement to pay the higher rent is**

	undocumented. Accordingly, the risk for a successor in title is that the Tenant may dispute that a higher rental sum has been agreed.
Rent Commencement Date:	Date of Lease
Payment dates:	Payable in advance on the usual quarter days.
Other sums payable as rent:	The Tenant pays insurance rent and a service charge, on demand annually.
Review date and type:	An upwards only open market rent review after the expiry of the initial term and for each successive occupational period. **The details of the rent review are not provided and there are no assumptions or disregards. As such the rent review provisions are vague and uncertain.**
USER	As a light industrial unit, within use Class B1 of the Use Classes Order
REPAIR	• The Tenant to keep the whole of the Premises including fixtures and fittings in good and tenantable repair and condition and maintain the good decorative order.
ALTERATIONS	• Additions are prohibited. • Alternations (whether structural or non-structural alterations) are permitted with the Landlord's consent.
ALIENATION	• The Lease may not be assigned or underlet, and the Tenant may not part with possession.
INSURANCE	The Landlord is responsible for insuring the Premises against the usual insured risks.
FORFEITURE	The Landlord may forfeit if: • Any rent remains unpaid 7 days after becoming due for payment; • A breach of any covenant of the Lease; • An event of insolvency occurs in relation to the Tenant.
CAR PARKING	None stated.

SCHEDULE 4 - INSURANCE

The Property will be insured on drawdown and the details of the insurance are as follows:

Property owners insurance policy

1 Insured: GI Property Management Limited

2 Insurer: Arch Insurance

3 Policy number: P0035877PO2023AX0

4 Level of cover: buildings sum insured of £3,078,663; loss of rent cover is £363,630 over 36 months

5 Effective Date: 29 September 2023

6 Renewal date: 29 September 2024

7 The Security Trustee's is noted as an interested party on the policy.

Terrorism cover (quotation only)

8 Insured: GI Property Management Limited

9 Insurer: Globe Guardian

10 Policy number: TBC

11 Level of cover: £2,233,786

12 Effective Date: TBC

13 Renewal date: TBC

14 The Security Trustee's interest is not noted.

SCHEDULE 5 – INDEMNITY INSURANCE

Details of policies benefitting the Property:

CHANCEL POLICY	
Commencement Date	To be dated on completion
Insured risk	Title to the Property may be subject to a liability to bear part or all of the cost of repairing the area of the church described as the chancel.
Insurer	CLS Property Insight Limited
Insured Parties	The owners and occupants of the Property, together with mortgagees
Insured Use	Existing use
Limit of indemnity	£250,000, to increase to match the actual increases in the value of the Property up to a maximum of 200% of the original sum.
Term of the insurance	From the Commencement Date for 25 years.

SCHEDULE 6 – SUMMARY OF DISCLOSURES

For use where there are matters (including without limitation covenants, conditions, restrictions, easements, rights, notices, schemes, proposals, agreements or encumbrances) which are or may be or may become adverse to the Security Trustee's interest or which should be brought to the Security Trustee's attention.

Please complete having regard to the Security Trustee's instructions in connection with this transaction.

We have used a traffic light system below to enable the Security Trustee to assess the importance of the issues we have identified. In the table:

	Denotes a low risk matter which the Security Trustee should be aware of but which should not, of itself, prevent the Security Trustee from proceeding with the transaction.
	Denotes a medium risk matter, which will be satisfactorily mitigated if the action recommended in the table is taken.
	Denotes a high risk matter, which cannot be satisfactorily mitigated and is likely to have an impact on the marketability and/or value of the Property.

Issue	Risk	Solicitor's recommendation to remove / mitigate the risk	Has the valuer provided comment on the risk. If so, please provide details	Do you consider the issue prevents the title being certified good and marketable?
The 1954 Act has not been validly excluded from Units A1 and B1. In addition, B1 purports to be a licence when it is actually a lease.	The Valuation was on the assumption that all the tenancies were outside of the Act.	Your Valuer should confirm whether this will have an adverse impact on Valuation, as it will likely make obtaining vacant possession of these units more difficult. Our recommendation is that new leases be entered into on standard terms, and properly contracted out.	The Valuer has seen our ROT, but has not commented on the point.	No, but the Valuer should be asked to specifically confirm that this point will not adversely impact on value.
A number of the Landlord counterparts of the leases are missing.	The risk on enforcement is that there is a potential argument that the Leases were not correctly completed. However, it is reassuring that the Tenant's counterpart is the one held, as this would make it difficult for the Tenant to argue that they did not agree to the terms.	Solicitor has flagged issue to Lender and Lender has decided to proceed with this risk.	No	No
The rental increase for Leases of Units A1 and B1 has not been documented in writing.	The risk to the Lender in an enforcement scenario is that a Receiver / Mortgagee in Possession would be unable to produce written evidence of the increased rent, and so would be reliant on the tenant to voluntarily keep paying the higher amount. If the tenant objected, then the rent would need to be taken at the documented sum.	The best position would be for the Lender to require that the Seller puts its documentation in order prior to purchase of the Property, by obtaining rental memorandums from the Tenants. Alternatively, it could be a post-completion condition subsequent for the Borrower to obtain these once it becomes owner of the Property.	No, and the lender has waived the rental memorandums.	No

Undocumented car parking agreement	The purchase is said to be subject to a car parking agreement, but we have not been provided with a final dated version.	A new car parking agreement should be entered into on completion.	No	No