

NO LONGER EXEMPT

Decision Record

Report of the Strategic Director for Commercial Development, Assets and Leisure

Leader member: Councillor Jonathan Morgan

PART A

Investment Property Acquisition – Scunthorpe

Purpose of Report

This report seeks approval to acquire a commercial investment property.

Recommendation

1. To acquire the commercial investment property detailed in Part B of the report.
2. To approve the Heads of Terms as set out in the appendices and to delegate authority to the Strategic Director – Commercial Development, Assets and Leisure to continue negotiations and finalise the transaction based on these Heads of Terms.
3. To authorise the Head of Strategic Support to complete the legal transactions.

Reasons

1. Purchasing this property is a prudent investment and will support the Medium Term Financial Strategy (MTFS). The proposed acquisition is in line with the Council's approved Commercial Property Investment Strategy. By investing capital in the purchase of this property, the Council will receive a revenue income and will be the freehold owner of the property. Ultimately, the purchase will support MTFS, thereby protecting the delivery of services to Charnwood's residents.
2. Delegation of this authority will allow for the timely completion of the transaction, as well as timely decision making should additional negotiation be required. The Leader, Deputy Leader, Chief Executive, S151 officer and Monitoring officer will be consulted throughout the transaction to completion.
3. To allow for timely completion and signing of contracts.

Alternative Options Considered

The alternative to not invest in this property would not realise any additional revenue to support the MTFS. Any investment carries risk; however, these risks have been evaluated and understood.

Policy Justification & Previous Decisions

The justification for this decision is outlined within the financial projections and associated challenges set out within the latest version of the MTFS (approved by Council on 20 January 2020), and the proposed method of addressing that challenge through the acquisition of commercial investment property set out in the current Capital Strategy.

Implementation Timetable including Future Decisions and Scrutiny

Officers became aware of the opportunity on 25 November 2020, at which time initial due diligence on lease and title, examination of the tenant covenant and financial modelling were undertaken by the Council's legal representation; nothing adverse was discovered. The Strategic Director – Commercial Development, Assets and Leisure, with CBC's property advisor, inspected the property on 07 December; no defects or elements of concern were found or noted.

On 08 December, the Leader, Deputy Leader, Chief Executive, S151 Officer and Monitoring officer were provided with a report detailing the site visit. A bid to acquire the property was authorised and submitted to the vendor the same day. The bid was accepted and Heads of Terms (HoT) were agreed on 15 December. A delegated decision that is supported by this report must be signed by the Leader no later than 18 December. Should the results of further due diligence remain favourable, completion of the acquisition should take place no later than 04 January 2021.

Report Implications

1. Corporate Plan:

A commercial property investment strategy has been outlined in the Corporate Plan, and an investment fund has been approved by Council and forms part of the Capital Strategy and Capital Programme.

2. Legal:

Section 120 of the Local Government Act 1972 empowers a Borough Council to acquire land for the purpose of any of the Council's functions or for the benefit, improvement or development of their area by agreement inside of or outside of its area.

3. Finance:

This report is effective from 18 December 2020 and has the following financial implications:

Budget Area	Implication
General Fund – Revenue Budget	The General Fund Revenue and Capital Financing implications are contained within an appendix to Part B of the report
General Fund – Capital Programme	The financial implications are contained within an appendix to Part B of the report. This proposed acquisition is part of the Commercial Property Investment Scheme as approved within the Capital Strategy and Capital Programme
Housing Revenue Account – Revenue Budget	No implications
Housing Revenue Account – Capital Programme	No implications

4. Risk:

Risk	Likelihood	Impact	Overall	Mitigation
The tenant does not renew the lease at expiry.	2 Unlikely	2 Significant	4 Low	Charnwood will establish and maintain a property reserve in the event of such a circumstance. The remaining term certain

				on the lease is 15 years; therefore this is not a near or mid term risk.
The tenant moves staff/operations from this location to alternative locations, decreasing utilisation of the site.	1 Very Unlikely	2 Significant	2 Very Low	Regardless of how the tenant uses the space, the tenant remains liable under contract to maintain rent and insurance payments as well as to maintain the building. If the tenant wished to exit the lease and property early, they would be obligated to pay the balance of rents due under the lease. In this case, the tenant and Charnwood would enter (likely protracted) negotiations, during which Charnwood would be able to plan alternative strategies and develop business cases for viability determination. However, this is very low risk as this warehouse is used to store all items manufactured by the tenant for distribution to markets in the UK, EU and US. There is no alternative storage location for these items.
Tenant fails to pay rent	2 Unlikely	3 Serious	6 Moderate	The property reserve to be established will serve as a buffer and monies would be released to maintain cashflow. Simultaneously, Charnwood would take Legal action to recover any rents unpaid.
The property is destroyed (e.g. fire, flood or other)	1 Remote	3 Serious	3 Low	Charnwood will be insured against these risks and against the lost rent in the event of building destruction.
The macroeconomic impact of Brexit results in general economic difficulty.	3 Likely	2 Significant	6 Moderate	The Tenant Covenant is good (Dun & Bradstreet 3A 2) and is likely to be able to withstand a period of trading difficulty. This will be monitored and managed. The Tenant has fared well during the COVID19 pandemic to date. They initially closed and re-commenced all operations in April 2020. Retained profit and Net assets remain sizeable.
CIPFA updates Statutory Guidance relating to non-financial investments.	2 Unlikely	2 Significant	4 Low	Charnwood is acting in line with the latest guidance (issued 18 November 2019). Should the guidance be updated further, Charnwood will respond accordingly. The direction of anticipated changes is currently unknown. Should the guidance halt investment activity altogether, Charnwood must find alternative income

				<p>sources and/or reduce expenditure accordingly to compensate.</p> <p>There has been new guidance issued by the PWLB which prohibits access to borrowing if investment property activity is undertaken. There remain other competitive, alternative sources of funding. The Council has powers in law that allow it to undertake the acquisition.</p>
Tenant's financial stability – the health and viability of the business	2 Unlikely	2 Significant	4 Low	<p>Specialist Building Products Limited have a strong trading history and very well-established performance record.</p> <p>The tenant specialises in the manufacture of extruded PVC elements for use in Construction, such as doors, windows soffits, fascias, cladding, decking and many other items.</p>
Tenant Covenant	2 Unlikely	2 Significant	4 Low	Again, the tenant trades and performs well in normal circumstances and is addressing risks of the current pandemic.
Ratio of external Debt/Market value	1 Very Unlikely	1 Low	1 Low	The purchase will be funded initially without borrowing, and if borrowed, is likely to be internal borrowing. However, prudence dictates that analysis with borrowings be undertaken to ensure the profitability of the investment.
Ratio of Purchase value/Investment pool value	2 Unlikely	2 Significant	4 Low	<p>Consumes 33% of the £25M currently allocated in the Capital Plan.</p> <p>Net yields are outlined in Part B.</p> <p>Prudence dictates that the asset be monitored quarterly for performance.</p>
Presence and timing of break clauses & rent reviews	1 Very Unlikely	2 Significant	2 Very Low	<p>Rent reviews are 5 yearly, upwards only and are subject to open market value meaning that the property is not over-rented.</p> <p>The next uplift is October 2022, where the rent payable increases from £550,000 to £600,000.</p> <p>Lease end is 26 October 2035.</p> <p>There are no breaks.</p>
Age and State of repair	2 Unlikely	2 Significant	2 Low	<p>The property was constructed in 1992. The property is maintained fully by the tenant and is in very good repair.</p> <p>Lease clauses for dilapidations and reinstatements have been reviewed and provide ample recourse and protection to the property owner, though they are subject to a schedule of condition.</p>

Strength of Market for use / letting	2 Unlikely	2 Significant	4 Low	Strong commercial location.
Risk of revaluation loss	2 Unlikely	2 Significant	4 Low	CIPFA requires LAs to make a prudent provision for MRP. Periodic valuation will be necessary. Charnwood will establish a property reserve to protect cash flow.

1. Human Resources: None
2. Equality and Diversity: None
3. Sustainability Implications: None

Urgency

The proposed acquisition would be a key decision and the authorising report would contain exempt information, but the full 28 days' notice is unlikely to be possible due to the urgency of the matter.

In the circumstances, agreement was reached with the Chair of the Scrutiny Commission on 17 December 2020 that the decision was urgent and could not reasonably be deferred and was also exempted from Call-in. The call-in procedure provides for a period of five clear working days during which councillors can ask for decisions taken by the Cabinet and individual Cabinet members, and key decisions taken by officers to be reviewed. With the agreement of the Chair of the Scrutiny Commission or in her/his absence the Mayor or Deputy Mayor) a decision can be exempted from call-in if the decision to be taken is both urgent and reasonable and the delay caused by the call-in process would not be in the interests of the Council or the public. Scrutiny Committee Procedure 11.9 requires that decisions that are exempted from call-in are reported to Council.

Exemption

NO LONGER APPLIES

The report contains exempt information by virtue of paragraphs 3 and 5 of part 1 of Schedule 12A of the Local Government Act 1972 and in respect of which, the Proper Officer considers that the public interest in maintaining the exception outweighs the public interest in disclosing the information.

The report contains financial information relating to a proposed land transaction that is subject to contract which, if in the public domain, could adversely affect the Council's ability to achieve a favourable outcome. The report also contains information that is legally privileged.

Key Decision: Yes

Background Documents: None

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PART B

Detailed information

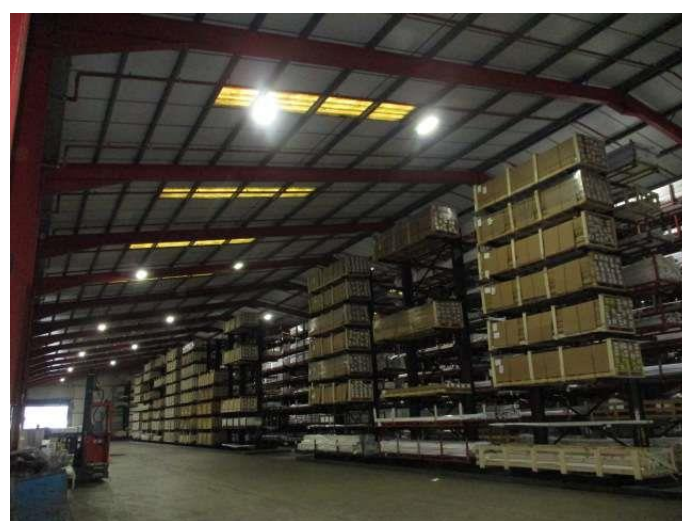
The Property Location

1. Scunthorpe is the principle commercial centre for North Lincolnshire and benefits from a catchment area approximately 152,000 people. The area is well situated, being in close proximity to Humberside International Airport and Robin Hood Airport. The town is situated adjacent to the M180 and M181 motorways, which links to the national motorway network, regional airports, docks and other substantial conurbations. North Lincolnshire also offers an extensive and readily available labour supply with a variety of manufacturing, production and distribution skills.
2. The property is located on the north side of Cupola Way immediately upon its junction with Normanby Road forming part of an established industrial area encompassing Normanby Enterprise Park and Foxhills Industrial Estate. The property is situated approximately two miles to the north of Scunthorpe town centre but benefits from good road access to Phoenix Parkway (A1077) which in turn provides access to the M181 and also junction 3 of the M180.



Property Specification and Inspection

3. The property address is Cupola Way, Normanby Enterprise Park, Scunthorpe, DN15 9YJ.
4. The property comprises a detached substantial warehouse/distribution facility.
5. The main building comprises a three-bay warehouse facility with ancillary two storey office, showroom and staff facilities, being of steel portal frame construction having an eaves height of approximately 7.93 metres. The elevations are enclosed by mixed cavity brick/blockwork walls with insulated profile steel sheet cladding thereafter and to the pitched roofs above which incorporate certain translucent panels to provide natural light. There are 10 electric dock level access doors to the front elevation with a canopy area above together with a ground level access door. The building benefits from a sprinkler system, fitted halogen lighting and a mezzanine storage area together with staff canteen and WC's. There is additional two storey office accommodation to the front elevation with reception, kitchen and WC's together with a ground floor showroom, whilst to the first floor there is a range of further offices and additional showroom accommodation.
6. There is also a smaller detached twin bay warehouse being of steel portal frame construction, constructed to an eaves height of 6.9m approx having mixed cavity brick/blockwork walls to a height of approximately 2.2m with insulated profile steel sheet cladding thereafter and to the pitched roofs above which also incorporate certain translucent panels to provide natural light. The warehouse accommodation also benefits from a sprinkler system, halogen high bay lighting together with two ground level electrically operated roller shutter doors, canteen facility and WC facilities.
7. Externally, the property benefits from a good sized yard area which provides ample servicing and parking. The site is securely fenced and there is a security lodge.
8. Officers inspected the property on Monday 7 December 2020 and found that the site presents as described. The Site Manager acted as escort through the building and noted that there are no issues identified with the property.



Tenant

9. The tenant is Specialist Building Products Limited, tradestyle: Kestrel (company number 01268689). They manufacture low maintenance (PVC) building products, both bespoke and standard, to the public and private sectors.
10. From this building, Kestrel receive, store and distribute all items manufactured at the facility immediately to the rear. Locating here in October 2017, Kestrel consolidated 2 separate nearby storage and distribution premises in the Scunthorpe area. Kestrel have been present in Scunthorpe for 35 years.
11. Classed as an essential business, Kestrel initially closed all operations until April 2020, after which they have remained open and operational throughout the COVID pandemic. 20 logistics and transport professionals work onsite.
12. Kestrel have a Dun & Bradstreet rating of 3A 2, indicating a tangible net worth of £10.3m and lower than average risk.
13. As of 18 December 2020, Dun & Bradstreet's assessment of the business states:
 - a. Overall assessment of this organisation over the next 12 months: **STABLE CONDITION**
 - b. Based on the predicted risk of failure: **HIGH LIKELIHOOD OF CONTINUED OPERATIONS**
 - c. Based on the predicted risk of severely delinquent payments: **VERY LOW POTENTIAL FOR SEVERELY DELINQUENT PAYMENTS**

14. There have been no Court Judgements against the tenant and no adverse financial events.

Tenure

15. The property is to be sold Freehold.

Lease

9. The property is subject to a lease of whole dated 26 October 2017 for a term of 18 years from that date with no breaks. Furthermore, the terms are full repairing and insuring (FRI) subject to a schedule of condition, with 5 yearly upwards only rent reviews and is guaranteed by the parent company by Epwin Group Plc (company number 07742256). The Lease is registered at the Land Registry under title number HS389274.

Red Flag Due Diligence

16. Officers and CBC's legal representation have reviewed the Title and Lease documents prior to inspecting the property and found no anomalies or issues that would prevent Charnwood from acquiring the property.

17. Officers have learned that the vendor authorised a COVID rent concession with the tenant: Half rent is to be paid monthly in arrears, on every 25th day of the month, starting 25th April 2020 (This has been paid on time to date and this will be verified with rent accounts during conveyancing). This new arrangement will last for a maximum of 12 months i.e. it will end 25 March 2021 and the Tenant is to pay the 12 months of half rent remaining (which they have not yet paid) in full on 25th March 2021. The Landlord will not charge any interest on the rent because it is paid monthly in arrears and is half rent. The tenant can look to repay the rent earlier – but to date have not.

18. In light of the above, the Council's bid contained the following condition:

"7. Covid 19 Rent Concession

CBC understands there is an ongoing Covid 19 rent concession given to the tenant. It is understood that this arrangement will end on the 25th March 2021, at which point the rent payment terms will revert to those in the lease, and the payment of deferred rent will be due. Our offer is subject to the following, regarding the rent concession:

The completion statement will include a provision to "top up" the rent concession (50% rent reduction) on a pro rata basis from the completion date to the end of the arrangement (25th March 2021). CBC will accept a reasonable endeavours obligation to collect the deferred rent from the tenant and to reimburse the vendor when received."

This condition was accepted by the vendor, which means that Charnwood will be in full receipt of rents, and when the first rent invoice is issued to the tenant (for payment on 25 March 2021), it will be in full and as per the terms of the lease. The arrears will be paid directly to the vendor, who retains no right to litigate against the tenant. If necessary, Charnwood will assume collection responsibilities but is also not required to litigate against the tenant to recover arrears if not paid.

VAT

19. The property has been elected for VAT. It is intended that the property will be sold as a Transfer of a Going Concern.

Bid

20. Over the 12 months to March 2020, the market for investment properties has struggled to bring forward many quality investments – most activity completed during the period was off market. The slowdown in movement was largely attributed to Brexit and fears of a No Deal scenario. Since March 2020 to date, this has been further impacted by the COVID19 Pandemic. This opportunity, however, remains a strong,

long-income investment with a robust tenant covenant. Likewise, the size of the purchase is optimal for private investors, property companies and Self Invested Personal Pensions (SIPPs).

21. The price offered and accepted is £8.25m, which reflects a 6.25% Net in Yield (NIY) after Purchaser's costs.

Financial Performance

22. The full financial performance of the asset is detailed in the appendix.
23. The purchase will be funded by prudential borrowing. Prudential borrowing can be met through internal borrowing or by external borrowing. However, prudence dictates that analysis with external borrowing be undertaken to ensure the profitability of the investment.
24. At the time of the initial investment it is **highly unlikely** that Charnwood will secure borrowing at 100% of the capital value due to its cashflow position and internal borrowing capacity; therefore, the MTFS will benefit from lower interest costs than shown in the above appraisal. However, the internal borrowing position and associated interest rate risk must be monitored and managed, and additional external debt may need to be taken in the future.
25. In order to understand the impact and contribution this asset will make to Charnwood's MTFS, asset performance must be aligned to the timing of Charnwood's Financial Year and for Charnwood's MRP policy to be applied with a likely level of borrowing. The table below, presented for illustrative purposes, shows the financial return after costs assuming that none of the capital value is externalised and a nominal interest rate, payable internally, is applied.

Financial Year	Annual Net Yield
20/21	1.144%
21/22	4.638%
22/23	4.843%
23/24	4.804%
24/25	4.764%
25/26	4.723%
26/27	4.681%
27/28	4.637%
28/29	4.593%
29/30	4.548%
30/31	4.501%
31/32	4.453%
32/33	4.403%
33/34	4.353%
34/25	1.387%

APPENDIX – FINANCIAL PERFORMANCE

NO LONGER EXEMPT

The appendix contains exempt information by virtue of paragraphs 3 and 5 of part 1 of Schedule 12A of the Local Government Act 1972 and in respect of which, the Proper Officer considers that the public interest in maintaining the exception outweighs the public interest in disclosing the information.

The report contains financial information relating to a land transaction that, if in the public domain, could adversely affect the Council's ability to achieve favourable outcomes in the future.

Financial Performance

26. At the level of the second bid, Charnwood's total transactions costs will be:

Bid	£8,250,000
SDLT	£402,000
Agency Fee	£82,500
Surveys	£15,000
Legal and Contingency fees	£49,500
Total Expenditure	£8,799,000

27. The purchase will be funded by prudential borrowing. Prudential borrowing can be met through internal borrowing or by external borrowing. However, prudence dictates that analysis with external borrowing be undertaken to ensure the profitability of the investment. Using Market rates (2.20% as of 18 December 2020) and borrowing 100% of the total expenditure, the maximum costs of finance are shown below:

Loan amount	£8,799,000
Type & term	40yr, Maturity, Fixed rate
Interest rate with certainty	2.20%
Potential borrowing costs per full financial year.	£89,826.39

28. The resulting worst-case asset financial performance is modelled below, assuming no rental uplifts beyond 2022.

Lease year ending	Rent rec'd in Lease year	MRP - straight line asset mthd	Finance costs	Net Rent rec'd in lease year	NIY after costs
25/10/2021	£458,082.19	£0.00	£161,226.61	£296,855.58	3.37%
25/10/2022	£550,000.00	£219,975.00	£193,578.00	£136,447.00	1.55%
25/10/2023	£600,000.00	£219,975.00	£193,578.00	£186,447.00	2.12%
25/10/2024	£600,000.00	£219,975.00	£193,578.00	£186,447.00	2.12%
25/10/2025	£600,000.00	£219,975.00	£193,578.00	£186,447.00	2.12%

Lease year ending	Rent rec'd in Lease year	MRP - straight line asset mthd	Finance costs	Net Rent rec'd in lease year	NIY after costs
25/10/2026	£600,000.00	£219,975.00	£193,578.00	£186,447.00	2.12%
25/10/2027	£600,000.00	£219,975.00	£193,578.00	£186,447.00	2.12%
25/10/2028	£600,000.00	£219,975.00	£193,578.00	£186,447.00	2.12%
25/10/2029	£600,000.00	£219,975.00	£193,578.00	£186,447.00	2.12%
25/10/2030	£600,000.00	£219,975.00	£193,578.00	£186,447.00	2.12%
25/10/2031	£600,000.00	£219,975.00	£193,578.00	£186,447.00	2.12%
25/10/2032	£600,000.00	£219,975.00	£193,578.00	£186,447.00	2.12%
25/10/2033	£600,000.00	£219,975.00	£193,578.00	£186,447.00	2.12%
25/10/2034	£600,000.00	£219,975.00	£193,578.00	£186,447.00	2.12%
25/10/2035	£600,000.00	£219,975.00	£193,578.00	£186,447.00	2.12%

29. An important point to note: the straight line MRP method above is known as the “straight-line” method, where equal amounts of MRP are charged over the life of the loan. Charnwood has adopted the annuity life MRP method – a standard approach exemplified in the Code - as this is more appropriate for commercial property investments. As such, the MRP charges above will be less than those above. (i.e. Charnwood pays less MRP in early years and more in later years). In the remaining current financial year (2020/21) under either method, there will be no MRP payable.
30. At the time of the initial investment it is **highly unlikely** that Charnwood will secure borrowing at 100% of the capital value due to its cashflow position and internal borrowing capacity; therefore, the MTFs will benefit from lower interest costs than shown in the above appraisal. However, the internal borrowing position and associated interest rate risk must be monitored and managed, and additional external debt may need to be taken in the future.
31. In order to understand the impact and contribution this asset will make to Charnwood’s MTFs, asset performance must be aligned to the timing of Charnwood’s Financial Year and for Charnwood’s MRP policy to be applied with a likely level of borrowing. The table below, presented for illustrative purposes, shows the financial contribution assuming that none of the capital value is externalised and a nominal interest rate of 0.5%, payable internally, is applied.

Charnwood Financial Year	Rent rec'd in Financial Year	MRP - annuity life method	Finance Costs	Net Rent in Financial Year	Annual Net Return
20/21	£144,657.53		£43,995.00	£100,662.53	1.144%
21/22	£578,630.14	£126,539.79	£43,995.00	£408,095.35	4.638%
22/23	£600,000.00	£129,880.44	£43,995.00	£426,124.56	4.843%
23/24	£600,000.00	£133,309.29	£43,995.00	£422,695.71	4.804%
24/25	£600,000.00	£136,828.65	£43,995.00	£419,176.35	4.764%
25/26	£600,000.00	£140,440.93	£43,995.00	£415,564.07	4.723%
26/27	£600,000.00	£144,148.57	£43,995.00	£411,856.43	4.681%

Charnwood Financial Year	Rent rec'd in Financial Year	MRP - annuity life method	Finance Costs	Net Rent in Financial Year	Annual Net Return
27/28	£600,000.00	£147,954.09	£43,995.00	£408,050.91	4.637%
28/29	£600,000.00	£151,860.08	£43,995.00	£404,144.92	4.593%
29/30	£600,000.00	£155,869.18	£43,995.00	£400,135.82	4.548%
30/31	£600,000.00	£159,984.13	£43,995.00	£396,020.87	4.501%
31/32	£600,000.00	£164,207.71	£43,995.00	£391,797.29	4.453%
32/33	£600,000.00	£168,542.80	£43,995.00	£387,462.20	4.403%
33/34	£600,000.00	£172,992.33	£43,995.00	£383,012.67	4.353%
34/35	£343,561.64	£177,559.32	£43,995.00	£122,007.32	1.387%

APPENDIX – HEADS OF TERMS



HEADS OF TERMS
Instruction: Epwijn, Scunthorpe

Subject to Contract

Date:	15 December 2020
Property:	Cupola Way, Normanby Enterprise Park, Scunthorpe, DN15 9YJ
Purchase Price:	£8,250,000 (Eight Million, Two Hundred and Fifty Thousand Pounds)
Vendor:	Thorpe Property Limited C/o Investra Capital
Vendor's Agent:	ADS Real Estate Advisors Bond House 19-20 Woodstock Street London W1C 2AN FAO: Anthony Sidoli DD: 07743 207051 Email: anthony@adsre.co.uk FAO: Simeon Cohen DD: 07500 333 640 Email: simeon@adsre.co.uk
Vendor's Solicitor:	Forsters LLP 31 Hill Street London W1J 5LS FAO: Anthony Goodmaker DD: 020 7863 8350 Email: anthony.goodmaker@forsters.co.uk
Purchaser:	Charnwood Borough Council
Purchaser's Agent:	Jones Realty 83 Baker Street London W1U 6AG FAO: Andy Byrne DD: 07779 611 765 Email: andy@jonesrealty.co.uk

Purchaser's Solicitor:	<p>Bevan Brittan LLP Fleet Place House 2 Fleet Place London EC4M 7RF</p> <p>FAO: Ian Caplan DD: 0370 194 7738 Email: ian.caplan@bevanbrittan.com</p>
Property Information:	<p>The Property is let to Specialist Building Products Limited, guaranteed by Epwin Group Plc, for a term of 18 years from 26 October 2017.</p> <p>The passing rent is £550,000 per annum. The rent increases to £600,000 per annum on 26 October 2022. The rent is subject to 5 yearly open market reviews thereafter.</p>
Tenure:	Freehold.
Funding:	The acquisition is to be fully funded through equity resources. No <u>third party</u> finance is required.
Conditions:	<p>Subject to:</p> <ul style="list-style-type: none"> ▪ Contract; ▪ Satisfactory legal due diligence; ▪ Receipt of a complete legal pack excluding Searches; ▪ Verification of the information provided to date; ▪ Measured survey; ▪ Building survey; ▪ Environmental survey; ▪ Purchaser's Delegated Decision Record approval.
Covid Rent Concession:	<p>The tenant is currently in a period of rent concession due to Covid 19, on the following terms.</p> <ul style="list-style-type: none"> ▪ Half rent is to be paid monthly in arrears, on every 25th day of the month, starting 25th April 2020. ▪ This arrangement will last for a maximum of 12 months, ending 25 March 2021. ▪ The Tenant is to pay the balance of the rent on 25 March 2021. ▪ The tenant can look to repay the rent earlier if they wish. <p>For the purpose of the sale the rent will be topped up to the full rent from the date of completion to the 25 March 2021.</p> <p>The notional arrears that have arisen as a result of the Covid rent concession will not be assigned to the Vendor on completion. Instead, the right to</p>

	recover the deferred sums will remain with the Vendor (and notified to the tenant in the rent authority letter on completion), but the Vendor may not bring any forfeiture or insolvency and/or bankruptcy proceedings against the tenant.
Timing:	Surveys to be undertaken on 16 December 2020 and cleared 5 working days thereafter. Simultaneous exchange and completion in 10 working days from receipt of a full legal pack, excluding Searches.
Approvals:	The Council's Delegated Decision Record is to be signed within 5 working days from agreement of Heads of Terms.
VAT:	The Property is elected for VAT. It is envisaged that the transaction will be treated as a Transfer <u>Of</u> A Going Concern (TOGC).
Capital Allowances:	All available Capital Allowances are to be passed to the purchaser.
Anti-Money Laundering:	The Purchaser and Vendor are to provide the required anti-money laundering information prior to exchange of contracts.
Costs:	Each party is to be responsible for their own costs.
Exclusivity:	The Purchaser is to benefit from an exclusivity period for the duration of the timescales stated herein.