TARGET FIVE
LAND & DEVELOPMENT

LEO Crowd funding
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CASE STUDY

5 Shetland Court, Worthing, BN13 3RL

Please note that all the information provided below has been supplied by Target Five and has not been verified by LEOpropcrowd.

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EXECUTIVE SUMMARY

5 Shetland Court is a large detached building in the Rustington area of Worthing. The opportunity was sourced pre-market from a national agent with whom Target Five (T5) has completed more than 30 transactions. The property went through the T5 selection criteria* which critically assesses location, cost/M2, yield, exit strategies and primary and secondary rental markets. Once deemed appropriate T5 selected a JV partner and negotiated the deal.

The property was previously built as a care home and had planning permission granted for 6 x 2-bed flats. T5 secured the site and agreed to a conditional purchase Subject to Planning (StP). As a 12 bed, all-ensuite, Sui Generis HMO, the design was carried out to ensure the highest provision of accommodation and to allow for a further increase of capacity from 12 rooms to 15 rooms. Planning was achieved without objection, within 8 weeks for the 12-bed scheme.

The conversion was purchased for £500k. T5 worked closely with Worthing HMO licensing department to ensure the schedule of works would produce a fully compliant property that would be future proofed and economic to run, featuring a fully electric eco-heating system.

The project was completed in 16 weeks and let immediately by T5's lettings partner, Sussex Property Partnership. SPP is part of the T5 group of companies and had already sourced the tenant long before project completion.The tenant is a care organisation with an NHS contract. The property has been let on a 10-year internal repairing lease for £85k PA.

A specialist HMO agent recently completed a market appraisal* of the property at £1.1M and a refinance valuation of £1.1M is being currently sought.

*See Appendix

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PROJECT INFORMATION

PURCHASING ENTITY	MHA Poole Limited
NAME	Shetland Court
ADDRESS	5 Shetland Court, Worthing, BN13 3RL
PROJECT TYPE	HMO redevelopment, let and hold
PURCHASE PRICE	£500,000
PURCHASE DATE	10 July 2019
DEVELOPMENT COST	£192,000
LENDER VALUATION	£1.1M (requested)
AGENT APPRAISAL	£1.1M
DEVELOPMENT ROI	49.8%
PROJECT DURATION	8 Months
DOCUMENT DATE	15 April 2020

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PROJECT IMAGES

BEFORE: INTERNALS

BEFORE: INTERNALS

AFTER: INTERNALS

AFTER: INTERNALS

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FINANCE DETAIL

PURCHASE PRICE	£500,000
SDLT & LEGAL COSTS	£32,500
INITIAL FEE	£10,000
DEVELOPMENT	£192,000
TOTAL COST	£734,500
CURRENT APPRAISAL	£1,100,000
TARGET VALUATION	£1,100,000
EQUITY	£365,500
DEVELOPMENT ROI	49.8%
GROSS YIELD	11.6%

COMPANY PROFILE

Target Five (T5) Group of companies started as a property consultancy in 2013, sourcing and developing properties for clients and its Directors. To date, T5 has completed more than 350 refurbishment or development projects across Sussex. It has an exemplary track record of producing exceptional returns for its existing investor clients. This is done through sourcing and developing pre-market and off-market opportunities. T5 manages the complete project process, from purchase to rental or sale.

T5 focuses on two key strategies - land development and high yield property development. In these areas T5 has a truly unrivaled network across the south coast offering consistent supply of opportunities. It has also invested heavily in training and technology to aid sourcing internally.

Target Five Land & Development Ltd was established to focus specifically on land development opportunities through crowdfunding.

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PROJECT TEAM

Andy Babbayan - Director

Andy is an ex-Army Officer (Capt) who specialised in bomb disposal and high risk search. With a MSc in Risk Management, he has taken his risk focused and analytic approach into property. He is a professional landlord with a portfolio worth over £7M. Andy has overseen more than 350 property developments over 18 years. His key focus now, both with T5 and personally, is high yield investments and land development.

Tina Wenham - Director

Tina has worked in the Sussex property market for over 20 years. Having worked on over 2000 transactions, including sizeable land sales with national PLC developers. Tina was honoured to be elected President of the Brighton & Hove Estate Agents Association. She holds a Diploma in Residential Estate Agency from the National Federation of Property Professionals. Tina brings an unrivaled market knowledge to the research, analysis and commercialisation of individual opportunities.

Tim Foden - Project Manager

Tim is a former estate agent turned carpenter and contracting builder and project manager.He has managed more than 70 property developments. Tim manages a project from cradle to grave, from design inception to final snagging and certification. His industry experience helps him in coordinating between all stakeholders to reach the desired outcome.

PAST PERFORMANCE IS NOT ALWAYS A RELIABLE INDICATOR OF FUTURE RESULTS.

APPENDICES

APPENDIX	
A	Glossary of Terms
B	T5 HMO Selection Criteria
C	Architect's Drawings
D	Agent's Market Appraisal
E	Planning Permission Covering Letter
F	HMO License Covering Letter
G	Lease Copy

APPENDIX A
GLOSSARY OF TERMS

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GLOSSARY OF TERMS

Article 4	Article 4 direction area, planning term. HMO relevance - protection of family housing restricting HMO C4/ Sui Generis planning use
C3	Planning category for a standard residential property
C4	Class C4 is use as for small shared dwelling houses occupied by between 3-6 unrelated individuals, as their only or main residence, who share basic amenities such as a kitchen or bathroom
CIL	Community infrastructure levy. A fee charged by the local council for a development
Gross	Calculation before associated costs are deducted. Used in calculating Yield and ROI. The Gross ROI or Gross Yield is before all associated costs have been taken out.
HMO	House of Multiple Occupancy
Internal Repairing	This refers to a condition of the rental lease. This means the tenant has full responsibility for the repair and maintenance of the building interior, including fixtures and fittings. The owner has the responsibility for the roof, HVAC, outer walls and grounds of the property.
JV	Joint Venture
M2	Square Meters or Meters Squared.
Net	Net of costs. Used in calculating Yield and ROI. The Net ROI or Yield is after all associated costs have been taken out.
NHS	National Health Service
PPPM	Per person per month
ROI	Return on Investment, a percentage return on money invested, over and above original stake. This is calculated as - profit ÷ total investment.
SDLT	Stamp duty land tax
SPP	Sussex Property Partnership Limited
SPV	Purpose vehicle
STP	Subject to planning permission [being granted]
Sui Generis	Planning category. 'Sui Generis' is Latin for without classification. In HMO context it is large HMO, 7+ bedrooms.
T5	Target Five Property Consultants Limited. Refers to the T5 group of companies generically.
Yield	A percentage return on money invested, based upon the ongoing rental income. This is calculated as - rental income ÷ total investment.

APPENDIX B
T5 HMO SELECTION CRITERIA

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T5 SELECTION CRITERIA

T5 Applies a non emotional criteria to all property purchases to ensure they comply or potentially comply PRIOR to first viewing. These are assessed in our bespoke spreadsheet and Maps the key criteria we consider are:

LOCATION

- APPROPRIATE FOR MARKET (SEE MAP)	YES / NO
- GRADE BY LOCATION	A / B / C
- LISTED/ CONSERVATION	YES / NO
- ARTICLE 4	YES / NO

PROPERTY

- FREEHOLD	YES / NO
- IF NO, SHARE OF FREEHOLD	YES / NO
- COVENANTS	YES / NO
- PRICE	.....
- SIZE IN M2	.....
- COST/ M2	.....
- COMPARE COST/M2 VS GRADE BY LOCATION TABLE.	UNDER/ OVER
- BEDROOMS	.....
- RECEPTIONS	.....
- WINDOWS	.....
- BATHROOMS	.....
- POTENTIAL MAXIMISED ROOMS	.....

FINANCIALS

- POTENTIAL PURCHASE PRICE	.....
- POTENTIAL MAXIMISED VALUATION	.....
- POTENTIAL MAXIMISED RENTAL RETURN	.....
- COMPARE MAXIMISED VALUATION/RENTAL VS GRADE BY TABLE	UNDER/ OVER

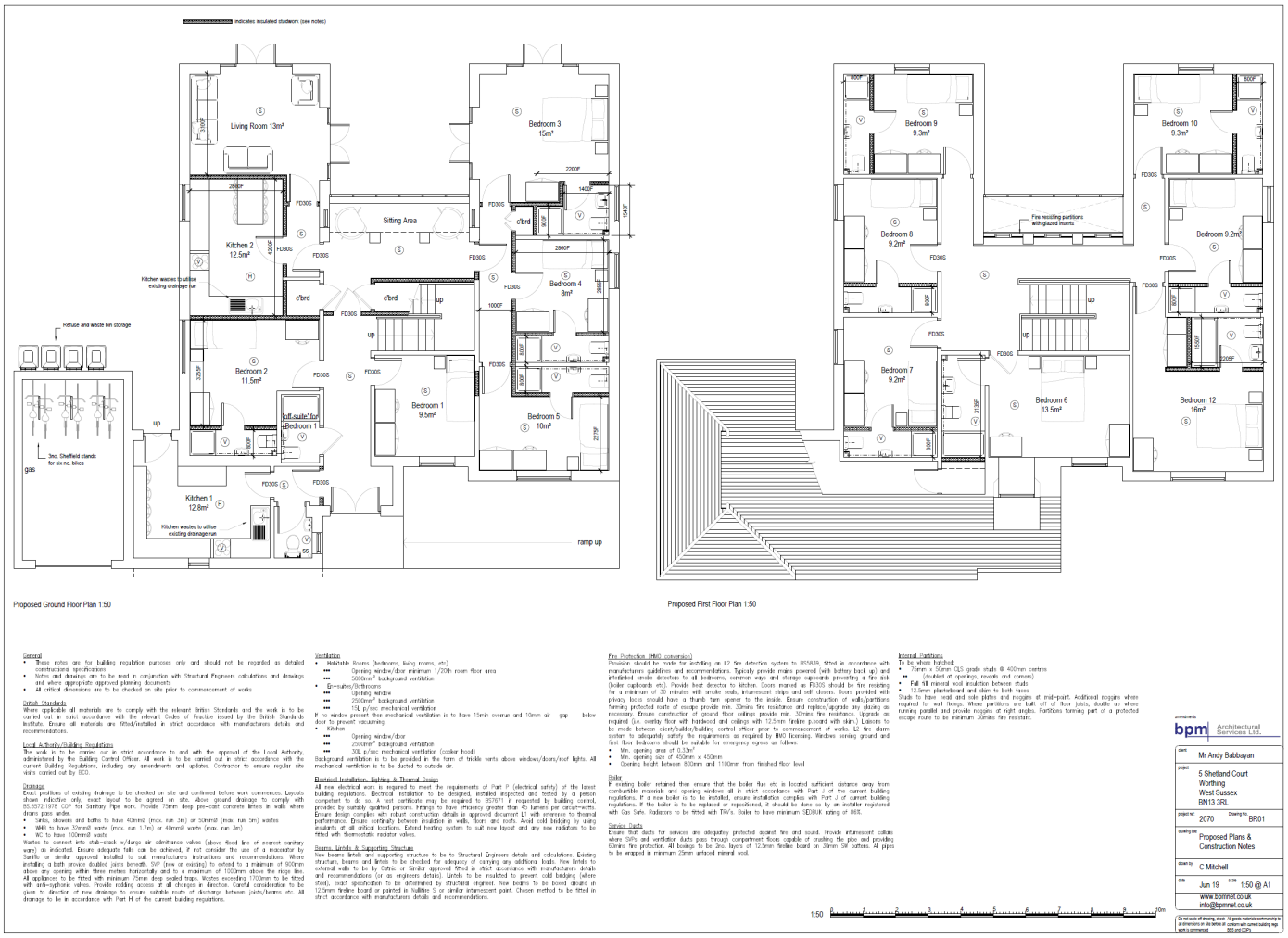
DECISION

- VIEW	YES / NO
- OFFER	YES / NO

Target Five Land & Development
2 Ashford Road
Brighton
BN1 6LJ

Contact Us
Email: information@targetfive.co.uk
Website: www.targetfive.co.uk
Call: 01273 525658

APPENDIX C
ARCHITECT'S DRAWINGS



General

- These notes are for building regulation purposes only and should not be regarded as detailed constructional specifications
- Notes and drawings are to be read in conjunction with Structural Engineers calculations and drawings and where appropriate approved planning documents
- All critical dimensions are to be checked on site prior to commencement of works

British Standards

Where applicable all materials are to comply with the relevant British Standards and the work is to be carried out in strict accordance with the relevant Codes of Practice issued by the British Standards Institute. Ensure all materials are fitted/installed in strict accordance with manufacturers details and recommendations.

Local Authority/Building Regulations

The work is to be carried out in strict accordance to and with the approval of the Local Authority, administered by the Building Control Officer. All work is to be carried out in strict accordance with the current Building Regulations, including any amendments and updates. Contractor to ensure regular site visits carried out by BCO.

Drainage

Exact positions of existing drainage to be checked on site and confirmed before work commences. Layouts shown indicative only, exact layout to be agreed on site. Above ground drainage to comply with BS.5572:1978 COP for Sanitary Pipe work. Provide 75mm deep pre-cast concrete lintels in walls where drains pass under.

- Sinks, showers and baths to have 40mmØ (max. run 3m) or 50mmØ (max. run 5m) wastes
- WHB to have 32mmØ waste (max. run 1.7m) or 40mmØ waste (max. run 3m)
- WC to have 100mmØ waste

Wastes to connect into stub-stack w/dango air admittance valves (above flood line of nearest sanitary ware) as indicated. Ensure adequate falls can be achieved, if not consider the use of a macerator by Saniflo or similar approved installed to suit manufacturers instructions and recommendations. Where installing a bath provide doubled joists beneath. SVP (new or existing) to extend to a minimum of 900mm above any opening within three metres horizontally and to a minimum of 1000mm above the ridge line. All appliances to be fitted with minimum 75mm deep sealed traps. Wastes exceeding 1700mm to be fitted with anti-syphonic valves. Provide rodding access at all changes in direction. Careful consideration to be given to direction of new drainage to ensure suitable route of discharge between joists/beams etc. All drainage to be in accordance with Part H of the current building regulations.

Ventilation

- Habitable Rooms (bedrooms, living rooms, etc)
  - Opening window/door minimum 1/20th room floor area
  - 5000mm² background ventilation
- En-suites/Bathrooms
  - Opening window
  - 2500mm² background ventilation
  - 15L p/sec mechanical ventilation

If no window present then mechanical ventilation is to have 15min overrun and 10mm air gap below door to prevent vacuuming.

- Kitchen
  - Opening window/door
  - 2500mm² background ventilation
  - 30L p/sec mechanical ventilation (cooker hood)

Background ventilation is to be provided in the form of trickle vents above windows/doors/roof lights. All mechanical ventilation is to be ducted to outside air.

Electrical Installation, Lighting & Thermal Design

All new electrical work is required to meet the requirements of Part P (electrical safety) of the latest building regulations. Electrical installation to be designed, installed inspected and tested by a person competent to do so. A test certificate may be required to BS7671 if requested by building control, provided by suitably qualified persons. Fittings to have efficiency greater than 45 lumens per circuit-watts. Ensure design complies with robust construction details in approved document L1 with reference to thermal performance. Ensure continuity between insulation in walls, floors and roofs. Avoid cold bridging by using insulants at all critical locations. Extend heating system to suit new layout and any new radiators to be fitted with thermostatic radiator valves.

Beams, Lintels & Supporting Structure

New beams lintels and supporting structure to be to Structural Engineers details and calculations. Existing structure, beams and lintels to be checked for adequacy of carrying any additional loads. New lintels to external walls to be by Catnic or similar approved fitted in strict accordance with manufacturers details and recommendations (or as engineers details). Lintels to be insulated to prevent cold bridging (where steel), exact specification to be determined by structural engineer. New beams to be boxed around in 12.5mm fireline board or painted in Nullifire S or similar intumescent paint. Chosen method to be fitted in strict accordance with manufacturers details and recommendations.

Fire Protection (M&E conversion)

Provision should be made for installing an L2 fire detection system to BS5839, fitted in accordance with manufacturers guidelines and recommendations. Typically provide mains powered (with battery back up) and interlinked smoke detectors to all bedrooms, common ways and storage cupboards preventing a fire risk (boiler cupboards etc). Provide heat detector to kitchen. Doors marked as FD30S should be fire resisting for a minimum of 30 minutes with smoke seals, intumescent strips and self closers. Doors provided with privacy locks should have a thumb turn opener to the inside. Ensure construction of walls/partitions forming protected route of escape provide min. 30mins fire resistance and replace/upgrade any glazing as necessary. Ensure construction of ground floor ceilings provide min. 30mins fire resistance. Upgrade as required (i.e. overlay floor with fireboard and ceilings with 12.5mm fireline p.board with skim.) Liaisons to be made between client/builder/building control officer prior to commencement of works. L2 fire alarm system to adequately satisfy the requirements as required by HMO licensing. Windows serving ground and first floor bedrooms should be suitable for emergency egress as follows:

- Min. opening area of 0.33m²
- Min. opening size of 450mm x 450mm
- Opening height between 800mm and 1100mm from finished floor level

Boiler

If existing boiler retained then ensure that the boiler flue etc is located sufficient distance away from combustible materials and opening windows all in strict accordance with Part J of the current building regulations. If a new boiler is to be installed, ensure installation complies with Part J of current building regulations. If the boiler is to be replaced or repositioned, it should be done so by an installer registered with Gas Safe. Radiators to be fitted with TRV's. Boiler to have minimum SEDBUK rating of 86%.

Service Ducts

Ensure that ducts for services are adequately protected against fire and sound. Provide intumescent collars where SVPs and ventilation ducts pass through compartment floors capable of crushing the pipe and providing 60mins fire protection. All boxings to be 2no. layers of 12.5mm fireline board on 38mm SW battens. All pipes to be wrapped in minimum 25mm enfaced mineral wool.

Internal Partitions

To be where hatched:

- 70mm x 50mm CLS grade studs @ 400mm centres
  - (doubled at openings, reveals and corners)
- Full fill mineral wool insulation between studs
- 12.5mm plasterboard and skim to both faces

Studs to have head and sole plates and noggins at mid-point. Additional noggins where required for wall fixings. Where partitions are built off of floor joists, double up where running parallel and provide noggins at right angles. Partitions forming part of a protected escape route to be minimum 30mins fire resistant.

1:50 0 1 2 3 4 5 6 7 8 9 10m

amendments

bpm Architectural Services Ltd.

client: Mr Andy Babbayan

project: 5 Shetland Court, Worthing, West Sussex, BN13 3RL

project ref: 2070 Drawing No: BR01

drawing title: Proposed Plans & Construction Notes

drawn by: C Mitchell

date: Jun 19 scale: 1:50 @ A1

www.bpmnet.co.uk
info@bpmnet.co.uk

Do not scale off drawing, check all dimensions on site before any work is commenced. All goods materials workmanship to be in accordance with current building regs BSS and CoPs

APPENDIX D
AGENTS MARKET APPRAISAL

THE PROPERTY ADVANTAGE

20th April 2020

YOUR PROPERTY
Overview

Boundary (Land Registry Title Plan)

PROPERTY KEY FACTS

HMO Parent
8 Bedrooms
Freehold

Floor Area:	3,154 ft ^{2} / 293 m^2
Plot Area:	0.12 acres
Council Tax Band:	C
	£1,610.00 pa
Land Registry Title:	WSX156403
Last Sold Date:	28/06/2019
Last Sold Price:	£500,000
£/SqFt:	£158.53

AREA KEY FACTS

Local Authority:	Worthing
Flood Risk:	No Risk

Conservation Area:
Pending for this local authority,Worthing

Predicted Broadband Speeds

Basic:	6 Mbps
Superfast:	80 Mbps
Ultrafast:	350 Mbps

Mobile Coverage
(based on voice calls made indoors)

EE:
Three:
O2:
Vodafone:

PLANNING HISTORY

REFERENCE - ADURWORTHING/AWDM/1906/18

Decided

20/12/2018

Change Of Use From Residential Institution (Use Class C2) To 12-Bedroom House In Multiple Occupation (Use Class Sui Generis).

REFERENCE - ADURWORTHING/AWDM/1259/17

Decided

15/08/2017

Application For Approval Of Reserved Matters Following Outline Approval (Awdm/1851/16) For Permission For Conversion Of Existing 8 Bedroom Residential Institution (C2) To 4 X 2 Bed Flats And Associated Two-Storey Rear Extension And Allied Demolition Of Garage And Provision Of 3 Parking Spaces In Rear Garden.

The Property Advantage

2nd Floor Office,Wightman Chambers 14 The Square Shrewsbury SY1 4HA
01743 612018
Info@thepropertyadvantage.co.uk
https://www.thepropertyadvantage.co.uk/

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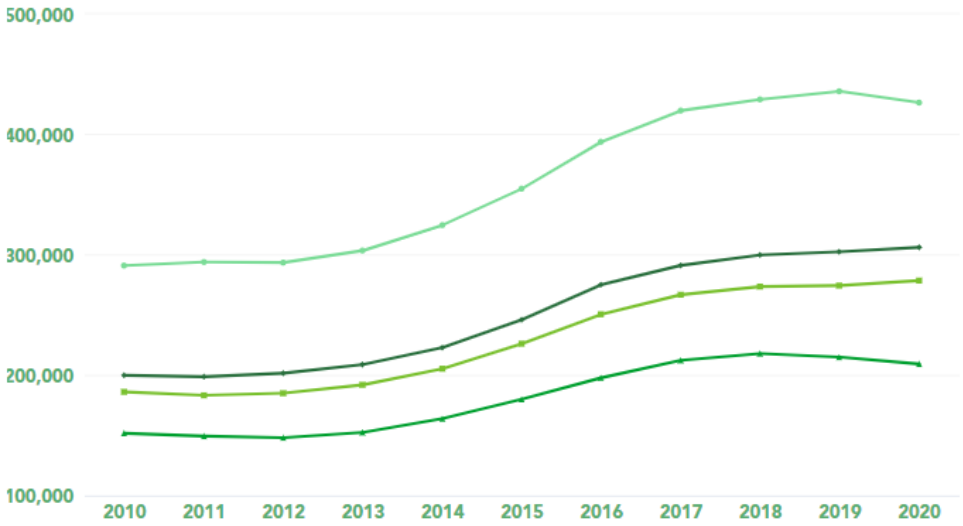
APPENDIX D
AGENTS VALUATION

THE PROPERTY ADVANTAGE

20th April 2020

LOCAL MARKET
House Price Statistics for BN13

10 YEAR HISTORY OF AVERAGE PRICES BY PROPERTY TYPE



FLAT + 37.85%

TERRACED + 49.66%

SEMI-DETACHED + 53.23%

DETACHED + 46.5%

£1,100,000
Market Appraisal Estimate

The Property Advantage

2nd Floor Office,Wightman Chambers 14 The Square Shrewsbury SY1 4HA
01743 612018
Info@thepropertyadvantage.co.uk
https://www.thepropertyadvantage.co.uk/

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APPENDIX E
PLANNING PERMISSION

WORTHING BOROUGH COUNCIL

Anthony Foster
The Planning Practice Ltd
18 Tillstone Street
Brighton
BN2 0BD

PLANNING PERMISSION

TOWN AND COUNTRY PLANNING ACT 1990
TOWN AND COUNTRY PLANNING (GENERAL PERMITTED DEVELOPMENT) (AMENDMENT) (ENGLAND) ORDER 2015

APPLICATION NUMBER: AWDM/1906/18

Details of Development
CHANGE OF USE FROM RESIDENTIAL INSTITUTION (USE CLASS C2) TO 12-BEDROOM HOUSE IN MULTIPLE OCCUPATION (USE CLASS SUI GENERIS).

Location of Development
5 SHETLAND COURT WORTHING WEST SUSSEX BN13 3RL

In pursuance of their powers under the above-mentioned Act and Order the Council hereby notify you that they PERMIT the above development, in accordance with the application and relevant correspondence registered on 2nd January 2019.

This is for reasons stated on the schedule overleaf and subject to compliance with the conditions specified thereon.

G Peck

Gary Peck
Planning Services Manager
12/03/2019

Worthing Borough Council, Development Management, Economy Directorate,
Portland House, 44 Richmond Road, Worthing, West Sussex, BN11 1HS
Tel: 01903 221065 Email: planning@adur-worthing.gov.uk
Web: www.adur-worthing.gov.uk

APPENDIX F
HMO LICENSE

ADUR & WORTHING COUNCILS

Adur & Worthing Councils
Portland House
44 Richmond Road
Worthing
West Sussex, BN11 1HS
www.adur-worthing.gov.uk

MHA Services Poole Ltd
6 Bloomsbury Square
London
WC1A 2LP

Date: 28th January 2020
Service: Housing
Tel: 01273 263259
E: private.sectorhousing@adurworthing.gov.uk

Our Reference: WK/202000270

Dear Sirs,

Housing Act 2004 - Houses In Multiple Occupation: Mandatory Licensing
Re: 5 Shetland Court, Worthing, West Sussex, BN13 3RL

I refer to the letter dated 14th January 2020 with enclosed Notice that the Local Authority propose to grant a licence with conditions and your subsequent communication regarding the works contained in Schedule 3.

Please therefore find enclosed with this letter the licence for your House In Multiple Occupation for the above property. Your attention is drawn to the three schedules attached to the licence. Your licence has been granted for 5 years and will end on 12th January 2025. You must ensure that you submit a new Licence Application before the end of the licence period.

Please display the enclosed copies of the licence and notice in the communal areas of the above property so that it is visible and accessible to all occupiers.

The final application fee of £400.00 is now due. Please ensure that this amount is paid within 28 days. Please note that failure to pay this amount will result in the outstanding fee being referred to the Debt Recovery team. Ways in which to pay can be found on the reverse of this letter.

Could you kindly acknowledge receipt of the licence by email or returning the enclosed letter to these offices at the address below. The property has been added to the Public Register of Licensed HMOs that the Council is required to maintain.

I hope the contents of this letter and enclosed are self-explanatory but if you wish to discuss any matters please let me know.

Yours faithfully

James Elliott
Senior Environmental Health Officer
Tel: 01273 263032
e-mail: james.elliott@adur-worthing.gov.uk

Enc. Licence with conditions set out in Schedules 1, 2 and 3
Schedule 5 Para 7
COPY Licence
COPY Schedule 5 Para 7

APPENDIX G
LEASE COPY

Dated 12 FEBRUARY 2020 ~~2019~~

MHA SERVICES POOLE LIMITED

and

GREENFIELD HEALTH LIMITED

LEASE

relating to

5 Shetland Court, Worthing, BN13 3RL

THOMPSON ALLEN

+44 (0)1273 608003
+44 (0)1273 608004
info@thompsonallen.co.uk
www.thompsonallen.co.uk

6 Marlborough Place
Brighton, E. Sussex
BN1 1UB
DX 2754 Brighton

LR1. Date of lease

12 FEBRUARY 2020

LR2. Title number(s)

LR2.1 Landlord's title number(s)

WSX156403

LR2.2 Other title numbers

None

LR3. Parties to this Lease

Landlord

MHA Services Poole Limited, a company registered in England and Wales whose registered office is at 6 Bloomsbury Square, London, WC1A 2LP

COMPANY REGISTERED NUMBER: 10932003

Tenant

Greenfield Health Limited, a company registered in England and Wales whose registered office is at 9 Glengorse, Battle, TN33 0TX

COMPANY REGISTERED NUMBER: 11686773

Other parties

None

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.

LR5.1 Statements prescribed under rules 179 (dispositions in favour of a charity), 180 (dispositions by a charity) or 196 (leases under the Leasehold Reform, Housing and Urban Development Act 1993) of the Land Registration Rules 2003.

None.

LR5.2 This Lease is made under, or by reference to, provisions of:

None.

LR6. Term for which the Property is leased

guarantor from the Register of Companies or the making of an application for the Tenant or any guarantor to be struck-off;

(h) the Tenant or any guarantor otherwise ceasing to exist (but excluding where the Tenant or any guarantor dies); or

(i) the making of an application for a bankruptcy order, the presentation of a petition for a bankruptcy order or the making of a bankruptcy order against the Tenant or any guarantor; or

(j) the levying of any execution or other such process on or against, or taking control of possession of, the whole or any part of the Tenant's asset.

The paragraphs above shall apply in relation to a partnership or limited partnership (as defined in the Partnership Act 1890 and the Limited Partnerships Act 1907 respectively) subject to the modifications referred to in the Insolvent Partnerships Order 1994 (*SI 1994/2421*) (as amended), and a limited liability partnership (as defined in the Limited Liability Partnerships Act 2000) subject to the modifications referred to in the Limited Liability Partnerships Regulations 2001 (*SI 2001/1090*) (as amended).

Act of Insolvency includes any analogous proceedings or events that may be taken pursuant to the legislation of another jurisdiction in relation to a tenant or guarantor incorporated or domiciled in such relevant jurisdiction.

"Annual Rent"; rent at an initial rate of £85,000.00 per annum and then as revised pursuant to this Lease.

"Break Date"; 12 FEBRUARY ~~2024~~. 2025

"Break Notice"; written notice to terminate this lease on the Break Date and served in accordance with clause 44.

"CDM Regulations"; the Construction (Design and Management) Regulations 2015 (*SI 2015/51*).

"Contents"; the furniture, furnishings and any other items set out in the Inventory and Schedule of Condition.

"Contractual Term"; a term of 10 years beginning on, and including the date of this Lease and ending on, and including .

"Default Interest Rate"; 3 % per annum above the Interest Rate.