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MB/JC/16482/7

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Direct

Email:
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Dear Colin

Re: 113 Queens Road

I am writing to set out what I perceive as the consequences of a successful challenge by CVS to the Licences under which all the charities occupy Community Base.

The first consequence, of course, is that this represents a major breach of the terms of your loan conditions. It would have to be disclosed to your lenders and this could result in the loan being called in and ultimately, I suppose, could result in the mortgagees obtaining possession and selling Community Base to a commercial investor.

Irrespective of the effect on your funding arrangements it would have serious consequences in relation to the way in which Community Base is run and managed. It would mean that the terms of the existing Licences would remain in force but the terms in relation to termination and rent increases would be replaced by the procedure under the Landlord and Tenant Act 1954.

This would be extremely expensive both for Community Base and the charities as it would all have to be dealt with through Solicitors. Community Base would need to terminate all the existing Licences subject of course to the charities rights to renew under the Landlord and Tenant Act 1954 but the costs of dealing with the renewal could well be several thousand pounds for each and every charity on both sides.

It would completely take away the flexibility in the way Community Base is currently being run because all the charities would then have long term commitment under their Leases which would all need to contain rent review provisions entailing negotiations through surveyors and valuers for each side every time a rent review became due, since the rent would then be a >market= rent under the Landlord and Tenant Act 1954.

For new charities no doubt Community Base would want to establish Tenancy Agreements which were outside of the Act. This would inevitably mean further expense to new charitable occupiers since the way forward would be to have Leases with specific exclusions of the Landlord and Tenant Act 1954 but the Leases would all need to be individually and professionally drawn up.

In effect, Community Base would cease to be Community Base. It would simply be another office block which happens to be occupied largely by charities and only those charities able to afford the additional expense. Even policing the obligation to have it occupied by Charities becomes more complicated. Frankly, the costs to Community Base and the charitable community in Brighton and Hove would be enormous not just in monetary terms but also in terms of time and energy.

It is for those reasons that I have pointed out to Woolley Bevis that you would have to litigate this issue against them if they insist upon it because otherwise, frankly, it is the end of Community Base.

Yours sincerely

M R Barry