

Articles of Roup relating to the Scottish Properties

ARTICLES OF ROUP

1. In these Articles of Roup and in the Minute of Enactment to follow hereon:-
 - 1.1 "the Property" means those subjects described in the Special Conditions of Sale (defined below);
 - 1.2 "the Special Conditions of Sale" means the Special Conditions of Sale annexed and signed as relative hereto;
 - 1.3 "Vendor" means [insert the Vendor's name and address including in the case of a company their registered number and registered office];
 - 1.4 The Vendor's Solicitors are identified in the Special Conditions of Sale;
2. The Auction shall be held at the time, place and date ("the Auction Date") set out in the Special Conditions of Sale or at such other place or on such other date as may be appointed in any Minute annexed hereto.
3. The Property is to be exposed for sale by Auction by the Vendor on the Auction Date on the conditions contained in these Articles of Roup, or on such other conditions as shall be appointed in any Minute (which term shall include any Addendum) annexed hereto.
4. The conditions of sale applicable to the Property are as follows:-
 - 4.1 It is hereby declared and accepted by any person bidding at the Auction, that the General Conditions of Sale specified in the Auction Catalogue and any documents related to or contained within that Catalogue do not apply, in whole or in part, to the sale of the Property save in respect of the parts of the Catalogue headed, firstly, "Auctioneers' Notices Part One – Guidance to Prospective Buyers" and, secondly, "Auctioneers' Notices Part Two – Auction Conduct Conditions". The sale of the 4.6 Property shall be governed by these Articles of Roup (including the Special Conditions of Sale), the Minute of Enactment (including any Addendum annexed thereto) and any Minute to follow thereon.

The Special Conditions of Sale annexed shall be conditions of sale applicable to the Property.
 - 4.2 The Property is offered subject to an undisclosed reserve price and the Vendor reserves the right to bid by itself or by its agents up to the reserve price.
 - 4.3 The Vendor reserves the right to sell the whole or any part of the Property before the Auction or to withdraw the whole of the Property or any part thereof from the Auction without declaring the reserve price.
 - 4.4 The person offering the reserve price or, if there be more than one bidder, the highest bidder above the reserve price shall be preferred to the purchase, and in the event of competition each bid must exceed the immediately preceding bid by at least such sum as shall from time to time be prescribed by the Auctioneer.
- 4.5
 - 4.5.1 All bids shall be deemed to be made exclusive of any Value Added Tax which may be chargeable on the sale price;
 - 4.5.2 the Vendor shall be entitled to charge and the Purchaser shall be obliged to pay any Value Added Tax which may be chargeable on the sale price in addition to the sale price.
 - 4.5.3 The terms of Conditions 4.5.3 to 4.5.9 (inclusive) hereof shall only apply to the extent they are expressly stated to apply in

the Special Conditions of Sale. The Vendor and the Purchaser hereby record their understanding that the sale of the Property constitutes a transfer of a business or a part of a business as a going concern (a "TOGC") for the purposes of the Value Added Tax Act 1994 ("VATA") and Article 5 of the Value Added Tax (Special Provisions) Order 1995 and is not to be treated as a supply of goods or services in terms thereof and the Purchaser and the Vendor undertake to use all reasonable endeavours to procure that the transaction is treated as a TOGC both before and after the Settlement Date.

- 4.5.4 The Vendor warrants and undertakes to the Purchaser:-
 - (a) that it is and will at the date of settlement be a registered taxable person within the meaning of VATA;
 - (b) that it has elected to waive exemption in respect of the Property under paragraphs 2 and 3 of Schedule 10 to VATA;
 - (c) that it will continue to use the Property until the date of settlement in the course of furtherance of its business namely the letting thereof in exchange for rent.

The Vendor shall exhibit to the Purchaser as soon as possible, and in any event prior to the Settlement Date, the Vendor's certificate of VAT registration, a copy of the Vendor's written notification to HM Revenue & Customs ("HMRC") of the election to waive exemption and the written acknowledgement thereof from HMRC.
- 4.5.5 The Purchaser warrants and undertakes to the Vendor:-
 - (a) that the Purchaser is and will at the date of settlement be a registered taxable person within the meaning of VATA;
 - (b) that it will elect to waive exemption in respect of the Property under paragraphs 2 and 3 of Schedule 10 to VATA and will notify such election to HMRC within 7 days of the Auction Date; and
 - (c) that from the date of settlement it intends to own and manage the Property in the course of furtherance of its business and to continue to let the Property in exchange for rent.
 - (d) that the Purchaser shall notify the Vendor as soon as possible prior to the Settlement Date that paragraph 2(B) of Article 5 of the VAT (Special Provisions) Order 1995 does not apply to the Purchaser.

The Purchaser shall exhibit to the Vendor 7 days prior to the Settlement Date the Purchaser's certificate of VAT registration, a copy of the Purchaser's written notification to HMRC of the election to waive exemption and the written acknowledgement thereof from HMRC.

- 4.5.6 The Vendor shall request its own HMRC Office to confirm in writing that HMRC shall treat the sale of the Property as a TOGC and not chargeable to VAT. The Vendor shall pass a copy of the letter containing such request and any correspondence following thereon to the Purchaser. If said HMRC Office intimate to the Vendor that VAT is properly chargeable

in respect of the sale of the Property, the Purchaser shall be entitled to make direct representations to the said HMRC Office and if, following such representations, the said HMRC Office still hold that the sale attracts VAT, the parties will be bound accordingly.

- 4.5.7 If HMRC confirm prior to the Settlement Date that the sale of the Property is not a TOGC within the provisions of Article 5, and that VAT is properly chargeable in respect of the sale, then the Purchaser shall pay to the Vendor in addition to the price on the Settlement Date the said VAT in exchange for a valid and appropriate receipted VAT invoice in respect thereof.
- 4.5.8 If HMRC confirm following the date of settlement that the sale of the Property is not a TOGC within the provisions of Article 5, and that VAT is properly chargeable in respect of the sale, the Purchaser shall within 7 days of written demand to the Vendor from HMRC to such effect being intimated to the Purchaser and in exchange for a valid and appropriate receipted VAT invoice, make payment of the said VAT.
- 4.5.9 (a) If the sale of the Property does constitute a TOGC within the provisions of Article 5, then at the option of the Vendor, the Vendor shall deliver to the Purchaser on the Settlement Date all records relating to the Property and required to be kept by the Purchaser in terms of Section 49 of VATA and Paragraph 6 of Schedule 11 of VATA, such records to be made available thereafter for inspection by the Vendor if reasonably required. The Vendor at its sole option shall be entitled to request permission from HMRC to retain and preserve the said records in terms of sub-section (1)(b) of Section 49 of VATA;
 - (b) If the Purchaser breaches any warranty or undertaking in terms of any part of Condition 4.5, the Purchaser shall indemnify the Vendor in respect of any loss arising due to the Purchaser's breach.
- 4.6 If the Property is knocked down to a successful bidder ("the Purchaser"):-
 - 4.6.1 The Purchaser (or the Purchaser's duly authorised agent ("the Offeror")) shall immediately complete the Buyer's Slip in the form so headed and shall hand it, appropriately completed, to the Auctioneer or his Clerk together with a deposit representing 10% of the purchase price exclusive of Value Added Tax or the minimum deposit of £2,000 (whichever is the greater). The deposit must be paid to the Auctioneer by cheque or debit card or certified banker's draft drawn on a bank or branch of a bank situated in the UK and shall be held by the Auctioneer as stakeholder.
 - 4.6.2 The Auctioneer is entitled, with the consent and irrevocable authority of the Purchaser (which the Purchaser hereby acknowledges and grants) to release such deposit to the Vendor's Solicitors upon receipt by the Auctioneer of written confirmation from the Vendor's Solicitors that completion of the sale and purchase has taken place and, for the avoidance of doubt, upon the Auctioneer releasing the deposit, the Auctioneer's liability as stakeholder shall be discharged.
 - 4.6.3 If completion of the sale and purchase does not take place, the Auctioneer is authorised (and the Vendor and the Purchaser acknowledge and irrevocably confirm their agreement to such authority)

to release it to the person entitled to it under the Articles of Roup (including the Special Conditions of Sale), the Minute of Enactment (including any Addendum annexed to it) and any Minute to follow thereon.

4.6.4 The Purchaser or Offeror shall, forthwith after the Property being knocked down to him or her, sign a Minute of Enactment hereon following preparation of the same by the Auctioneer's Clerk.

In the event of failure to comply with the requirements of clause 4.6.1 or 4.6.4 above, the Auctioneer shall be entitled either (a) to withdraw the Property from the Auction or (b) to re-expose the Property for sale

4.7 The Purchaser's date of entry to the Property (herein called "the Settlement Date") shall be the first working day occurring twenty eight days after the date of the subscription of the Minute of Enactment by or on behalf of the Purchaser or such other date as may be specified in the Minute of Enactment. Settlement of the transaction shall take place before 12.00 p.m. on the Settlement Date at the offices of the Vendor's Solicitors or at such other time and place as they may direct.

4.8

4.8.1 The price (together with Value Added Tax, if applicable) under deduction of the deposit already paid in terms of Condition 4.6 hereof will be paid in full on the Settlement Date by the Purchaser by telegraphic transfer to a bank account nominated by the Vendor. Interest on the price or so much thereof as remains unpaid shall, notwithstanding consignment and that entry might not have been taken, be paid on demand by the Purchaser to the Vendor at a rate of 5% per annum above the Base Rate of the Bank of Scotland from time to time in force for the period from the Settlement Date until payment in full is made, provided that no interest will be payable in respect of any period where delay in completion is caused by the Vendor or the Vendor's Agents. The Vendor will also be entitled to uplift and retain rent for the Property until the price is paid in full.

Not with standing the foregoing, it is expressly stated that payment of the full purchase price (under deduction as aforesaid) on the Settlement Date is of the essence of the contract and failure by the Purchaser to pay the purchase price as aforesaid within ten days of the Settlement Date shall, without prejudice to the Vendor's other rights and remedies, entitle the Vendor to rescind the contract hereby constituted and to retain said deposit which shall be forfeit to the Vendor notwithstanding that the Vendor has exercised its option to rescind the said contract.

The Vendor is entitled at its entire discretion to refuse to accept any part of the amount payable on settlement of the transaction that is not sent by means of an electronic funds transfer to the Vendor's conveyancer's client account from the client account of a solicitor or licensed conveyancer acting for the Purchaser and regulated by the appropriate professional body.

4.8.2 The following provisions shall apply in respect of any arrears of rent and other

amounts due to the Vendor from any tenant of the Property or any part or parts thereof:

Part 1 Current rent

(a) 'Current Rent' means, in respect of each of the tenancies subject to which the Property is sold, the instalment of rent and other sums payable by the tenant in advance on the most recent rent payment date on or within four months preceding the Settlement Date

(b) If, on the Settlement Date, there are any arrears of Current Rent, the Purchaser must pay them, whether or not details of those arrears are given in the Special Conditions

(c) Parts 2 and 3 of this clause 4.8.2 do not apply to arrears of Current Rent

Part 2 Purchaser to pay for arrears

(a) Part 2 of this clause 4.8.2 applies where the Special Conditions give details of arrears

(b) The Purchaser is, on the Settlement Date, to pay, in addition to any other money then due, an amount equal to all arrears of which details are set out in the Special Conditions

(c) The Vendor will assign to the Purchaser all rights that the Vendor has to recover those arrears

Part 3 Purchaser not to pay for arrears

(a) Part 3 of this clause 4.8.2 applies where the Special Conditions either so state or give no details of any arrears

(b) While any arrears due to the Vendor remain unpaid the Purchaser must:

(i) Try to collect them in the ordinary course of management but need not take legal proceedings or forfeit the tenancy

(ii) Pay them to the Vendor within five working days of receipt in cleared funds (plus interest at the rate of 5% per annum above the Base Rate of the Bank of Scotland from time to time in force calculated on a daily basis for each subsequent day's delay in payment)

(iii) On request, at the cost of the Vendor, assign to the Vendor or as the Vendor may direct, all such rights to demand and sue for arrears as the Vendor may reasonably require

(iv) If reasonably required, allow the Vendor's conveyancer to have on loan the counterpart of any tenancy against an undertaking to hold it to the Purchaser's order

(v) Not without the consent of the Vendor release any tenant or surety from liability to pay arrears or accept a surrender of or forfeit any tenancy under which arrears are due, and

(vi) If the Purchaser disposes of the Property prior to recovery of all arrears, obtain from the Purchaser's successor in title a covenant in favour of the Vendor in similar form to part 3 of this clause 4.8.2

(c) Where the Vendor has the right to recover arrears, it must not without the Purchaser's written consent bring insolvency proceedings against a tenant or seek the removal of goods from the Property.

4.8.3 Where the Property is sold subject to a lease under which the rent is due to be reviewed with effect from a date prior to the Settlement Date but such rent review has not been agreed or determined prior to the Settlement Date then in respect of each such lease:-

(a) the rent in respect of the Property shall be

apportioned on the Settlement Date on the basis of the Vendor's reasonable estimate of the rent which will ultimately be agreed or determined in respect thereof;

(b) the Purchaser shall use its best endeavours as soon as reasonably practicable after the Settlement Date to agree such reviewed rent with the tenant or to procure the same to be determined;

(c) forthwith on such agreement or determination the Purchaser shall notify the Vendor and shall supply the Vendor with such document or other correspondence relating thereto as the Vendor shall require;

(d) within fifteen working days of notification and receipt by the Vendor of such document or other correspondence required in terms of Condition 4.8.3(c) above the Vendor or the Purchaser (as the case may be) shall pay to the other the amount of any excess due to the other in respect of the period from the due date for review under the lease to the Settlement Date after taking into account the estimated sum apportioned under this Condition; and

(e) if the Purchaser shall be the tenant or any associated company employed by having office in or control over the tenant or acting on behalf of the tenant then the rent to be apportioned on the Settlement Date in respect of the Property shall be the sum notified for the purposes of this Condition to the Purchaser prior to the Settlement Date or if there shall be no such sums then the Vendor's reasonable estimate of such rent shall be deemed to be the rent payable with effect from the date of review and this Condition shall be construed accordingly.

4.9 The risk of damage to or destruction of the Property will pass to the Purchaser on the date of subscription of the Minute of Enactment by or on behalf of the Purchaser or by the Offeror.

The Purchaser shall require to make his own arrangements for insurance of the Property with effect from that date and the Vendor will be under no liability in respect of the damage to or destruction of the Property or any part thereof as from that date. The Purchaser will be bound to proceed with the purchase of the Property in terms of these Articles of Roup notwithstanding damage to or destruction of the Property from whatever cause.

4.10 A copy of these Articles of Roup ("the Articles of Roup" which expression shall include any Minute thereto) the Title Deeds and the Letting Documents listed in paragraph 4 of the Special Conditions of Sale will be available for inspection on the Auction website and whether or not they inspect the same, all bidders shall be held to have satisfied themselves before bidding not only of the sufficiency and validity of the Title Deeds and of the Vendor's right to the Property and to sell the same but also of the extent, boundaries, pertinents and other particulars of the Property and of the feudities, public, local and other burdens and conditions affecting the same whether discoverable from the public records or not.

4.11 The Property is sold under burden of the ground burdens, conditions of tenure, servitudes, wayleaves and the whole other burdens, conditions, restrictions, reservations and others specified or referred to in the Title Deeds or otherwise affecting the same and no warranty of any kind is given or will be given expressly or impliedly as to the compliance by

-
- any occupants or proposed occupants of the Property with the terms and conditions of such burdens, conditions, restrictions, reservations and others.
- 4.12 The Property is sold subject to and with the benefit of all current lets and rights of possession and the Letting Documents referred to in said Inventory of Writs and all tenants' rights thereunder. All bidders shall be held to have satisfied themselves before bidding as to the content and effect of and compliance with the Letting Documents and as to the existence and covenant of the tenants thereunder, no warranty being given by the Vendor as to these matters.
- 4.13 The Property is exposed for sale not according to the advertisement or Catalogue thereof or with reference to any information, plans or documents which may be communicated to the Purchaser before or at the Auction but tantum et tale as it exists and as the Vendor has right thereto and the Purchaser admits that he has inquired and otherwise takes all risk in relation thereto and that he does not rely on any actual or deemed warranty by or on behalf of the Vendor. If any mis-statement, error or omission shall be found as regards the Property or plans thereof or as regards the Inventory of Writs or on any account whatever, the same shall not annul the purchase nor entitle the Purchaser to be relieved thereof nor to claim any deduction or abatement from the price offered by him or to retain the same or any part thereof.
- 4.14 The Vendor shall not be bound to produce or deliver any writs other than those specified in the said Inventory of Writs and the Purchaser shall be bound to accept the said Writs as complete and sufficient title to the Property in all respects and shall not be entitled to object to the same after the Auction upon any ground whatever nor to require that any other Titles or evidence be made up at the expense of the Vendor. The Vendor shall not be bound to exhibit, deliver or continue any Search for Incumbrances or Report in the Land Register against the Property or the proprietors thereof. No Searches will be exhibited in the Companies Register or the Register of Charges. No letter of obligation shall be delivered by the Vendor's Solicitors in connection with the sale of the Property.
- 4.15 The rents and other monies receivable in terms of the Letting Documents subject to the rights of the Vendor in terms of Condition 4.8 hereof and the feuduty, (if any), rates, and other outgoing in respect of the Property will be apportioned as at the Settlement Date or if later the date when the price is paid in full between the Vendor and the Purchaser, and there shall be reserved to the Vendor all rights which it may have acquired in regard to these matters in respect of the period prior to the Settlement Date or if later the date when the price is paid in full.
- 4.16 There are expressly excluded from the sale such fittings and equipment and trade and stock-in-trade as belong to the tenants of the Property.
- 4.17 All bidders shall be held to have satisfied themselves before bidding as to whether the Property and the current use thereof comply with all relevant statutes, orders and statutory requirements and as to the existence of any notices, orders or requisitions affecting the same issued by any public or other competent body.
- 4.18 On the Settlement Date, in exchange for payment of the whole price and interest thereon (if any) the Vendor shall deliver to the Purchaser (a) a Disposition in favour of the Purchaser of the Property according to the description given in paragraph 1 of the Special Conditions of Sale and under the reservations, burdens, conditions and others specified or referred to in the Title Deeds or otherwise and in these Articles of Roup and (b) those deeds specified in the Inventory of Writs which are deliverable. The grant of warrantice in said Disposition shall be at the Vendor's sole discretion.
- 4.19 The Auctioneer and Judge of the Roup shall be the Auctioneer specified in any Minute of Enactment to follow hereon. He shall determine all questions which may arise at or in the course of the Auction which determination shall be final whether between the Vendor and the bidders or among the bidders including without prejudice to the foregoing generality any dispute which arises concerning a bidding in which case he may put up the Property at the last undisputed bidding or otherwise as he thinks proper.
- 4.20 The Law of Scotland shall apply to the interpretation of these Articles of Roup and any Minute of Enactment or other Minute to follow hereon and so far as the Purchaser is not or may hereafter not be subject to the jurisdiction of the Scottish Courts, by subscription of the Minute of Enactment by or on behalf of the Purchaser or by the Offeror, the Purchaser prorogates the non-exclusive jurisdiction of the Court of Session in Scotland and binds himself to submit to the jurisdiction of the said Court of Session in relation to all actions arising out of these presents.
- 4.21 Notwithstanding any rule of law to the contrary, the contract of sale of the Property of which these Articles of Roup form part shall cease to be enforceable after a period of 2 years from the Settlement Date except (a) in so far as founded on in any court proceedings which have commenced within the said 2 year period; and (b) in relation to the Vendor's rights of inspection referred to in Condition 4.5.9(a) above (where applicable).
- 4.22 The contract of sale of the Property of which these Articles of Roup form part shall, as at the date of execution or subscription of the Minute of Enactment to follow hereon by or on behalf of the Purchaser or by the Offeror, represent and express the full and complete agreement between the Vendor and the Purchaser relating to the sale of the Property and shall supersede previous agreements between the Purchaser and the Vendor (if any) relating thereto.
- 4.23
- 4.23.1 the Auctioneer is an agent for the Vendor and will be entitled to sign the Minute of Enactment on behalf of the Vendor as his agent. By virtue of making a bid, any successful bidder to whom the Property is knocked down to hereby appoints the Auctioneer (and in doing so hereby warrants to the Auctioneer and the Vendor that they have authority to make such an appointment) to sign any contract (including the Minute of Enactment requiring to be signed in terms of Condition 4.6.4 above) on behalf of the Purchaser as the Purchaser's agent;
- 4.23.2 the Auctioneer reserves the right to sell in separate lots if the whole of the Property is unsold or to sell in one lot where individual lots are offered. The Auctioneer reserves the right to sell prior to auction;
- 4.23.3 the Auctioneer reserves the right to regulate the bidding and to refuse to accept any bids without assigning any reason therefor in the Auctioneer's sole absolute discretion. In the event of any dispute in respect of the bidding or other conduct at the Auction, the Auctioneer's decision shall be final. In particular the Auctioneer may re-offer the lot as at the last undisputed bid at his absolute discretion;
- 4.23.4 the Auctioneer shall be under no financial liability in respect of any matters arising out of the Auction or any Particulars of Sale or the Auction Catalogue or in the conditions of sale. No claims shall be made against the Auctioneer by the Purchaser or the Offeror in respect of any loss, damage or claims suffered by or made against the Purchaser or the Offeror by reason of the Purchaser or the Offeror entering any contract to purchase or acquire any other interest in the Property.
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IN WITNESS WHEREOF these Articles of Roup typewritten on this and the preceding pages, together with the Special Conditions of Sale annexed and signed as relative hereto are subscribed for and on behalf of the Vendor at

on the as follows:-

[witness] Director/ Individual Vendor
Full Name Print full name (including middle names)
Address [Director/Company Secretary]
[occupation] Print full name (including middle names)

These are the Special Conditions of Sale annexed and signed as relative to the foregoing Articles of Roup executed by [insert the Vendor's name]

- 1. [insert here the full conveyancing description of the Property].
2. The Vendor's Solicitors are [insert relevant details].
3. The Auction shall be held at [insert details of the time and place of the Auction] on [insert date]
4. Inventory of Writs
A Property Writs [insert relevant details]
B Letting documents [insert relevant details]
C Miscellaneous Documents [insert relevant details]
5. [state whether or not Conditions 4.5.3 to 4.5.9 (inclusive) of the Articles of Roup apply]
6. [insert other special conditions where appropriate]

Director/Individual Vendor
[Director/Company Secretary]

MINUTE OF ENACTMENT

Relating to [insert description of the Property] referred to in the foregoing Articles of Roup by [insert name of the Vendor]

In this Minute the following words and phrases have the meanings hereinafter assigned to them namely:-

"The Property" means that property known as as more particularly described in the foregoing Articles of Roup.

"The Offeror" means [Name] [Address]

"The Purchaser" means [Name] [Address]

"The Offer Price" means the sum of

POUNDS (£.....) STERLING together with Value Added Tax, if applicable.

The Purchaser nominates the following firm of Scottish qualified solicitors to represent them in the purchase of the Property:-

[Name of Firm]
[Address]
[Contact Name]
[Telephone Number]

At

On thein the presence of

..... Auctioneer, Judge of the Roup, and others

the Property (as above defined) was exposed to sale in terms of the foregoing Articles of Roup and the Addendum (if any) annexed and signed as relative hereto when the Offer Price above stated was bid by or on behalf of the Purchaser above-named, and the Judge of the Roup preferred and hereby prefers the Purchaser to the purchase at the Offer Price and the Purchaser is hereby bound to implement and fulfil the whole terms of the foregoing Articles of Roup and this Minute and the Addendum (if any) annexed and signed as relative hereto so far as incumbent on the Purchaser in every respect; The Judge of the Roup further acknowledges receipt of the Deposit referred to in the Articles of Roup; By subscription hereof by the Offeror or the Purchaser, the Offeror (if any) and the Purchaser prorogate the non-exclusive jurisdiction of the Scottish Courts:

IN WITNESS WHEREOF these presents partly printed and partly hand-written on this and the preceding page [together with the Addendum annexed and signed as relative hereto] are executed at

on as follows:-

Witness.....[Signature]

..... Director [Individual]

.....[Name]

.....[Address]

.....

..... Print full name (including middle names)

.....[Occupation]

[Director/Company Secretary] [(if no witness)]

Witness.....[Signature]

..... Judge of the Roup

.....[Name]

.....[Address]

..... Print full name (including middle names)

.....[Occupation]