

## SCHEDULES

### SCHEDULE 2

#### CONSEQUENCES OF CONSEQUENCES OF CONVERSION OF PERPETUALLY RENEWABLE LEASES

##### *Rights and equities*

2.—(1) Subject to the provisions of this Schedule (and, in particular to paragraph 1(2)), the fee simple is for all purposes a graft on the estate created by the lease and is subject to any rights or equities arising from its being such a graft.

(2) Without prejudice to the generality of sub-paragraph (1), any mortgage of the estate created by the lease continues to have effect as if it were, and had been created as, a mortgage of the fee simple, and, in particular.—

- (a) where the instrument creating the mortgage was an assignment of the estate created by the lease, it has effect as if it were a conveyance of the fee simple;
- (b) where that instrument was a sub-lease, it has effect as if it were a lease for a term equivalent to the term of the sub-lease.