

REPORT AND PROPERTY SUMMARY
ADDRESSED TO PROPLEND SECURITIES LIMITED

The Company: Avondale Estates Limited of 16 Clifton Moor Business Village, Clifton, York, England YO30 4XG (Company Number 08763484).

Transaction: Facility and lending to the Company.

Properties: 7 Woodlands Corner Lilford Road Blackburn BB1 8BF ("Property 1") and 1, 2, 4 & 5 Jacob's Court Stillington Road Sutton on the Forest York ("Property 2")

The Lender/s: As defined in the Security Documents.

1 SCOPE OF THE REVIEW AND LIMITATION OF LIABILITY

- 1.1 This report has been prepared for the sole benefit of you, Proplend Securities Limited, in connection with the Transaction and for no other purpose.
- 1.2 The contents of this report are private and confidential. It must not be relied on by or made available to any other party without our written consent. We have already given our permission to you to provide this report to the Lenders and their solicitors but it should be noted that the Lenders and their solicitors are not entitled to rely on this report and it is supplied for information only. We will not answer any further questions on this report from anyone other than Proplend Securities Limited.
- 1.3 The report is based on our review of the final draft of the certificate of title relating to the Transaction supplied by the Company's solicitors which we understand is also to be disclosed to the Lenders and their solicitors.
- 1.4 We have not inspected the Properties and are unable to advise on the physical condition of the Properties. We would advise you to arrange for a survey of the Properties to be carried out, if this has not already been arranged. A survey should identify any physical defects and may warn of potential defects.
- 1.5 We are unable to advise on the value of the Properties. We understand that you have instructed Connells Survey and Valuation Limited to provide a valuation of the Properties. You should ensure that the valuer is aware of the matters mentioned in this report, as these may have an impact on their valuation. We draw your attention to clause 3 of the certificate of title. This clause requires the Company's solicitor to certify that the valuer has been

sent the certificate of title and as such the valuer should hopefully already be aware of any issues raised in this report and factored them into their valuation.

2 THE PROPERTY

Property 1

2.1 Property 1 is the leasehold land and buildings known as 7 Woodlands Corner Lilford Road Blackburn BB1 8BF.

2.2 Property 1 is registered at the Land Registry under title number LA921040. The class of title is absolute leasehold title. Absolute title is the best class of title available.

2.3 The registered owner of Property 1 is the Company.

2.4 The title to Property 1 is leasehold and the terms of the Lease are set out in full in Schedule 4 of the certificate of title but the basic terms are outlined below:

- 999 years lease from 1 January 2001 to 31 December 3000;
- A premium of £78,950 was paid on grant;
- A rent of one peppercorn per annum is payable and a service charge of approximately £780 per annum is payable to the Management Company under the terms of the Lease; and
- Permitted use is as a residential flat.

2.5 The certificate of title confirms that Property 1 is currently let. Details of the occupational tenancy are contained in Schedule 5 of the certificate of title but the basic terms are outlined below:

- An assured shorthold tenancy (“AST”) dated 7 July 2014 for 6 months term;
- The tenant is Accrington Stanley Football Club as a corporate body and has been signed by a Director;
- Rent is £6,900 per annum but the rent is paid monthly on the 7th day of each month; and

- A rent deposit of £575 is held by The Deposit Protection Service.

2.6 Property 1 is not subject to any charge.

Property 2

2.7 Property 2 is the freehold land and buildings known as 1, 2, 4 & 5 Jacob's Court, Stillington Road, Sutton on the Forest, York.

2.8 Property 2 is registered at the Land Registry under title number NYK316066. The class of title is absolute freehold title. Absolute title is the best class of title available.

2.9 The registered owner of Property 2 will become the Company on conclusion of the Transaction.

2.10 The certificate of title confirms that Property 2 is currently vacant in parts (Units 3 and 4) and multi-let in other parts (Units 1, 2 and 5). Details of the occupational tenancies are contained in 5 of the certificate of title but the basic terms are outlined below:

Unit 1

- An AST dated 2 October 2010 for 1 year;
- The tenant is Richard Ticehurst and Jacqueline Ticehurst; and
- Rent is £10,200 but the rent is paid monthly on the 2nd day of each month.

Unit 2

- An AST dated 28 August 2014 for 6 months;
- The tenant is Paul Duffy and Zoe Beadle; and
- Rent is £10,800 but the rent is paid monthly on the 2nd day of each month.

Unit 5

- An AST dated 1 December 2013 for 6 months;

- The tenant is Richard Husband and Emma Hartley; and
- Rent is £10,200 but the rent is paid monthly on the 2nd day of each month.

2.11 Property 2 is subject to a registered charge dated 29 November 2005 in favour of Bank of Scotland plc. The Company's solicitors will undertake to redeem all charges over this property on or before completion.

3 SIGNIFICANT DISCLOSURES MADE AGAINST THE STANDARD CONDITIONS OF THE CERTIFICATE OF TITLE

3.1 There are two certificates of title in this Transaction, one for each property. The certificates of title do not disclose any issues that materially adversely affect the Transaction however the certificates do disclose the following information:

3.1.1 The long lease of Property 1 does not contain any protection provisions in favour of any mortgagee. The landlord can forfeit the Lease without notifying the mortgagee first. This is not uncommon in residential leases and a request to amend the Lease to include such a provision is usually resisted by landlords after a lease has been granted;

3.1.2 In the AST for Property 1 the landlord retains the responsibility for repairs. The tenant is not under any repairing obligation nor is the Tenant obliged to reimburse the landlord for insurance costs; and

3.1.3 Units 1 and 5 are let on ASTs. Both ASTs have now expired although the tenants remain in occupation. In our opinion the tenants are now likely to occupy under statutory periodic tenancies, not the ASTs that the Company's solicitor states in the certificate;

4 LAND REGISTRY SEARCHES

4.1 A Land Registry official search shows whether the register for a property has changed since the copy of the register was originally issued to the Company's solicitor. The search also gives the applicant a "priority period". Any new entries that are registered in the priority period will not bind the applicant, as long as the Land Registry receives their application for registration within the priority period. It is too early to carry out a Land Registry official search now, but the Company's solicitor will carry out a search before completion of the and confirm that:

4.1.1 there are no further issues raised by that search; and

4.1.2 priority will be afforded to the registration of the security in favour of Proplend Securities Limited.

5 INSURANCE

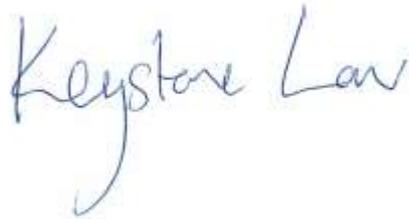
The Company's solicitor will be required to note your interest in the Properties on the relevant insurance from completion of the Transaction.

6 CERTIFICATE OF TITLE

Following completion of the final Land Registry searches, the draft agreed certificates of title will be completed by the Company's solicitors and dated on the day of completion of the Transaction.

7 CONCLUSION

Subject to the matters referred to in this report, we are of the opinion that upon completion of the purchase of Property 2 and registration at the Land Registry in respect of both Properties, you will have a first legal charge over the Properties to protect against the lending by the Company.

A handwritten signature in blue ink that reads "Keystone Law". The signature is written in a cursive, flowing style.

Signed: **KEYSTONE LAW**

Dated: 23 September 2014