

REPORT AND PROPERTY SUMMARY

ADDRESSED TO PROPLEND SECURITY LIMITED

The Company: Keildon Property Ltd of 28 Keildon Road, London, SW11 1XH (company number 09163211).

Transaction: Facility and lending to the Company.

Property: 185 Replingham Road, London SW18 5LY.

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 Security 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 Security 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 Property and are unable to advise on the physical condition of the Property. We would advise you to arrange for a survey of the Property 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 Property. We understand that you have instructed Cluttons LLP to provide a valuation of the Property. 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

- 2.1 The Property is the freehold land and buildings known as 185 Replingham Road, London SW18 5LY.
- 2.2 The Property is registered at the Land Registry under title number SGL323070. The class of title is absolute freehold title. Absolute title is the best class of title available.
- 2.3 The registered owner of the Property is the Company.
- 2.4 The certificate of title confirms that the Property is multi let. Details of the occupational tenancies are contained in schedule 5 of the certificate of title but the basic terms are outlined below:

Ground Floor

- A lease dated 6th November 2013 for 5 years;
- The tenant is Irene Inger Allen
- Rent is £13,400 per annum paid in advance on the 30th day of each calendar month. There remains a rent review on the 3rd anniversary of the term commencement date i.e. 6 November 2016.
- Use is as a therapy clinic (within class D1 of the Town and Country Planning (Use Classes) Order 1987). The premises are currently used as a physiotherapist practice.
- On an assignment of whole the Landlord may require a guarantee from the Tenant. The actual terms of that guarantee are unclear but it is assumed that a usual authorised guarantee agreement could be agreed in such circumstances. The lease also expressly excludes the tenant from paying Value Added Tax on the rent or any other sums due under the lease throughout the term. Otherwise the lease as stated is generally on institutionally acceptable terms.

First and Second Floor Flat

- The first and second floor is demised by a lease dated 22nd August 2014 for a term of 999 years and is registered at the Land Registry under title number TGL406244.

- The use of the first and second floor is as a single private residential dwelling.
- The Tenant is Neil Patrick Counihan
- A nominal rent of £500 per annum is payable on 29th of September in each year. There is no rent review.
- The lease is on usual standard residential terms however it should be noted that;
 - the tenant can permit another person to occupy the whole (but not part) of these premises under a standard Assured Shorthold Tenancy agreement;
 - an assignment of whole does not require the prior consent of the Landlord, unless during the last 7 years of the term or if the assignment is to a limited company; and
 - an underletting of whole is permitted without the Landlord's consent provided it does not grant the undertenant security of tenure and contains covenants identical to those contained in the lease.
- Given the comments above, these premises are already let under an AST dated 1st March 2014 for a term of 12 months from 1st March 2014. The tenants are Lindsay Scott-Balbirnie and Craig Balbirnie and the rent is £1,450 per calendar month.

2.5 The Property is not subject to any registered charges.

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

3.1 The certificate of title does not disclose any issues that materially adversely affect the Transaction however the certificate does disclose the following information:

3.1.1 The Company has not commissioned an Energy Performance Certificate.

3.1.2 The freehold land is subject to covenants and restrictions by virtue of a conveyance dated 21st June 1898, however no particulars of these restrictions were supplied on first registration of the Property. This is not uncommon. The Company has obtained an appropriate restrictive covenant indemnity insurance policy that their solicitor states properly

and adequately insures Proplend Security Limited and the Lenders against any risk associated with the breach of these unknown restrictions. A brief outline of the terms of the insurance policy follow:

- Insurer: Liberty Legal Indemnities underwritten by Liberty Mutual Insurance Europe Limited under Binding Authority Contract Number RNMFP1503842.
- Insured: The current and future owner(s) of the Property, their lessee and their bank, building society or other similar lending institution holding a mortgage or charge on the Property.
- Limit of Indemnity: £200,000.00 increasing by 10% compound interest per annum on each anniversary of the policy Commencement Date (being 10th February 2015) but not exceeding 200% of the original limit of indemnity at the policy Commencement Date.
- Policy Term: In perpetuity from the Commencement Date.
- Insured Use: Continued use as a single, owner occupied or investment residential dwelling or as commercial or mixed commercial and residential premises including an extensions, additions or alterations as in existence and which has remained unaltered for at least 12 months. The Company has confirmed that there have been no alterations that would breach the terms of this insurance policy.
- Insured Risk: Freehold restrictive covenants which may have been breached by the Insured Use and rights, easements and exceptions and/or reservations imposed prior to the Policy Commencement Date and details of which are unknown.

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 Transaction 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 Security Limited.

5 INSURANCE

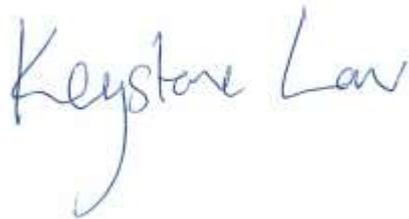
The Company's solicitor will be required to note your interest in the Property on the relevant insurance policy from completion of the Transaction.

6 CERTIFICATE OF TITLE

Following completion of the final Land Registry searches, the draft agreed certificate 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 Transaction and registration at the Land Registry in respect of both Property, you will have a first legal charge over the Property 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: 16 February 2015