

REPORT AND PROPERTY SUMMARY
ADDRESSED TO PROPLEND SECURITY LIMITED

The Company: Oceana Business Park Limited (company number 08589368).

Transaction: Facility and lending to the Company.

Property: Freehold land known as Oceana Business Park, Davy Bank, Wallsend NE28 6UY.

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. 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 DTZ of Central Square, Forth Street, Newcastle Upon Tyne NE1 3PJ 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 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 freehold and is known as Oceana Business Park, Davy Bank, Wallsend NE28 6UY.
- 2.2 The Property is registered at the Land Registry under title number TY317989. 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 Property benefits from a right for the Company and its successors in title and all authorised persons, in common with the grantor of the right (The Council of the Borough of North Tyneside), to pass and repass with or without vehicles over and along an accessway to an operational quay on the River Tyne. This quay can be used for the purposes of berthing and loading materials and goods in and out. The position of the quay may be allocated by the Council from time to time but it is to be within land known as the former Swan Hunter site lying to the south of Carrville Road, Wallsend, Tyne and Wear registered at the Land Registry under title numbers TY318776 and TY345380. The right is time limited to for 125 years from 1 April 2012. The right of way is not the main access to the Property.
- 2.5 The Property is subject the following incumbrances (in addition to the occupational documents):
- 2.5.1 There is a Deed of Exchange dated 30 September 1949 referred to as entry number 4 of the Property Register of the title to the Property. No copy of this deed is available from the Land Registry however the Company believes that it is no longer relevant as it relates to rights over part of former railway access which was abandoned 48 years ago and now incapable of being reinstated. The Company has not obtained indemnity insurance relating to this as they do not consider this necessary.
- 2.5.2 An agreement dated 12 March 1951 is referred to in entry number 5 of the Property Register of the title to the Property. This agreement relates to the erection of a footbridge on land adjacent to but not included in the Property. The footbridge in question was over railway sidings adjacent to the then existing Carville railway station which was part of the Riverside Branch of the North Tyneside Railway line. The Riverside Branch, including Carville station and all railway sidings was closed in 1967 and removed. Very little of the former route can now be discerned. The Property was acquired by the Company in 2003 and included many and detailed rights, restrictions obligations and covenants relating to railway land, including railway access to the

Property. The Company arranged for the removal of the majority of the matters relating to the railway by virtue of them no longer being relevant. This particular agreement is no longer relevant but the Land Registry insisted that it remain on the title having been created by deed. The footbridge in question does not exist and the date of its removal is not known. The rights are not relevant to any part of the Property and relate to land adjoining the Property to the West adjacent to the former Carville Station. The Company believes there is no requirement for indemnity insurance as there are no inherent risks.

2.5.3 Title to the Property is or may be subject to mining/mineral rights excepted and/or reserved. The Company has taken out an indemnity insurance policy to cover the risk that someone claims rights to mine under the Property. The policy has a limit of £2,500,000 with cover commencing on 27 September 2013. The insured includes the Company, their successors, their tenants and any bank, building society or other similar lending institution holding a mortgage or charge on the Property. The insured use is continued use as commercial premises for industrial use and the insurance is subject to usual restrictions.

2.6 The certificate of title confirms that the Property is multi let. Details of the occupational tenancies/licences are contained in schedule 5 (split into various parts) of the certificate of title. There is one formal lease and the remainder of the occupational documents are governed by licences. The basic terms of these documents are outlined below:

Tenancy 1 - Lease of all the land shown edged red on the title plan to Title Number TY51929

2.6.1 A lease dated 09 June 2014 for 25 years.

2.6.2 The tenant is Soil Machine Dynamics Limited.

2.6.3 Rent is £196,821.00 per annum paid in advance on the usual quarter days. The first rent review is due on the 5th anniversary i.e. on 9 June 2019. The other review dates are 9 June 2024, 9 June 2029, and 9 June 2034. Rent review is not on an open market review basis but is reviewed upwards only and by reference to retail prices index.

2.6.4 Use is within B2 (General Industrial use). This use is not personal to the Tenant.

2.6.5 The lease is not contracted out of the Landlord and Tenant Act 1954.

- 2.6.6 The service charge is a fair proportion of the total service charge costs. The Company insures this land separately from the remainder of the Property and the tenant pays the full amount of this insurance premium.
- 2.6.7 Either party may give notice to the other to terminate this lease if following damage to or destruction to the Property, the Company acting reasonably, considers that it is impossible or impractical to reinstate the demised premises. The length of such notice is not specified.
- 2.6.8 This lease allows the tenant to use 10 car parking spaces in an area of the Property designated by the Company. There is no additional charge for these spaces.
- 2.6.9 Otherwise the lease is generally on institutionally acceptable terms.

Licence 1 – Right to occupy a parking area.

- 2.6.10 A licence dated 01 July 2015 to 08 October 2016.
- 2.6.11 The licensee is Safer Asbestos Solutions Limited.
- 2.6.12 There is a licence fee of £4,692.85 payable for the whole contractual term. This is payable monthly. There is no rent review.
- 2.6.13 Use is as vehicle storage. This use is personal as it is a licence.
- 2.6.14 The licence is not contracted out of the Landlord and Tenant Act 1954 and as it is described as a genuine licence such a formality would not be required.
- 2.6.15 The licensee is responsible for non-domestic rates, all utilities billed at cost by the Company via the building service charge. The Company passes on a reasonable proportion of the cost of its insurance premiums to the licensee as part of its general service charges.
- 2.6.16 The licensee has a non-exclusive right of occupation of these premises and contains an absolute bar on assignment or subletting.
- 2.6.17 As part of its several rights to determine, the Company can terminate the licence forthwith if these premises have been extensively damaged by fire or some similar cause. The Company can also terminate the licence forthwith if any payment or part payment due is more than

seven days overdue, if the licensee has not complied with any of the terms of the licence, if the licensee is insolvent, or if the Company decides to close the estate or part of it.

2.6.18 The licensee's obligations include to keep these premises clean and tidy rather than a full repair obligation

2.7 It should be noted that there are another 13 licences that are on substantially the same terms as Licence 1 above (unless detailed differently below) and as such are reported on more briefly below i.e. licences 2 to 14. Licence 15 is reported on separately.

Licence 2 - ATC Building

2.7.1 A licence from 11 June 15 to 11 June 2016.

2.7.2 The licensee is Safer Asbestos Solutions Limited.

2.7.3 A licence fee of £24,000 plus VAT for the licence period plus service charges payable monthly in advance.

2.7.4 Use as storage.

2.7.5 The Company may terminate forthwith if any payment or part payment due to the Company is more than seven days overdue, if the licensee has not complied with any of the terms of the licence, if the licensee is insolvent or if the Company decides to close the estate or part of it.

Licence 3 - Part 1st Floor Northumbria House, with parking and storage area

2.7.6 A licence from 15 December 2014 to 13 November 2015. This licence has expired but the licensee remains in occupation on the same terms. The Company is required to renew this licence as part of the Transaction.

2.7.7 The licensee is ITV Studios Limited.

2.7.8 A licence fee of £32,823.90 plus VAT for the licence period.

2.7.9 Use as offices/studio/film set.

2.7.10 Termination as licence 2.

Licence 4 - Part 1st Floor, Nelson House

2.7.11 A licence from 27 April 2015 to 13 November 2015. This licence has expired but the licensee remains in occupation on the same terms. The Company is required to renew this licence as part of the Transaction.

2.7.12 The licensee is ITV Studios Limited.

2.7.13 A licence fee of £10,500 plus VAT for the licence period inclusive of rent and service charges but excluding rates or utilities.

2.7.14 Use as a film set.

2.7.15 Termination as licence 2.

Licence 5 - Office 2, 1st Floor, Northumbria House

2.7.16 A licence from 01 July 2013 to 08 October 2015. This licence has expired but the licensee remains in occupation on the same terms. The Company is required to renew this licence as part of the Transaction.

2.7.17 The licensee is Safer Asbestos Solutions Limited.

2.7.18 A licence fee of £7,822.03 for the licence period plus VAT and service charge, payable monthly.

2.7.19 Use as offices.

2.7.20 Termination as licence 2.

Licence 6 - Office 2a, 1st Floor, Northumbria House

2.7.21 A licence from 1 July 2013 to 08 October 2015. This licence has expired but the licensee remains in occupation on the same terms. The Company is required to renew this licence as part of the Transaction.

2.7.22 The licensee is Safer Asbestos Solutions Limited.

2.7.23 A licence fee of £4,733.61 for the licence period plus VAT and service charge, payable monthly.

2.7.24 Use as offices.

2.7.25 Termination as licence 2.

Licence 7 - Unit 1a, Laurel House

2.7.26 A licence from 01 July 2013 to 08 October 2015. This licence has expired but the licensee remains in occupation on the same terms. The Company is required to renew this licence as part of the Transaction.

2.7.27 The licensee is East Coast Car Sales.

2.7.28 A licence fee of £7,250.19 for the licence period plus VAT and service charge payable monthly in advance.

2.7.29 Use as storage.

2.7.30 Termination as licence 2.

Licence 8 - Part Upper Floor, Laurel House

2.7.31 A licence from 09 October 2014 to 08 October 2015. This licence has expired but the licensee remains in occupation on the same terms. The Company is required to renew this licence as part of the Transaction.

2.7.32 The licensee is Waves Fashion Limited.

2.7.33 A licence fee of £488.66 per month for the licence period plus VAT and service charge payable monthly in advance.

2.7.34 Use as storage.

2.7.35 Termination as licence 2.

Licence 9 - Office 1, Nelson House

2.7.36 A licence from 13 November 2015 to 12 November 2016.

2.7.37 The licensee is Core Tech Fitness Limited.

2.7.38 A licence fee of 3,120 per annum period plus VAT and service charge payable monthly in advance.

2.7.39 Use as storage and Personal Training Facilities.

2.7.40 Termination as licence 2.

Licence 10 - Unit 1, Riverside Workshop

2.7.41 A licence from 01 July 2013 to 08 October 2015. This licence has expired but the licensee remains in occupation on the same terms. The Company is required to renew this licence as part of the Transaction.

2.7.42 The licensee is Steel Style (Billy Petrie).

2.7.43 A licence fee of £4,073.26 for the licence period plus VAT and service charges payable monthly in advance.

2.7.44 Use as a workshop.

2.7.45 Termination as licence 2.

Licence 11 - Unit 1C, Laurel House, plus space for single skip storage

2.7.46 A licence from 13 November 2015 to 12 November 2016.

2.7.47 The licensee is Stephen Hale Windows Limited.

2.7.48 A licence fee of £255.85 plus VAT per month plus £94.65 plus VAT per month service charge.

2.7.49 Use as offices and storage.

2.7.50 Termination as licence 2.

2.7.51 There is a rent deposit of £307.02.

Licence 12 - Neptune Workshop

2.7.52 A licence from 13 November 2015 to 12 November 2016.

2.7.53 The licensee is Eclipse Cutting Machines Limited.

2.7.54 A licence fee of £528.28 plus VAT per month plus VAT and service charge payable in advance.

2.7.55 Use as a workshop and storage.

2.7.56 Termination as licence 2.

2.7.57 There is a rent deposit of £633.94.

Licence 13 - Unit 1B, Laurel House

2.7.58 A licence from 30 June 2014 to 31 August 2014. This licence has expired but the licensee remains in occupation on the same terms. The Company is required to renew this licence as part of the Transaction.

2.7.59 The licensee is Lime Pictures Limited.

2.7.60 A licence fee of £410 plus VAT per week (£21,320 per annum) to retain the right to use the premises while empty, and £500 a week while rigging, and £1000 a week while filming.

2.7.61 Use for making of film, video, audio, audiovisual recordings.

2.7.62 Termination as licence 2.

Licence 14 - Unit 6A, Ground Floor, Northumbria House, plus 2 car parking spaces

2.7.63 A licence from 13 November 2015 to 12 November 2016.

2.7.64 The licensee is A1 Window Cleaning Limited.

2.7.65 A licence fee of £1,655.50 plus VAT per annum plus service charge, payable monthly in advance.

2.7.66 Use as offices.

2.7.67 Termination as licence 2.

2.7.68 Rent deposit of £137.96 plus VAT.

Licence 15 – Units 1, 2, 3, 4, 5 and 6 Nelson House, Oceana Business Park, Davy Bank, Wallsend, NE28 6UZ

- 2.7.69 A licence dated 22 November 2013 for 24 months from 22 November 2013 unless determined earlier. This licence has expired but the licensee remains in occupation on the same terms. The Company is required to renew this licence as part of the Transaction.
- 2.7.70 The licensee is Soil Machine Dynamics Limited.
- 2.7.71 There is a licence fee of £2,990.84 plus VAT per month. There is no rent review.
- 2.7.72 Use is as offices with car parking vehicle storage. This use is personal as it is a licence.
- 2.7.73 The licence is not contracted out of the Landlord and Tenant Act 1954 and as it is described as a genuine licence such a formality would not be required.
- 2.7.74 The licensee pays £384 plus VAT per month as an estate service charge and £116 plus VAT per month as a building service charge. They also pay a reasonable proportion of the cost of insuring the premises as part of the service charges listed above.
- 2.7.75 The licensee has a non-exclusive right of occupation of these premises and the licence contains an absolute bar on assignment or subletting.
- 2.7.76 The Company can terminate the licence immediately if these premises have been damaged or destroyed by an insured risk or at any other time on notice.
- 2.7.77 The licensee's obligations include to keep these premises clean and tidy rather than a full repair obligation.

- 2.8 The Property is subject to a registered charge in favour of Thincats Loan Syndicates Limited. This charge will be released on completion of the Transaction and the Company's Solicitors will confirm on completion of the Transaction that they are holding the requisite discharge form required to discharge the charge and release the Property on completion of the Transaction.

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

3.1 The certificate of title does disclose issues and reveals the following information:

3.1.1 The current use of the Property is as Business Park (current uses include B2 and B8).

3.1.2 The Certificate has largely been prepared on the basis of certified copy documents and those documents available from the Land Registry. Original documents are not currently held by the Company's solicitors and they are not in a position to certify payment of stamp duty and PD stamps and/or evidence of payment to HMRC relating to historic documents.

3.1.3 The Property is in the likely zone of influence from workings in five seams of coal at hundred and 160 m to 340m depth, last worked in 1947. Any ground movement from these coal workings should have stopped. There are no known coal mine entries within or within 20 m of the boundary of the Property. This is not surprising given the location of the Property.

3.1.4 We refer to schedule 6 of the Certificate and in particular the results of the environmental report. Given the nature of the current use of the Property, it is unsurprising that the Property has a number of potentially contaminated uses over the years.

3.1.5 The Property is located in an area which continues to have a potential chancel repair liability. An indemnity policy has been taken out to cover the risk a claim is made for chancel repair with cover commencing on 20 November 2015 for an indemnity level of £3 million. The insured covers the Company, their lessees, and any bank, building society or other similar lending institution holding a mortgage or charge on the Property. The insurance was taken out with Countrywide Legal Indemnities.

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 over the Property.

5 INSURANCE

The Company's solicitor has confirmed that your interest in the Property will automatically be noted on the insurance 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 the Property, you will have a first legal charge over the Property to protect against the lending by the Company.



Signed: **KEYSTONE LAW**