

REPORT AND PROPERTY SUMMARY
ADDRESSED TO PROPLEND SECURITY LIMITED

The Company: Goodman and Fineman Ltd (Company Number 00842357).

Transaction: Facility and lending to the Company.

Properties: Land and buildings known as 109 Sydenham Road, Sparkbrook, Birmingham, B11 1DG, 111 to 117 Sydenham Road, Sparkbrook, Birmingham, B11 1DG, 14 George Street Balsall Heath B12 9RG, 15 George Street Balsall Heath B12 9RG and 16 George Street Balsall Heath B12 9RG.

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 certificates of title relating to the Transaction supplied by the Company's solicitors which we understand are also to be disclosed to the Lenders and their solicitors.
- 1.4 We have not inspected the Properties and are unable to advise you 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 you on the value of the Properties. We understand that you have instructed Bruton Knowles of Embassy House, 60 Church Street, Birmingham B11 1DG 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 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 PROPERTIES

2.1 All the Properties are used for a variety of commercial uses as detailed in the leases in the respective Certificates. The leases at the Properties are all within the Landlord and Tenant Act 1954 and as such the tenants will have security of tenure.

2.2 There are 29 tenancies in total and therefore too many tenancies to detail in this report. Instead we report on any issues in the tenancies. The details of the tenancies can be found in Schedule 5 of each Certificate.

109 Sydenham Road, Sparkbrook, Birmingham B11 1DG

2.3 The Property is freehold and is known as 109 Sydenham Road, Sparkbrook, Birmingham B11 1DG.

2.4 The Property is registered at the Land Registry under title number WM61559. The class of title is absolute freehold title. Absolute title is the best class of title available.

2.5 The registered owner of the Property is the Company.

2.6 The Property has the benefit of purported rights granted by a conveyance dated 2nd April 1976. The details of the rights outlined on the title to the Property suggest that the rights may affect rather than benefit the Property. The Borrower's solicitor has been unable to obtain a copy of the relevant conveyance. As it is unknown if there are any "rights of way" affecting or benefitting the Property an indemnity policy has been put in place and the Borrower's solicitor confirms in the Certificate that the insurance properly and adequately cover the risks such rights exist. The indemnity policy includes cover for the Property against any freehold restrictive covenants, which may be breached in relation to the Property and rights, easements, exceptions and/or reservations imposed on the Property prior to the policy commencement date and details of which are unknown. The policy covers the current and future owner(s) of the Property, their lessees and any bank, building society or similar lending institution holding a mortgage or charge on the Property.

- 2.7 The Property is encumbered by an entry on the title protecting a lease dated 28th February 1895 to John Lepine Hanman for 99 years from 26th September 1893. This lease is registered under Title Number WK35198. This lease has expired and the Borrower's solicitors have confirmed in the Certificate that they will arrange for this entry to be removed from the title on completion of the Transaction. They have also confirmed that this lease is no longer relevant and the tenant no longer occupies or is entitled to occupy the Property or any part of it.
- 2.8 The Certificate confirms that the Property is multi let. Details of the occupational tenancies are contained in schedule 5 (splits into various parts) of the certificate of title. There are 14 tenancies at this Property and we highlight only the problems or unusual provisions with the tenancies below:
- 2.8.1 The following 6 leases have expired and the tenants are holding over under the Landlord and Tenant Act 1954: Unit 20 to Roy Jeffrey Stevens (expired 06.07.06); Unit 17 to Mr Mohammed Ashfaq Fazal and Mohammed Hussein (expired 9.09.15); Unit 14 to Alan Leslie Boyce (expired 22.11.14); Unit 11 to Randal Forbes (expired 14.3.15); Unit 9 to Mr Harjinder Sokhi (expired 14.3.14); and Unit 10 to Mr Ali Zulafiqar (expired 31.01.14).
- 2.8.2 The lease of the substation at the Property is basic and short on detail. There is no alterations clause in this lease and therefore it is assumed that the tenant can carry out whatever alterations it wishes. The tenant does not have to contribute to the service charge of the Property.
- 2.8.3 The original tenant Mr Harjinder Singh Sokhi of units 7 and 8 at the Property has assigned the lease to the current tenant B & B Home Improvement Limited. We understand that there was no formal licence to assign was entered into and there is no authorised guarantee agreement or guarantor. The original tenant has been released from liability.
- 2.8.4 There are no rights granted or reserved under the leases at this Property. Access to the various parts of the Property is not therefore reserved for the Landlord.
- 2.8.5 The leases (with the exception of the substation leases) permit the Borrower and the tenant to give the other 1 months' notice in writing in order to terminate the leases. Given that the leases are within the Landlord and Tenant Act 1954, the Landlord will only be able to exercise the break if it has grounds to do so under the Act and the notice procedure dictated by the Act is followed.

2.8.6 There are no rent reviews in the leases (save the substation lease).

2.8.7 Otherwise the leases as detailed in the Certificate are generally on institutionally acceptable terms.

2.9 The Property is not subject to any registered charges.

111 to 117 Sydenham Road, Sparkbrook, Birmingham, B11 1DG

2.10 The Property is freehold and is known as 111 to 117 Sydenham Road, Sparkbrook, Birmingham B11 1DG.

2.11 The Property is registered at the Land Registry under title number WK195146. The class of title is absolute freehold title. Absolute title is the best class of title available. There is a restriction on the title that prohibits the registration of a charge unless there is a Land Registry certificate given the Company's solicitor. The Company's solicitor will give the certificate on completion of the Transaction.

2.12 The registered owner of the Property is the Company.

2.13 The Property does not have the benefit of any rights.

2.14 The Property is not subject to any encumbrances.

2.15 The certificate of title confirms that the Property is multi let. Details of the occupational tenancies are contained in schedule 5 (splits into various parts) of the certificate of title. There are 7 tenancies at this Property and we highlight only the problems or unusual provisions with the tenancies below:

2.15.1 The following 2 leases have expired and the tenants are holding over under the Landlord and Tenant Act 1954: Unit 03 to Mr Mohammed Basharat (expired 31.03.15); and Unit 2 to Mr Chaudhry Sarfraz Ali (expired on 6.03.12).

2.15.2 The lease of the substation at the Property is basic and short on detail. There is no alterations clause in this lease and therefore it is assumed that the tenant can carry out whatever alterations it wishes. The tenant does not have to contribute to the service charge of the Property.

2.15.3 There are no rights granted or reserved under the leases at this Property. Access to the various parts of the Property is not therefore reserved for the Landlord.

2.15.4 The leases (with the exception of the substation lease) permit the Borrower and the tenant to give the other 1 months' notice in writing in order to terminate the leases. Given that the leases are within the Landlord and Tenant Act 1954, the Landlord will only be able to exercise the break if it has grounds to do so under the Act and the notice procedure dictated by the Act is followed.

2.15.5 There are no rent reviews in the leases (save the substation lease).

2.15.6 Otherwise the leases as detailed in the Certificate are generally on institutionally acceptable terms.

2.16 The Property is not subject to any registered charges.

14 George Street Balsall Heath B12 9RG

2.17 The Property is freehold and is known as 14 George Street Balsall Heath B12 9RG.

2.18 The Property is registered at the Land Registry under title number WK206615. The class of title is absolute freehold title. Absolute title is the best class of title available.

2.19 The registered owner of the Property is the Company.

2.20 The Property does not have the benefit of any rights.

2.21 The Property is not subject to any encumbrances.

2.22 The certificate of title confirms that the Property is multi let. Details of the occupational tenancies are contained in schedule 5 (splits into various parts) of the certificate of title. There are 3 tenancies at this Property and we highlight only the problems or unusual provisions with the tenancies below:

2.22.1 The ground floor unit to Mr Mark James Wilson expired on 05.08.2011. The Tenant is holding over.

2.22.2 There are no rights granted or reserved under the leases at this Property. Access to the various parts of the Property is not therefore reserved for the Landlord.

2.22.3 The leases permit the Borrower and the tenant to give the other 1 months' notice in writing in order to terminate the leases. Given that

the lease is within the Landlord and Tenant Act 1954, the Landlord will only be able to exercise the break if it has grounds to do so under the Act and the notice procedure under the Act is followed.

2.22.4 There are no rent reviews in the leases.

2.23 Otherwise the leases as detailed in the Certificate are generally on institutionally acceptable terms.

15 George Street Balsall Heath B12 9RG

2.24 The Property is freehold and is known as 15 George Street Balsall Heath B12 9RG.

2.25 The Property is registered at the Land Registry under title number WK194825. The class of title is absolute freehold title. Absolute title is the best class of title available.

2.26 The registered owner of the Property is the Company.

2.27 The Property does benefit from a right of way at all times and for all purposes (in common with others having the like right) to and from the Property over and along the land coloured yellow on the plan attached to the Certificate. This right is subject to the payment of a fair proportion of the expense maintaining and keeping such land in repair.

2.28 The Property is not subject to any encumbrances.

2.29 The certificate of title confirms that the Property is multi let. Details of the occupational tenancies are contained in schedule 5 (splits into various parts) of the certificate of title. There are 3 tenancies at this Property and we highlight only the problems or unusual provisions with the tenancies below:

2.29.1 There are no rights granted or reserved under the leases at this Property. Access to the various parts of the Property is not therefore reserved for the Landlord.

2.29.2 The leases permit the Borrower and the tenant to give the other 1 months' notice in writing in order to terminate the leases. Given that the leases are within the Landlord and Tenant Act 1954, the Landlord will only be able to exercise the break if it has grounds to do so under the Act and the notice procedure dictated by the Act is followed.

2.29.3 There are no rent reviews in the leases.

2.30 Otherwise the leases as detailed in the Certificate are generally on institutionally acceptable terms.

16 George Street Balsall Heath B12 9RG

2.31 The Property is freehold and is known as 16 George Street Balsall Heath B12 9RG.

2.32 The Property is registered at the Land Registry under title number WK114243. The class of title is absolute freehold title. Absolute title is the best class of title available. It should be noted that 16 George Street is part of a larger title number WK114243 known as "The freehold being 16/20 George Street, Balsall Heath, B12 9RG" and you will have security only over the land shown edged red on the plan attached to the Certificate. You should ensure your charge reflects that security will only be given over part only of the title.

2.33 The registered owner of the Property is the Company.

2.34 The Property does not have the benefit of any rights.

2.35 The Property is not subject to any encumbrances.

2.36 The certificate of title confirms that the Property is multi let. Details of the occupational tenancies are contained in schedule 5 (splits into various parts) of the certificate of title. There are 2 tenancies at this Property and we highlight only the problems or unusual provisions with the tenancies below:

2.36.1 The lease of the substation at the Property is basic and short on detail. There is no alterations clause in this lease and therefore it is assumed that the tenant can carry out whatever alterations it wishes. The tenant does not have to contribute to the service charge of the Property. Also this lease has expired and the tenant is holding over.

2.36.2 There are no rights granted or reserved under the leases at this Property. Access to the various parts of the Property is not therefore reserved for the Landlord.

2.36.3 The lease of the second floor unit numbered 67/68 permits the Borrower and the tenant to give the other 1 months' notice in writing in order to terminate the leases. Given that the lease is within the Landlord and Tenant Act 1954, the Landlord will only be able to exercise the break if it has grounds to do so under the Act and the notice procedure under the Act is followed. The former Tenant under

the lease was Mr. M Naseem. No formal licence to assign was entered into on assignment and Mr Naseem has been released from all liability under this lease.

2.36.4 There are no rent reviews in the leases (save for the substation lease).

2.37 Otherwise the leases as detailed in the Certificate are generally on institutionally acceptable terms.

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 Borrower's solicitors have made enquires to obtain a water/drainage search for the Properties but their search provider has stated that they have been unable to locate a current water billing account for 109 and 111-117 Sydenham Road. The Borrower has been unable to provide any further information in relation to these two properties because the tenants pay the water rates. The Certificates do however confirm that the relevant properties have a water supply but a search has not been made in respect of these properties. The water/drainage search in respect of the George Street properties has been made against 14 George Street only and due to the close proximity of 15 and 16 George Street a separate water/drainage search has not been made for these properties.

3.1.2 The Properties are within an area which continues to have a potential chancel repair liability. An indemnity insurance policy is in place and the policy insures the current and future owners of the Properties, their lessees and any bank, building society or similar lending institution holding a mortgage or charge on the Properties. The limit of indemnity is £900,000 for 109 and 111 to 117 Sydenham Road respectively and £400,000 for 14, 15 and 16 George Street.

3.1.3 The environmental reports obtained by the Borrower's solicitor have revealed "In Need of Further Assessment" in respect of 109 and 111-117 Sydenham Road. This is likely due to the light industrial uses at the Properties. It should however be noted that the local authority report has not revealed any notices served under environmental laws.

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 Properties.

5 **INSURANCE**

The Company's solicitor has confirmed that your interest in the Properties 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 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 Transaction and registration at the Land Registry you will have a first legal charge over the Properties to protect against the lending by the Company.



Signed: **KEYSTONE LAW**

