

REPORT ON TITLE

TO: Proplend Security Limited

FROM: Paris Smith LLP

FULL NAME OF BORROWER: Churchgate Property Services Limited

COMPANY NUMBER (if appropriate): 06363160

DESCRIPTION OF PROPERTY: 131 Aldridge Road, Perry Barr, Birmingham B42 2ET

IS BORROWER THE SAME AS OWNER? Yes

FULL NAME OF OWNER IF DIFFERENT (Where property is being transferred state intended owner):
Not applicable

1. TITLE

a. We certify that the property is:

Tenure:	Freehold
Title number (if registered) or if not confirm whether it is unregistered and/or subject to first registration:	WK192880
Class of title (if registered):	Title Absolute

- b. We certify that the Title to the Property is good and marketable and can be accepted by you as security.
- c. We annex hereto a copy of the Title Plan (or in the case of a property that is not registered, a plan) showing the Property edged red.
- d. The Property will be registered in the name of the Borrower on completion.
- e. We confirm that the only Restrictive Covenants which affect the Property are set out in the attached Schedule.
- f. We confirm that the only Adverse interests affecting the Property are referred to in the Schedule.
- g. No person other than the Borrower has an equitable or overriding interest in the Property.
- h. The Property is subject to the Leases referred to in separate Lease Reports.
- i. Proplend Security Limited will obtain a First Legal Charge over the Property.

2. SEARCHES: We confirm we hold:-

- a. Clear Land Registry Search giving Proplend Security Limited priority beyond the date of completion.
- b. Local Land Charges and Local Authority Search no older than four months prior to the date of completion of the charge revealing no Entries which might adversely affect Proplend Security Limited's security.

- c. Bankruptcy Search giving Proplend Security Limited priority beyond the date of completion against the Guarantor.

All other appropriate Searches have been carried out and, save as referred to below, reveal no Entries adverse to Proplend Security Limited's security.

3. **VALUATION:**

We have read the Valuation Survey Report dated 19 July 2017 prepared by GJS Dillon Limited and confirm that:-

- i) there are no discrepancies between the report, the title documentation and the results of our searches.
- ii) we are satisfied that Proplend Security Limited will obtain a legal mortgage over the whole of the land shown edged red on the Title Plan

4. **PURCHASE CONTRACT:**

- i. Purchase Price: £765,000.
 - a. Property: £765,000.
 - b. Fixtures and Fittings: £0
 - c. Goodwill: £0

5. **SECURITY DOCUMENTATION:**

The following security documentation has been properly executed and witnessed and is held by ourselves. (Please delete if not applicable).

- a. Legal Charge The Legal Charge will be dated upon completion
- b. Debenture The Debenture will be dated upon completion
- c. Guarantee The Guarantee will be dated upon completion.

6. **COMPLETION ARRANGEMENTS**

We now request you to pay to us the Advance Amount and undertake that if you pay to us the said sum and we shall use the same only to effect the remortgage of the Property by the Borrower.

We confirm we hold an irrevocable undertaking from a firm of solicitors that following completion they will send a completed AP1 in respect of the remortgage of the Property and registration of Proplend Security Limited's Charge, any necessary supporting documentation, and any title documents that are received from the Seller's solicitors.

Our banking details are:

Account Name: Paris Smith LLP Client Account

Account Number: 37559583

Bank: National Westminster Bank plc, 12 High Street, Southampton

Sorting Code No: 56-00-68

Completion date: TBA

SCHEDULE

RESTRICTIVE COVENANTS

(please confirm whether or not the restrictive Covenants are onerous)

None have been disclosed.

ADVERSE INTERESTS

(please confirm whether or not the Adverse Interests are onerous)

- 1 The Property is described as a hotel. However there is an HMO Licence, which would appear to suggest that this should have Planning Consent under Class C3 as a house in multiple occupation. We are also told that the current occupiers include a number who are there on long term occupations. We have asked for details of their occupation.
- 2 The Valuer refers to a new full repairing and insuring Lease to Greensyc Limited at an initial rent of £90,000. Please refer to the separate Lettings Report.
- 3 A coal mining search has been provided which confirms that the Property is not within a surface area that could be affected by past underground mining or present underground mining and there are no known coal mine entries within 20 metres of the boundary of the Property. It should be noted that the environmental search indicated that the Property is within 30 metres from an identified mining activity.
- 4 The Valuer refers to a number of UPVC double glazed windows which would have required FENSA Certificates. We have raised this with the Borrowers' solicitors who say that the windows were installed over 10 years ago and the Seller no longer retains any relevant certification.
- 5 There are various extensions at the Property and we have requested Planning Consents and any Building Regulation Approvals from the Borrower's solicitors. They say that the Property has been used as a hotel for more than 38 years. There have been no extensions during the period of the current owner's occupation. Permission for change of use to a hotel was granted in 1972. Permissions for extensions were granted in 1976 and 1980 and in view of the age of the permissions we have not undertaken any further enquiry.
- 6 The Borrower is buying the Property and also the Business. We have raised the following issues:
 - 6.1 Confirmation that no staff are included and that the TUPE requirements do not apply. The Borrowers' solicitors say that this is the case and that the Contract is to be amended. However, 2 letters have been provided from someone described as the Manager and as the Deputy Manager indicating that they occupy accommodation at the Property and will vacate on being given one month's written notice in advance. We have requested that the Contract be amended so that each of the individuals will sign the Contract confirming vacant possession on the date fixed for completion and this will be in place on exchange of contracts;
 - 6.2 Copies of all contracts referred to in the Contract. The Borrowers' solicitors say that there are none and the Contract has been amended accordingly;
 - 6.3 Confirmation that there are no hire purchase, lease, credit or other incumbrances on any of the assets. The Borrowers' solicitors say that there are none and the Contract has been amended accordingly;
 - 6.4 The Agreement refers to a Disclosure Letter made against the Warranties given by the Seller. We have requested a copy and the Borrowers' solicitors have now produced this which merely has general disclosures. It does, however, say that the Seller is the owner of the Property and all assets sold to the Borrower and that the business was operated as a joint venture with Militsa Chaprichava who employed Diana Gregoria. That joint venture comes to an end on completion of the sale but it is possible that Ms Gregoria is an employee and therefore could be affected by TUPE.

The Contract is to be signed by Ms Gregoria and Ms Chaprichava saying that they have no legal, beneficial or financial interest in the assets, the business and the Property and will vacate the Property on completion;

- 6.5 We have asked for details of all licences used in connection with the operation of the hotel (if it is used as a hotel). The Borrowers' solicitors say that these are all in the name of the Deputy Manager who is not an employee but whose services are sub-contracted by a company called MK Services who manage the hotel. The Borrowers will continue to use the services of the Manager and the licences for a short period and then arrange for the licences to be transferred over;
- 7 The Local Search refers to the Property being within the boundaries of the HS2 Link. We have asked for details as to how close this will be to the Property and whether any safeguarding requirements are required, and the Borrowers' solicitors say that the Property is not affected by the route of the HS2 link and that no safeguarding measures are required.
- 8 An Asbestos Risk Management Report has been produced which shows a number of areas where asbestos has been identified, and the recommendation is that this is monitored and in some cases inspected on a regular basis. We have asked for confirmation that this has been done and that any works that are proposed will take this into account. The Borrowers' solicitors say that so far as they are aware, the recommendations have been followed. They say that the proposed works at the Property are decorations to the exterior and therefore these will not interfere with any potential asbestos.
- 9 Environmental Search. It is now standard procedure to undertake environmental desktop searches in transactions of this nature. However please note the limited nature of the search. The search is undertaken by independent search consultants at a limited cost and is complied by the search consultants on the basis of inspection of documentary records only accessed by means of a "desk top" search. It does not, of course, arise from a physical inspection of the site. Clearly it will not reveal information which is not recorded in public documentation. The search should therefore be regarded as a general guide only. If you have concerns as to possible contamination of the site then you should discuss further with us the need for a more detailed survey (possibly including a site survey). You will understand that we are not qualified to advise on whether or not the search results are acceptable (or the level of risk involved) but we would be happy to discuss any particular queries with you and to consider with you whether further expert advice should be obtained on any matters arising from the search result itself and/or with regard to the site or your proposals generally.

Subject to the comments above we would point out that the report has been certified as "Passed" meaning that in the professional opinion of Groundsure the level of risk associated with the information disclosed in the report:

- (a) is unlikely to have an adverse effect on the value of the Property, and
- (b) is not such that the Property would be designated "Contaminated Land" within the meaning of Part IIA of the Environmental Protection Act 1990.

It is unlikely that there is a risk of any statutory or third party action being taken.

The Property represents acceptable banking security.

It is unlikely that the Property value may be impacted due to environmental liability issues.

There is a low to moderate risk in respect of the Property generally.

- 10 It would appear the Property was at some stage, from about 1966, used as a Fire Station.
- 11 There are a number of contemporary trade directory references within the vicinity.
- 12 There is a Tree Preservation Order which affects the Property at land at 127 Aldridge Road. The Local Search indicates that the Property could be affected by overhanging branches.
- 13 The Property is in an area where the Local Authority will charge Community Infrastructure Levy in connection with future developments.

Signed by: Paris Smith LLP

Signature:

A handwritten signature in black ink that reads "Nick Vaughan". The signature is written in a cursive style with a comma at the end.

Name: Nick Vaughan

Position: Senior LLP Partner

authorised to sign for and on behalf of Paris Smith LLP

Date: 12 September 2017

H. M. LAND REGISTRY

NATIONAL GRID PLAN

SP 0791

SECTION A

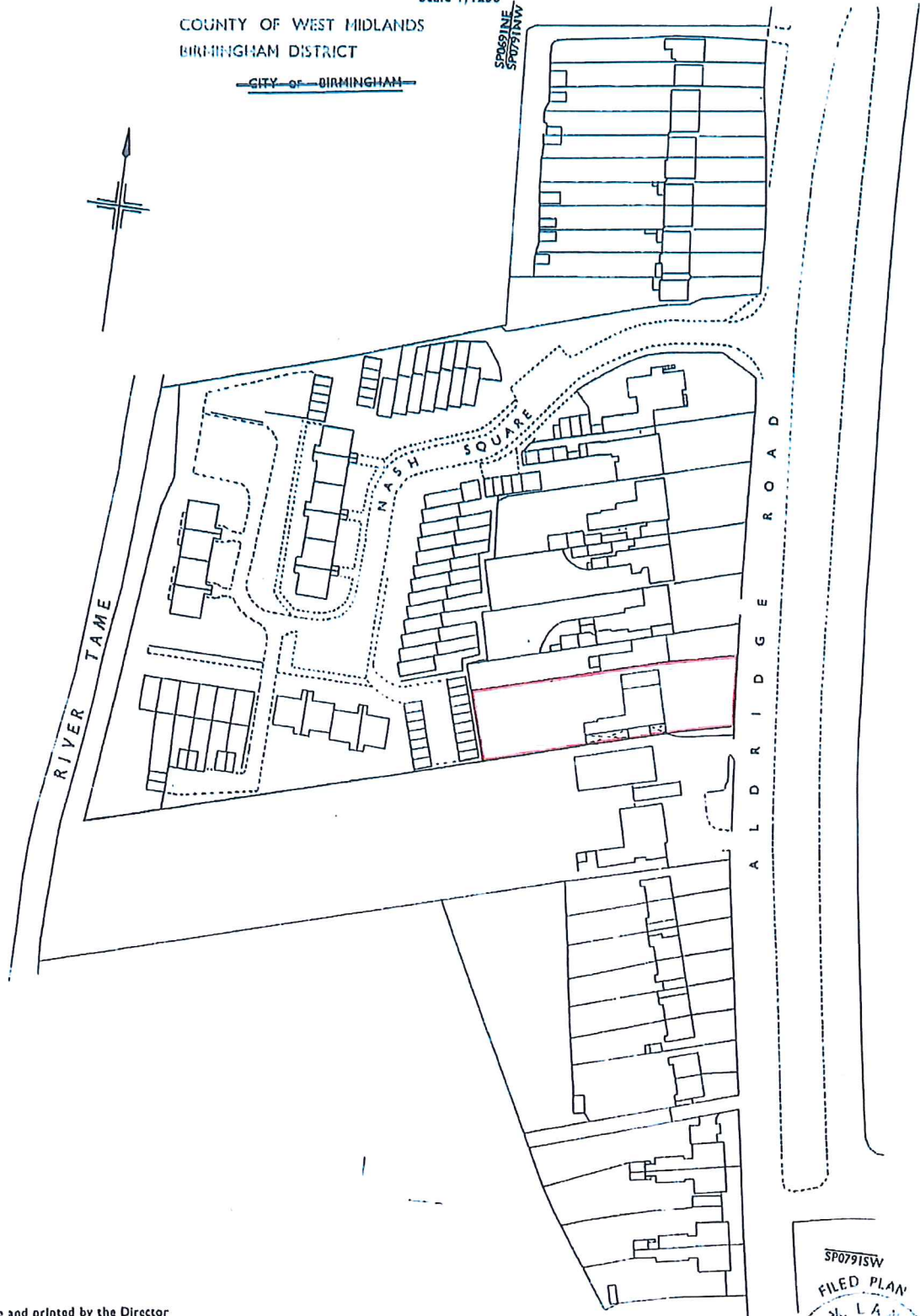
~~WARWICKSHIRE~~

Scale 1/1250

COUNTY OF WEST MIDLANDS
BIRMINGHAM DISTRICT

~~CITY OF BIRMINGHAM~~

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