

REPORT ON TITLE

TO: Proplend Security Limited

FROM: Paris Smith LLP

FULL NAME OF BORROWER: Vision Corporate Finance Ltd

COMPANY NUMBER (if appropriate): 08230029

DESCRIPTION OF PROPERTY: 124 High Street, Barwell LE9 8DR

IS BORROWER THE SAME AS OWNER? Yes

FULL NAME OF OWNER IF DIFFERENT (Where property is being transferred state intended owner): N/A

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:	LT129454
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. It should be noted that the Local Search provided is more than 4 months old, and we have required the Borrower to provide indemnity insurance to cover this.

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 12 June 2017 prepared by Nattrass Booth 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: £320,000
 - a. Property: £320,000
 - b. Fixtures and Fittings: N/A

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

Branch: 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)

There are no restrictive covenants. However it should be noted as follows:

- 1 Part of the Property (shown coloured pink on the plan) was formerly copyhold and was enfranchised so that the rights no longer applied, but at that time all minerals and mines and rights were excluded.
- 2 The Property has the benefit of a right of way over the land tinted yellow on the plan for fire or other emergency use only and a right to enter onto the yellow land to carry out maintenance of the exterior wall of the Property. We have asked for confirmation that these rights are enjoyed and the sellers' solicitors say that the right is still used if necessary.

ADVERSE INTERESTS

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

- 1 Reference is made to the separate Lease Reports. There are currently 5 separate occupations. There are 2 retail shops, one of which has a Lease which was renewed in 2011 for 10 years. The second is an Indian Restaurant and Takeaway where the Lease has expired. The Borrower's solicitors say that a new Lease will be in place prior to completion, and the Sellers' solicitor has confirmed that the tenant is holding over and the new lease has been signed by the tenant but not completed.

There is store and premises at the rear of the Property which we understand is used for double glazing storage. The Borrower's solicitors say that these premises will be vacated prior to completion. We have asked for details of the terms of the surrender and the Borrowers' solicitors have been advised by the Sellers' solicitor that the store and premise at the rear of the property are already vacant, as they were previously used by the Seller.

There is an Assured Shorthold Tenancy of the property known as Flat 124a High Street, which has also expired. We have asked whether or not the proposed conversion works to create 7 separate flats at the Property will incorporate this unit and the Borrowers solicitors say that a new AST will be entered in to on completion and tenant has been made aware of the redevelopment, therefore we can only assume that the tenant can remain in occupation while the works are completed.

The Sellers' solicitor have confirmed that the Seller took a deposit for the AST and failed to register this with one of the approved deposit protection schemes and therefore until the deposit is returned no notices can be served on the tenant. Further failure to register the deposit can lead to a penalty claim of between 1-3 times the value of the deposit (£1,275 max). This would be an issue for the Borrower but could delay their conversion works if the tenant needs to leave first.

There is an occupation of the top floor of the Property as a function room and snooker hall (Rafters Bar and snooker Club). We have asked the Borrowers' solicitors for details of any Lease or Licence of this area and the Borrower's solicitor have been advised by the Sellers' solicitor that this part of the property is already vacant.

- 2 The Contract provides for VAT to be paid on the purchase price. However, it appears that the Seller is not registered for VAT and has not made an Election for the Property. Under those circumstances we do not believe VAT should be payable. In any event, we would anticipate that this would have been a Transfer of a Going Concern if VAT was a factor. We have raised this with the Borrowers' solicitors who say VAT is not payable.
- 3 Reference is made to the right of way for emergency use referred to in the Schedule of Restrictive Covenants. The Valuer also refers to a right of way to the north of the Property (the right on the right hand side looking at the Property from the road). There are no rights in the title granted in this respect. We have raised this with the Borrowers' solicitors who have in turn raised this with the Sellers' solicitors who say that there is no right of way to the north of the Property. They have confirmed that the road/path to the north of the Property is unadopted, and while there are no formal rights of way over this land the Seller's have used this road for access both on foot and by vehicle.

The Borrowers' solicitors have confirmed with Leicestershire County Council that this road is in fact a public footpath, which is referred to in paragraph 11 below.

The Valuer also refers to a right of way to the south, which apparently accesses some car parking. Again there are no rights to use this under the title. We have raised this with the Buyers' solicitors and the Sellers' solicitors have stated that any parking rights are exercised as a result of a verbal licence agreement between the Seller and the neighbouring property owners and this will cease on completion.

- 4 The Valuer refers to a number of UPVC windows installed at the Property and we have requested copies of the FENSA Certificate. The Sellers' solicitors say that the windows were installed before 1 April 2002 and therefore no FENSA certificate was required.
- 5 We have asked the Borrowers' solicitors for confirmation that no HMO Licence is required for the proposed conversion works on the basis that the works will comprise self-contained flats and the Property is only 3 storeys high. The Sellers' solicitors say that no HMO Licence has been issued as the conversion will create individual flats rather than a single dwelling with multiple occupations.
- 6 We have asked for confirmation that no part of the residential accommodation will be occupied by the directors, shareholders or immediate family or relations of the Borrowers and the Borrowers' solicitors say that no director, shareholder or relation will live in the residential accommodation.
- 7 Asbestos Risk Assessment, no information have been provided.
- 8 Fire Risk Register, no information has been provided..
- 9 Mining Search has not been undertaken as the Property is not within a mining area
- 10 It should be noted that on the renewal of the Lease for the motorbike retail outlet in 2011 the rent was fixed at £9,000 for the first 3 years and then subject to review. At the same time however the payments for building insurance and service charge, which were payable under the previous Lease, were removed so that the Tenant has no obligation to pay these. However, the Sellers' solicitor has indicated a service charge is still levied against the tenant and this is being paid, although we await further information regarding the service charge.
- 11 The Local Search indicates that the Property is affected by footpath U36.. The Borrowers' solicitors have confirmed that the public footpath (U36) runs along the north side Property, but does not cross over the Property.
- 12 Planning Consent was granted under reference 15/01310/FUL for change of use for the first floor and part of the ground floor from a snooker club/bar and industrial premises to form 7 new residential apartments. The Conditions are standard. We understand that the Planning Permission has not yet been implemented and the Conditions remain to be satisfied.

It should also be noted that there is an obligation to pay an Infrastructure Facility Contribution of £7,817.50 towards off-site public play and open space facilities. We have queried whether or not this has been paid and the Sellers' solicitors say that the planning permission has yet to be activated so is not yet due.

There are a number of previous Planning Consents, which include the change of use to a restaurant and residential accommodation above, which will be superseded once the new Planning Permission has been implemented in respect of the upper parts of the Property and the rear store area.

- 13 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 compiled 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.

There are some trade directory entries in the Property in respect of the surrounding area, which consist of a number of industrial units and factory accommodation.

Potentially contaminated current land uses of moderate concern have been identified in the area.

There are 2 historic landfills of minor concern in proximity to the Property and there is the usual potentially vulnerable receptors, although in the opinion of Groundsure this is unlikely to give rise to significant environmental liability.

The Report suggests that there was an abattoir within 60m of the Property and then other industrial uses, but this has not caused Groundsure to qualify its Report.

Signed by: Paris Smith LLP

Signature:



Name: Nick Vaughan

Position: Senior LLP Partner

authorised to sign for and on behalf of Paris Smith LLP

Date: 31.10.2017

H.M. LAND REGISTRY

TITLE NUMBER

LT129454

ORDNANCE SURVEY
PLAN REFERENCE

SP 4496

SECTION K

Scale

1:1250 Enlarged from 1:2500

COUNTY LEICESTERSHIRE

DISTRICT

HINCKLEY AND BOSWORTH

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This is a print of the view of the title plan obtained from Land Registry showing the state of the title plan on 22 January 2016 at 09:32:20. This title plan shows the general position, not the exact line, of the boundaries. It may be subject to distortions in scale. Measurements scaled from this plan may not match measurements between the same points on the ground.

This title is dealt with by Land Registry, Leicester Office.

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LETTINGS REPORT

To: Proplend Security Limited

Customer(s): Vision Corporate Finance Ltd

Property: Part Ground Floor Premises comprising a motorbike retail outlet

1.	Landlord's name and address: SNS Leisure Limited of Park Stoke, Golding, Warwickshire
2.	Tenant's name and address: Christopher Jephcote, trading as J & C Motorcycle Services
3.	Guarantor of Tenant (if applicable): None
4.	Term and Commencement Date: 10 years from 1 October 2011
5.	Rent Provisions Current Rent: The rent was set at £9,000 for the first year of the Term and then subject to review. We have raised this with the Borrowers' solicitors although no further information has been forthcoming. Premium/inducements: None Value Added Tax liability: The Lease provides for VAT to be made on payments, although we understand that no Election has been made in respect of this property. Rent Review Dates and Cycle/Breakage Clause: The rent review was due on 1 October 2014. There is then no further provision for rent review throughout the Lease and assuming that it has been fixed, the rent will then be set at that amount until the Term expires. We would normally expect there to be rent reviews either every 3 years or at least 2 throughout the Term. There was a break clause in the original Lease. It is not clear whether this provision was carried forward into the renewal Lease but in any event it would only have applied at the end of the first or the second year, and therefore has expired. Rent Review, Basis of Valuation: See above. Service Charges (if applicable): There was a service charge provision in the original Lease. However, as mentioned in the Report on Title, the obligation to pay the service charge has now been removed. The Sellers' solicitor has advised that despite there being no provisions in the Lease the Landlord is still collecting a service charge and the Tenant is paying, although details of this have not been provided.
6.	Use of premises: A motorbike retail outlet and MOT repairs. Restrictions on change of use: The original Lease allowed for a change of use with consent of the Landlord, not to be unreasonably withheld and delayed, and it is assumed that this has been carried forward to the new Lease.
7.	Repairing/Maintaining Obligations: The Tenant is to repair and maintain the interior of the Property and in the last 6 months of the Term to decorate the interior.

8. **Alienation (i.e. right to assign, sub-let):** Assignment, underletting and parting with possession, and charging part only is prohibited.

Sharing of possession of part or whole is prohibited.

Assignment of the whole is permitted with the Landlord's consent, not to be unreasonably withheld. The Landlord can require a licence to assign and, if the assignee is a limited company and it is reasonable, for 2 directors to give personal guarantees. The Tenant is to provide an authorised guarantee agreement or, as an alternative, to provide a rent security deposit of not less than 6 months' rental and subject to a provision that the underlessee will not assign, underlet or part with possession of part only of the Premises and only of the whole with Landlord's consent. There are no provisions as to the form of any underlease or that the rent must be at market value.

9. **Insurance Provisions:** The Landlord is to insure against normal Insured Risks in full reinstatement value.

The Landlord is to reinstate. However, if the Premises are completely unfit for occupation and use then either party may give to the other at any time within 6 months from the date of the destruction one month's notice to terminate the Lease.

The Rent will be suspended during the period of any rebuilding or 3 years whichever is the shorter.

As noted, there is no obligation on the Tenant to pay any insurance rent.

10. **Landlord's obligations:**

- Quiet enjoyment;
- To insure;
- To provide for repair and maintenance of the building.

11. **Effect of Bank enforcing security:** There are no restrictions on the Bank enforcing its security under the Lease but this will be subject to the terms of the Lease.

12. **Forfeiture and re-entry:** The Landlord may forfeit the Property if:

- the rent is in arrears for 21 days;
- Tenant is in breach of covenant;
- Tenant commits an act of insolvency.

13. Please advise/comment in respect of the following:

Assumptions and Disregards Summary: Please see above.

Unusual/Onerous Provisions (including any mentioned above): This is not an institutional Lease. It is very much in favour of the Tenant. The obligations for the Tenant to pay service charge or insurance rent have been removed.

The requirements in connection with the underletting of the Premises are very limited in favour of the Tenant.

Effect of matters reported above and recommended steps the Bank should take to protect its position: There is little that can be done, as the Lease has been completed and in place since 2011.

Part II Landlord and Tenant Act 1954: The Lease is protected by the Landlord and Tenant Act and therefore the Tenant will be entitled to renew its Lease at the expiry of the existing Term.

14. We confirm that subject to the above:

The Lease is not a full repairing and insuring Lease and, as indicated above, the Landlord is not able to recover all expenditure incurred by it in respect of the Property.

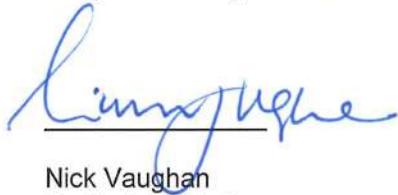
Your Customer has advised us that the Tenant (i) is not in breach of any of its obligations under the lease to pay rent or other sums due and (ii) is not in dispute with the Landlord; and

Subject to 13 above and our comments in this Report, the Lease is satisfactory for secured lending and the provisions in the Lease are likely to affect the value of the Property.

We acknowledge that you are relying on this Report and are entitled so to rely in connection with security for facilities provided to your Customer(s).

Signed by:

Signature:



Name: Nick Vaughan
Position: Senior LLP Partner

authorised to sign for and on behalf of **PARIS SMITH LLP**

Date: 31.10.2017

Address of Firm: Number 1 London Road
Southampton
Hampshire SO15 2AE

Notes: (1) When space is insufficient please continue on a separate sheet of paper referring to the relevant paragraph.

LETTINGS REPORT
(Assured Shorthold Tenancies)

To: Proplend Security Limited

Customer(s): Vision Corporate Finance Ltd

Property: 124a High Street, Barwell LR9 8DR

1.	Landlord's name and address: SNS Leisure Limited of Park Stoke, Golding, Warwickshire
2.	Tenant's name and address: Matthew Day of 124a High Street, Barwell LR9 8DR
3.	Guarantor of Tenant (if applicable): N/A
4.	Date of tenancy agreement: 26 January 2017
5.	Tenancy agreement in standard AST form: Yes If no, provide details:
6.	<u>Headline terms</u> Start date: 1 February 2017 Term: 6 months commencing 1 February 2017 Rent: £425 per month Break option (if any): None
7.	Deposit arrangements: Deposit of £425 The sellers' solicitors have advised that the deposit was not registered with one of the approved schemes within 30 days of receipt. Consequently a Section 21 Notice cannot be validly served on the tenant to bring the tenancy to an end. The Seller will need to return the deposit before any such notice can be served.

8. Have any notices been served to bring the tenancy to an end? We have raised this with the Borrowers' solicitors, in view of the proposed refurbishment works, and have not been hold that any notices have been served.

In light of the information provided regarding the deposit a Section 21 Notice, to an end the tenancy, could not be validly served at present.

If yes, provide details:

9. Effect of Bank enforcing security: The Bank will take subject to the Assured Shorthold Tenancy

10. Right of forfeiture and re-entry:

- Rent in arrears for 14 days;
- Tenant in breach of the Agreement;
- Statutory grounds under the Housing Act 1988.

11. Please advise/comment in respect of the following:

Unusual/onerous provisions (including any mentioned above): None, except that the Seller has failed to register the tenancy deposit which mean the Landlord cannot serve notice (s.21) on the Tenant until the deposit is returned. Further the failure to register the deposit could leave the landlord (whoever it may be at the time) liable for a penalty claim of up to 3 times the value of the deposit (£1,275).

Effect of matters reported above and recommended steps the Bank should take to protect its position: None

12. We confirm that:

the tenancy agreement is in standard form; and

your Customer has advised us that the Tenant (i) is not in breach of any of its obligations under the tenancy agreement to pay rent or other sums due and (ii) is not in dispute with the Landlord

We acknowledge that you are relying on this Report and are entitled so to rely in connection with security for facilities provided to your Customer(s).

Signed by:

Signature:



Name:

Nick Vaughan

Position: Senior LLP Partner

authorised to sign for and on behalf of **PARIS SMITH LLP**

Date: 31.10.2017

Address of Firm: Number 1 London Road
Southampton
Hampshire SO15 2AE

