

**REPORT ON TITLE**

**REFINANCE - SEPARATE REPRESENTATION**

<b>TO</b>	Proplend Security Limited ("the Lender")
<b>FROM</b>	enact Conveyancing Limited
<b>BORROWER</b>	Two GB Limited
<b>COMPANY NUMBER (if appropriate)</b>	06240730
<b>PROPERTY</b>	1 Clifton Mews, Clifton Hill, Brighton (BN1 3HR)
<b>IS BORROWER THE SAME AS OWNER?</b>	Yes
<b>FULL NAME OF OWNER IF DIFFERENT (Where Property is being transferred state intended owner):</b>	N/A Not applicable
<b>Advance Amount</b>	£500,000

**1. TITLE**

- a. We certify that the Property is:

<b>Tenure:</b>	Freehold
<b>Title number (if registered) or if not confirm whether it is unregistered and/or subject to first registration:</b>	ESX135390
<b>Class of title (if registered):</b>	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 plan to the title for the Property ("the **Title Plan**") (or in the case of a Property that is not registered, a plan) showing the Property **edged red**. The Title Plan accords with the plan attached to the Valuation.
- d. The Property is registered in the name of the Borrower.
- e. We confirm that the only material **Restrictive Covenants** which affect the Property are set out in the attached Schedule.
- f. We confirm that the only material **Adverse Interests/Rights** 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 Borrower **will not** be in sole possession of the Property.

- i. The Lender will obtain a **First Legal Charge** over the Property.
- J The Property has the benefit of the material **Rights Benefitting** referred to in the Schedule as revealed by the title to the Property.

**2. SEARCHES:** We confirm we hold:-

- a. Clear Land Registry Priority Search giving the Lender 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 Legal Mortgage revealing no Entries which might adversely affect the Lender's security.
- c. Clear Bankruptcy Search(es) giving priority beyond the date of completion against the guarantor and the directors of the Borrower.

All other appropriate searches have been carried out and, save as referred to below, reveal no entries adverse to the Lender's security.

**3. VALUATION:**

We have read the Valuation Survey Report dated **13.06.18** prepared by **Graves Jenkins** ("**Valuation**") a copy of which has been supplied by us to the Borrower's conveyancer and confirm that:-

- a. there are no discrepancies between the Valuation, the title documentation and the results of our searches
- b. we are satisfied that the Lender will obtain a legal mortgage over the whole of the land shown edged red on the Title Plan and
- c. we are satisfied that the use confirmed in the Valuation as **commercial offices** accords with the planning permissions revealed by such searches or alternatively the use is established by way of long user.
- d. a copy of this Report has been sent to the valuer for confirmation that the contents do not have an adverse impact on the Valuation.

**4. PURCHASE CONTRACT:**

- a. Purchase Price: £N/A
- ii. Property: £N/A
- iii. Fixtures and Fittings: £N/A

**5. SECURITY DOCUMENTATION:**

The following security documentation has been properly executed and witnessed (where required) and certified copies are held by ourselves. The originals are held by the Borrower's conveyancer.

- |                     |   |
|---------------------|---|
| a. Legal Mortgage   | The Legal Mortgage will be dated upon completion      |
| b. Debenture        | The Debenture will be dated upon completion           |
| c. Guarantee        | The Guarantee will be dated upon completion - £50,000 |
| d. Board Resolution | The Resolution will be dated before 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 we shall use the same only to forward funds to the Borrower's conveyancer to effect the refinance purchase of the Property by the Borrower/~~Owner~~.

As agreed with the Borrower's conveyancer, we shall deduct our fees and disbursements from the Advance Amount before forwarding the balance to the Borrower's conveyancer to complete the refinance.

We confirm we hold an irrevocable undertaking from a firm of conveyancers that following completion they will send a completed AP1 in respect of the refinance of the Property and registration of the Lender's Legal Mortgage, any necessary supporting documentation, and any title

documents that are received from the Borrower's conveyancer will be sent to you as required following completion of registration.

We understand that you require 7 working days notice for release of the Advance Amount to us.

**Our banking details are:**

<b>Account Name</b>	enact Conveyancing Limited
<b>Account Number</b>	57131910
<b>Bank</b>	National Westminster Bank plc
<b>Branch</b>	Leeds City Centre
<b>Sorting Code No</b>	60 60 05
<b>Completion date</b>	Tuesday 24 <sup>th</sup> July 2018 or earlier with the Lender's approval.

## SCHEDULE

### RESTRICTIVE COVENANTS

*(Please confirm whether or not the restrictive Covenants are onerous)*

1. A 1987 Transfer of the Property between (1) Avonpalm Ltd (**Transferor**) and (2) Resort Hotels Ltd (**Transferee**) (**1987 Transfer**) contains the following material covenants:
- Not to use the Property other than as **offices within Class II** or for such other use for which the prior written consent of the Company is first obtained not to be unreasonably withheld or delayed. Appropriate local authority consents must be in place for change of use.
  - Not to transfer the Property or part without a condition that the transferee enter into direct covenants with the Company as per the Transferees covenants and accept a transfer of the shares.

*The Borrower's conveyancer has confirmed that so far as they are aware there has been no breach of the covenants on the title.*

*We have been provided with a copy of the share certificate certifying that the Borrower holds a share in Clifton Mews Estate (Management) Limited ("MC").*

**As the Deed of Covenant is missing the Borrower is arranging to sign another and to send a copy of this to us signed and dated before completion.**

### ADVERSE INTERESTS/RIGHTS

*(Please confirm whether or not the Adverse Interests/Rights are onerous)*

#### 1 **Occupational Interests**

- (a) The Property is subject to x6 Licences to occupy 6 offices and the material terms are summarised in the Licence Schedule below.

*NB: Our Companies House Searches against the corporate tenants reveal that all are "active".*

*The Borrower's conveyancers have confirmed:*

- *All Licence Fees have been paid up to date.*
- *They hold the full deposits as detailed in the Licences.*
- *The same Licensees occupy the individual offices as confirmed in the Licences and the offices have not been sub-let.*
- *There are no existing disputes.*
- *Plans have been supplied for the licences but no colour copies are held.*
- *The current fees paid match those stated in the Valuation.*

#### 2. **Title Matters**

- (a) **Charges to be redeemed by the Borrower's conveyancer on completion in accordance with their undertaking:**

<b>Date</b>	<b>Lender</b>	<b>Borrowers' Conveyancer confirmed amounts outstanding</b>
03.12.07	Bank of Scotland PLC	Circa £287k
28.06.02	David Andrew Pounds and Deborah Helen Stokes	Circa £120k
<b>Total</b>		<b>£407,000</b>

**(b) Rights and Covenants to which the Property is subject:**

- (i) A 1858 Conveyance of the land tinted pink on the filed plan and other land contains the following covenants:

*To maintain the dwarf wall as then built along the north western side of the premises conveyed with stone or composed coping and uniform iron fence on the same wall the said wall and fence together to be of a height of 5ft six inches and no more and should not erect any building on the premises thereby nearer the said boundary wall than 16ft.*

- (ii) The 1987 Transfer of the Property contains the following material matters:

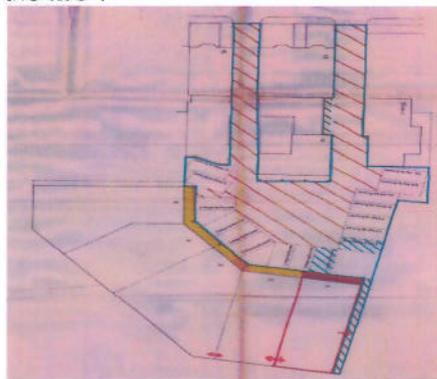
- (A) The Property is transferred subject to and with the benefit of a Deed of Grant dated 28.05.1985 between the Transferor and NatWest and The South Eastern Electricity Board and
- (B) A Conveyance dated 07.10.1986 between the Secretary of State for Social Services and the Transferor.

The Transferee covenants to observe and perform the covenants on the part of the Transferor contained within the Deed and Conveyance.

*NB: The Borrowers' conveyancer has confirmed that the Deed and Conveyance are missing and therefore they will place on risk indemnity insurance for the Market Value and supply a copy of the completed policy to us after completion. **We await sight of the draft policy.***

(C) Walls erected or to be erected on the Property from the adjoining buildings are deemed to be party walls and are to be maintained accordingly.

(D) Maintenance and upkeep of the land forming part of the **Estate** shown edged **blue** on the plan below known as **Communal Land** shall be undertaken by the **MC**".



**This includes obligations on the MC to:**

- Maintain accessways and landscaped areas including the area hatched brown "**Access Road**"
- Conduits, walls, fences parking and forecourts used in common and repair of the wall separating the Estate from the adjoining properties at 1 to 7 (inc) Clifton Rd.
- Provision of security cleaning and lighting and refuse collections
- Insurance for public liability
- Establishing and maintaining a sinking fund for replacement of plant equipment and apparatus. Establishing and maintenance of a

reserve fund for repairs. Such monies to be placed on deposit held on trust.

- Enforce covenants on the owner of any other part of the Estate
- If required to enter into a Deed of Covenant with any intended transferee of the Property provided the Transferee shall have performed its covenants in the articles of association.

*NB: As stated above the Borrower will enter into a new Deed of Covenant before completion in favour of the MC.*

**Transferee Covenants (Borrower to comply with):**

- To pay service charge a "due proportion" of the total costs to the Company in any year ending on 31<sup>st</sup> December of providing the services. Payable quarterly in advance on the usual quarter days.
- Provides for a preliminary payment of £25 per quarter.
- "**Due Proportion**": 16% of the total service charge and otherwise a fair proportion.
- On a sale of the Property or any part to procure that the purchase enter into a Deed of Covenant with the MC in the form of the covenant on the part of the Transferee in the clause in the Transfer.  
**NB: We are surprised that there is no restriction on the title ensuring that such a Deed is entered into on a sale to ensure that no unit changes hands without entering into the appropriate Deed of Covenant. Such a restriction is not in place so there is a risk that the MC does not hold deeds signed by the other unit holders on the estate to pay the service charge due. The valuer should be asked to confirm that this does not impact on the Valuation. Worst case scenario is that the other units have not signed deeds and the MC cannot enforce the covenants against them and the communal areas will fall into disrepair.**
- To observe and perform the covenants on the Transferees part as contained in the Third Schedule to the Transfer.

*The Borrower's conveyancer has supplied a copy of a service charge estimate schedule for the period 25.12.17 to 24.12.18 which confirms a total estimate of £5,490 meaning that the % apportioned sum payable by the Borrower at 16% is £878.40. **We await evidence that service charge has been paid up to date.***

**Transferor Covenants:**

- No later than completion of the sale of the last of the buildings to be constructed on the Estate the Transferor will transfer to the MC the Communal Land.

*NB: The Borrower's conveyancer has supplied official copy entries for the land owned by the MC which confirms that the MC own the land edged red on the plan extracted below:*



NB: The MC's title also confirms that the parking spaces numbered 8 and 9 are subject to exclusive rights of user for 1 Clifton Mews.

The Borrower has confirmed that no material alterations have been made to the Property in the last 10 yrs and the rights and covenants to which the Property are subject do not have an adverse impact on the existing use.

(c) **Price Paid**

- The price stated to have been paid on 03.12.07 for the Property and in title ESX146503 (2 Clifton Mews) was £816,826.  
*The Borrower's conveyancer has supplied a copy of Title Number ESX146503 and the land in this title is now owned by Meadowbridge Properties Limited*
- Valuation: £900k

3. **Searches**

Date	Search	Material Matters Revealed
28.06.18 and 02.07.18	Local	<ul style="list-style-type: none"> <li>• Within a conservation area as noted by the valuer.</li> <li>• Hazards Identified -Strongly recommends: Review (Groundsure), Groundsure Energy Report (commercial) and planview report (Groundsure)</li> <li>• Enforcement Notices: Historic x 2 1974 and 1978</li> <li>• Planning Permissions Ref: 84/968/F Demolition and construction of new houses and 7 Freehold office Units REF: 84/968/LBC/CA for above permission. <i>NB: Valuation confirms use: 3 storey office constructed in 1980s</i></li> <li>• Clifton Hill is an adopted highway <i>NB: The MC title abuts the adopted highway.</i></li> </ul>
28.06.18	Water	No issues
	Environmental	<b><u>NB: The Borrower's conveyancer has not supplied this despite our insistence to do so. You must advise if this is required or whether you are happy to proceed without sight of an Environmental Report.</u></b>
13.07.18	Chancel	This reveals a potential risk. <i>NB: The Borrower's conveyancer will place on risk indemnity insurance on completion. <b>We await sight of the draft policy.</b></i>
12.07.18	Company	Two GB Limited Director: David Andrew Pounds Secretary: Debra Helen Stokes Shareholders: David and Debra  Legal Charge dated 03.12.07 Bank of Scotland PLC Unit 1 Clifton Mews Clifton Hill Brighton - Fixed charge.

		<i>NB: The Borrower's conveyancer has confirmed that they will apply to remove this entry within 7 working days of completion.</i>
12.07.18	<b>Company</b>	Clifton Mews Estate (Management) Limited –Active The Borrower is named as a Director
16.07.18 (expiry)	<b>Bankruptcy</b>	David Andrew Pounds – 16.17.18 – Clear <b><u>NB: We have requested that an updated clear search is obtained before completion given this one has expired.</u></b>
06.08.18 (expiry)	<b>Priority</b>	In favour of Proplend Security Limited - Clear

### RIGHTS BENEFITTING

1. In the 1987 Transfer:

- Passage of services through conduits in the Estate subject to the Transferee (now the Borrower as owner) contributing a fair proportion of the maintenance costs and entry on the Estate for this purpose making good damage.
- To pass and repass with or without vehicles over the roadway hatched brown on plan 2 ("**Access Road**") the person exercising such rights paying a fair proportion of the cost of maintaining the Access Road.
- To pass and repass on foot over the footpath coloured yellow on plan 2 ("**Footpath**").
- Exclusive right to park not more than 1 motor vehicle on both the parking areas hatched blue on plan 2, the Transferee contributing a fair proportion of the maintenance costs.
- Install a dustbin in the store hatched green on Plan 2.
- Fire escape rights: through intercommunicating doors at Ground, First and 2<sup>nd</sup> Floor serving those properties forming part of the Estate and numbered 2 and 3 inc by red arrows on plan no 2 and the like right to pass through such properties for the purpose of using such doors.
- Rights for Transferor and successors and owners of the properties forming part of the Estate shown on plan 2 and numbered 2 and 3 in case of fire/emergency to escape from the properties to the communal land to use the intercommunicating doors at Ground 1<sup>st</sup> and 2<sup>nd</sup> floor levels approximate positions shown with red arrows on plan 2 and the like right to pass through the land for the purpose of using such doors and to use the alleyway show hatched black on plan 2.

### OTHER

1. **Buildings Insurance**

Insurer	Property	Sum Insured	Reinstatement Figure confirmed in Valuation	Insured	Policy Number	Expiry
Allianz Insurance PLC	1 Clifton Mews (offices)	£747,500	£650k	Two GB Limited	07/BB/1 3417104 /01	12/07/20 19

*NB: The Borrower's conveyancer has confirmed that your interest will be endorsed on the policy on completion.*

2. **Fire Risk Assessment /Asbestos Report/Access Audit/Energy Performance Certificate**

Date	Report	Contents
17.03.15	EPC – expires 16.03.2025	Rating D81
25.04.16	Fire Risk Assessment	Material actions have been noted as actioned.
July 2004	Asbestos Report prepared for Crown Prosecution Service 1-5 Clifton Mews	<p><i>NB: The recommendations page is not clear and we are not qualified to interpret this report. We have asked the Borrower's conveyancer about the presence of asbestos and they have confirmed "...yes it does have asbestos but does not exceed the amount to be required to take action under the current legislation".</i></p> <p><b><u>The valuer should be asked to confirm that the contents of the report and do not have an adverse impact on the Valuation.</u></b></p>

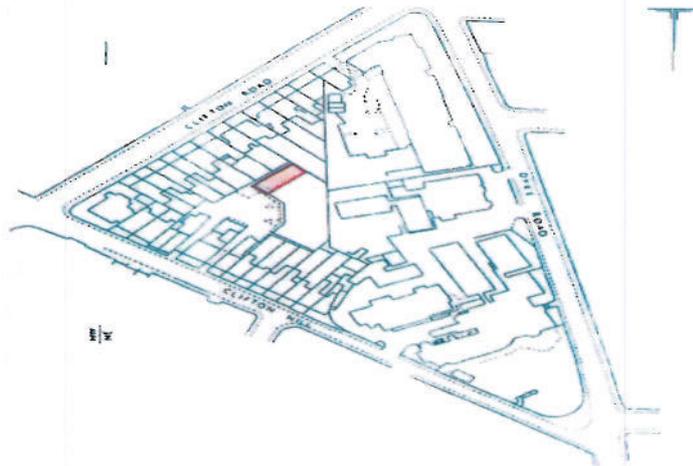
3. ID - Director  
David Andrew Pounds - Copy Driving Licence held

#### LICENCE SCHEDULE

	Date	Tenant	Office	Licence Fee	Licence Period	Deposit	Designated Hours	Permitted Use	Termination
1	07.12.17	Second Impact Games Ltd	1A	<p>£3900 per 3 mth period and 3 mths in advance. Inc business rates.</p> <p>The cost of demolishing, carpeting and making good the stationary cupboard to be paid by Licensee</p> <p>Fixed at £3900 per 3 mth period until August 12<sup>th</sup> 2017</p> <p>Payable from 14.03.16.</p>	14.03.16 until the date determined	£1,300 *To be repaid within 2 mths from the end of the Licence Period.	7 days per week as Licensor can determine on 30 days notice	Class B1	<p>(a) Licensor on no less than 3 mths notice to move to another space in the Building.</p> <p>(b) Ends earliest on 31.12.18, expiry of notice for breach of obligations on expiry of not less than 3 mths notice given by either party.</p>
2	08.12.17	Moreover Ltd	3A and car parking space	<p>£2100 per 3 mth period and 3 mths in advance.</p> <p>Fixed until 15.03.17 thereafter £2250 per 3 mth period.</p> <p>Payable from 01.11.16.</p>	15.11.16 until the date determined	£700 *As above	As above	As above	As above
3	22.09.16	Evermade Ltd	3B Right to park in the cross lined space No 2 on the plan for 6 mths from 01.11.16 and renewable on a mutually agreed basis. If parking space is	<p>£3000 per 3 mth period and 3 mths in advance.</p> <p>Payable from 01.10.16.</p>	01.10.16 until the date determined	£1,000 *As above	As above	As above	<p>As (a) above.</p> <p>(b) the date is 30.09.18</p>

			not required rent is reduced by £160 pm						
4	31.01.18	Mayday Assistance Ltd & Mayday Travel Claims Ltd	2B	£791.67 pm (Inc.) business rates. 6 mths in advance from commencement date and then quarterly payments in advance.  Payable from 01.02.18	01.02.18 until the date determined	£1580 *As above	As above	As above	As (a) for 1A but mths notice.  As (b) for 1A but months notice  If licence terminates as (t) then 21 days after termination the Licensor to refund a proportion of the Licence Fee
5	18.07.17	Wafer Audio Ltd	2A	£3,300 per 3 mth period payable by 18.07.17.  Payable from 18.07.17.	18.07.17 until the date determined	£1650 *As above	As above	As above	As (a) for 1A but mths notice  As (b) for 1A but months notice.
6	31.12.16	Star Content Ltd	1B	£3000 pm payable quarterly in advance. Fee includes x2 car parking spaces.  Payable from 01.01.17.	01.07.17 until the date determined	£3000 *As above	As above	As above	As (a) for 1A but mths notice  As (b) for 1A but months notice
				<b>TOTAL PER MTH: £7,891.67</b>					

#### TITLE PLAN



<b>Signed by</b>	<i>Sarah Louise Creasey</i>
<b>Signature Name:</b>	Sarah Louise Creasey
<b>Position:</b>	Solicitor – Head of Commercial Property Finance
<b>authorised to sign for and on behalf of:</b>	enact Conveyancing Limited
<b>Date</b>	20th July 2018