

REPORT ON TITLE

TO: Proplend Security Limited

FROM: Paris Smith LLP

FULL NAME OF BORROWER: Sealion Estates Limited

COMPANY NUMBER (if appropriate): 59054 (registered in Guernsey)

DESCRIPTION OF PROPERTY: Land on the south side of 11 Shelley Road Worthing and 8 and 9 Liverpool Terrace Worthing BN11 1TA

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 numbers (if registered) or if not confirm whether it is unregistered and/or subject to first registration:	WSX27126, WSX3039 and WSX20579
Class of title (if registered):	Title Absolute

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

2. **SEARCHES:**

We confirm we hold:-

- a. Clear Land Registry Searches 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.]~~ You have agreed to accept no search indemnity insurance.
- c. Bankruptcy Search giving Proplend Security Limited priority beyond the date of completion against the Guarantor.

All other appropriate Searches have been carried out save as to the Local Search 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 29 January 2019 prepared by Stiles Harold Williams Partnership LLP 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. **BUILDINGS INSURANCE:**

The following Insurance Policy is in force:

Insurer: Aviva Insurance Limited

Name of Insured: Sealion Estates Limited

Sum Insured: £4,772,583

Sum Insured recommended by Valuer: £3.05 million

Renewal Date: 24 March 2019

Policy No: PMO83261CHC

Current Premium: £7,563.73

5. **PURCHASE CONTRACT:**

- i. Purchase Price: £N/A
 - a. Property: £N/A
 - b. Fixtures and Fittings: N/A

6. 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 |

7. 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 purchase 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 acquisition of the Property and registration of Proplend's Legal Charge and Debenture, 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: TBC

Please Quote Reference: NJV/taw/113022/46

SCHEDULE

RESTRICTIVE COVENANTS

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

Land on the South Side of 11 Shelley Road Worthing

The land is subject to rights reserved by a Conveyance dated 6 June 1958 for the benefit of the Property on the east and west sides of the Property which includes all rights, easement and quasi-easements that existed at the time of the Conveyance.

The Property has the benefit of rights in a Transfer dated 10 January 1983 when the land at the front of the Property was sold off being a right of way at all times and for all purposes over the driveway leading to Shelley Road. The Borrower's solicitors say that this right has been enjoyed without interruption or payment. If the Property was to be converted to some other use which intensified the use, then the right of way could be subject to challenge. As use as a car park it currently has full rights.

The Property is subject to rights for the benefit of the land at the front in respect of use of services including rights of entry to make good any connections, carry out repairs, etc causing as little damage as possible.

8 Liverpool Terrace

Covenants in a Conveyance dated 27 July 1871 not to alter the front of the Property unless the other frontages of the 11 properties in Liverpool Terrace have been altered and not to build on the Property other than a dwelling house unless the use of the other properties has been changed.

The Property is said to be subject to easements granted by a Lease dated 25 June 2014 in respect of the ground and first floors of 7 Liverpool Terrace for a term of 4 years from 4 June 2014. These entries are incorrect. The Lease in fact is dated 26 June 2015 and it is for a term expiring on 3 June 2019.

The Property is subject to covenants in a Transfer dated 23 January 2015 in favour of the Borrower which affected 6-9 Liverpool Terrace and 11 Shelley Road when the Properties were acquired by the Borrower. The covenants were to observe the Landlord's provisions in the various leases which affected the Properties and therefore these are not considered to be onerous.

9 Liverpool Terrace

The same covenants as affect 8 Liverpool Terrace apply.

ADVERSE INTERESTS

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

- 1 Planning consent was granted on 23 April 2018 together with listed building consent for the conversion of 8 Liverpool Terrace of the rear part of the basement and ground floor from retail and office to a separate one bedroom dwelling unit with standard conditions. There are requirements that windows facing the courtyard were to be obscured glass and subject to the recommendations in the Flood Risk Assessment report. The Borrower's solicitors say that a pre-application discussion has not taken place regarding 8 and 9 Liverpool Terrace and that the planning permission has not been activated.

- 2 There is currently an indemnity insurance policy for lack of planning/building regulation approval in relation to the land at 11 Shelley Road, Worthing for the use of the Property as a car park in the sum of £300,000.
- 3 There is a further restrictive covenant indemnity policy in respect of the use of 8 Liverpool Terrace for residential and office use for the sum of £500,000.
- 4 The Property at 9 Liverpool Terrace, including 9 Field Row, has an EPC of only Category F rating. This means that the Property cannot be let until a minimum Class E rating is provided. The Property is currently let as a shop on the lower ground floor and as offices on the ground floor and let on the rear repair shop and on the second floor as offices. We have raised this with the Borrower's solicitors who say that once the premises are refurbished and relet as residential use the rating will increase. You have confirmed that you are prepared to take a commercial view on this matter.
- 5 The car park premises at 11 Shelley Road are in part subject to a Car Parking Licence in favour of Somers Financial Limited to park 4 vehicles in conjunction with the Lease that the company has in respect of 7 Liverpool Terrace subject to a payment of £2,400 per annum. The Licence is terminable on the date of termination of the Lease and with the Licensor giving notice determining that the Licensee is in breach or either party giving not less than 4 weeks' notice to the other.

It is understood that the remaining car parking spaces are let on similar licences, copies of which have been requested and the Borrower's solicitors say that they do not have copies of the Licences and neither do their clients but all the spaces are let on similar terms to the ones that have been provided. An organisation called Future Planned Relocation vacated several spaces at the end of last week and Darren Crabb vacated 3 spaces. These spaces have not been re-let at this time although the Borrower is dealing with this.

- 6 We are advised that the rental and licence payments for the various occupiers are up to date. The only arrears are in respect of the occupation by Asphalela Limited which remain unpaid.
- 7 The company is registered in Guernsey. A foreign lawyer opinion letter confirming that the company is able to enter into the Loan Agreement and the security documents will be provided on completion.
- 8 There is a Management Agreement between the Borrower and M J Staples Property Management (Horsham) Limited which provides normal management services at a cost of 5% of the gross income received by way of rents, £500 plus VAT per annum per building for managing the service charge and separate fees in respect of rent reviews, lease renewals, new lettings or disposals.

Additional services are provided on a fixed hourly rate of £125. The Agreement can be terminated by either party upon 3 months' written notice. Only an unsigned copy of the Agreement has been produced, but we are advised that this is the current arrangement in place with the Management Company.

- 9 The land at 11 Shelley Road is not connected to foul water or surface water drainage or to a mains water supply which may be expected in view of the fact that this is currently used as a car park. The Borrower's solicitors say they have no intention to change the use of these premises, but if there was to be a change of use requiring connections to drainage and water, it should be noted that the search provider indicates that there is no public sewer within 100 feet of the building.

10 **8 and 9 Liverpool Terrace**

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 Landmark 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.

The search has identified an elevated risk of flooding and also a higher than usual Radon level of between 1-3%.

11 **Land at rear of 11 Shelley Road**

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.

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- (b) is not such that the Property would be designated "Contaminated Land" within the meaning of Part IIA of the Environmental Protection Act 1990.

The search has identified a higher than usual Radon level of between 1-3%.

12 You have agreed to accept no search indemnity insurance in respect of the local search and therefore we have not reviewed any matters which would normally have been disclosed by virtue of searching the local Land Charge Registers against any of the properties.

Signed by:

A handwritten signature in black ink that reads "Nick Vaughan". The signature is written in a cursive, slightly slanted style.

Signature:

Name: Nick Vaughan

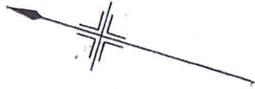
Position: Senior LLP Partner

authorised to sign for and on behalf of Paris Smith LLP

Date: 6 February 2019

H.M. LAND REGISTRY		TITLE NUMBER	
		WSX27126 ✓	
ORDNANCE SURVEY PLAN REFERENCE	TQ 1402	SECTION L	Scale 1/1250
COUNTY WEST SUSSEX	DISTRICT WORTHING	© Crown copyright 1976	

~~SEE SUPPLEMENTARY PLAN
FOR LEASE NUMBER REFERENCES~~



H.M. LAND REGISTRY		TITLE NUMBER	
		WSX30939	
ORDNANCE SURVEY PLAN REFERENCE	TQ 1402	SECTION L	Scale 1/1250
COUNTY WEST SUSSEX	DISTRICT WORTHING		© Crown copyright 1976

