

REPORT ON TITLE

TO: Proplend Security Limited

FROM: Paris Smith LLP

FULL NAME OF BORROWER: Three Knights Developments Limited

COMPANY NUMBER (if appropriate): 10700537

DESCRIPTION OF PROPERTY: Land on the east side of School Road Terrington St John
Wisbech West Norfolk

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:	NK471754
Class of title (if registered):	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 showing the Property edged red.
- d. The Property is registered in the name of the Borrower.
- e. We confirm that the only Restrictive Covenants which affect the Property are set out in the attached Schedule.
- f. 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 Borrower will be in sole possession of the Property.
- 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.~~ You have agreed to accept no search indemnity insurance other than in respect of an environmental search.
- 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.~~ We have not investigated any matters which would normally be revealed by searches in view of the indemnity insurance policy.

3. **VALUATION:**

We have read the Valuation Survey Report dated November 2018 prepared by Aldreds 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:~~ There is no property insurance policy as this is a bare land site. Public liability insurance is available for the site in the sum of £5,000,000 in respect of all occurrences arising during any one period and the insurance cover runs to 10 August 2019. The insured is Three Knights Developments Limited and it covers the premises at Land at School Lane, Terrington St John, P14 7SE under number B1307C170356/46479039.

~~Name of Insured:~~

~~Sum Insured:~~

~~Sum Insured recommended by Valuer:~~

~~Renewal Date:~~

~~Policy No:~~

~~Current Premium:~~

5. **PURCHASE CONTRACT:**

- i. Purchase Price: £N/A

- a. Property: £
- b. Fixtures and Fittings:

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. Guarantees The Guarantees 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/113022/43

SCHEDULE

RESTRICTIVE COVENANTS

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

- 1 Covenants and rights contained in a Transfer dated 15 August 2017:-
 - 1.1 This refers to the existing outline planning permission which is for 35 dwellings of which 28 are to be open market dwellings. This is in respect of the pink land and the blue land shown on the attached plan. In so far as any further planning permission is obtained which increases the number of open market dwellings, the sum of £8,750 per each additional open market dwelling is to be paid to the Transferor. This sum is to be paid on implementation of the new planning permission and exists and covers all subsequent planning permissions. The overage period is 15 years from the date of the Transfer.
 - 1.2 The Property is subject to rights of entry for the Retained Land of the Transferor for the purposes of constructing, inspecting, cleansing, maintaining, renewing and repairing building walls, hedges, fences and other boundary structures on the Retained Land together with a right of support and a right to the natural flow of ground water.
 - 1.3 The Property can only be used for the development of a residential estate together with ancillary landscaping, roads, access services in accordance with the existing planning permission and thereafter for use of the Property for residential purposes.
 - 1.4 No rights of light or air are granted with the Transfer which would impede the development of the Retained Land for any purposes.
 - 1.5 All boundary structures belong to the Property.
 - 1.6 During the construction, there are restrictions on no excavation or extraction of soils and minerals; no advertisements, posters, placards, etc on the boundaries except those that are required by law. Any damage is to be made good and all construction equipment is to be removed on completion of the development.
- 2 Covenants contained in a further Transfer dated 15 August 2017 in respect of the land shown on the title plan coloured pink:-
 - 2.1 The overage provisions are the same as above.
 - 2.2 The owner is to carry out the infrastructure works which includes the construction of the access on the Property (the area cross-hatched blue on the attached plan) and the installation of service apparatus and estate sewers and the construction of wooden stock fences between points A, B, C, D and E on the plan with gates at points F and G 4 metres wide providing access to the Retained Land. These works are to be carried out at the same time as completion of the Development Works (the construction of the residential units and infrastructure). Any adoption agreements with the local authority are to be entered into as required. The Access Land may not be disposed of unless a Deed of Covenant is entered into by the Buyer confirming that they will observe and perform the obligations in the Transfer as to the construction and ongoing maintenance of the same.
 - 2.3 All other provisions of the other Transfer of 15 August 2017 apply for this Property as well.

ADVERSE INTERESTS

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

- 1 There is a Licence for a period of one year from the commencement date of the works on the site for use of an area adjoining the land coloured blue on the attached plan for the purposes of maintaining a site office/welfare facility and storage. The description of the land is incorrect in that it shows the area being cross-hatched black which is on the land owned by the Borrower. In fact, it appears to be the land that is hatched black. We have asked for confirmation that the adjoining owner granting the Licence is aware of this and the Borrower's solicitors say that this is confirmed.
- 2 There is an area of land fronting the road in front of the area shown coloured pink which is not within the title. There is a Statutory Declaration showing that from 2009 until the present time, this area has been used without payment and without right and it has been used by the Borrower and their predecessors during that time. There is an indemnity policy in the sum of £960,000 which covers this area and any potential claims being made. We have asked for this to be increased to £1,468,575 being the value of the Property in its current position and this has now been agreed and will be on risk at completion. If the land was to be developed, then the value of the site is in excess of £8,000,000 and this would not cover that value.
- 3 You have agreed to accept no search indemnity insurance and therefore we have not undertaken any review of matters which would normally be revealed by a chancel, local or drainage search or mining searches.
- 4 There is outline planning permission for 35 houses and a new sports and social field and parking to be dedicated to Terrington St John Primary School. The outline permission required approval of Reserved Matters to be applied for within 2 years from the date of the permission (by 19 March 2017). We have asked for details of the extension of this time and the Borrower's solicitors say that an extension is not required as a Reserved Matters application has now been submitted and approved.
- 5 Most of the conditions are in standard form for an outline planning permission. However, there is reference to an ecological report which requires mitigation measures and a flood risk assessment which again, requires mitigation measures. We have raised this with the Borrower's solicitors who have provided a copy of the ecological report which has recommended certain remedial works in connection with potential water vole populations on site. The finished floor levels of the proposed development should be at least 500 millimetres above adjacent ground levels and it is recommended will protect against extreme rainfall events.
- 6 It is understood that the Property is within a high risk flood area. We have asked for details of the flood risk proposals. The Borrower's solicitors have produced a copy of the flood risk report which makes the recommendation referred to in paragraph 5 above.
- 7 There is a Section 106 Agreement which contains a number of detailed provisions. The main details are:-
 - 7.1 There is to be an open space and a management company set up to deal with this. We have asked for details of the location of this and the Borrower's solicitors say that it is the area between the 2 titles which is currently owned by Mr Burman (the seller of the land comprised in the first Transfer of 15 August 2017). There is then to be an open space maintenance contribution for the maintenance of the area for a period of 15 years. We have asked for confirmation of the restrictions from disposing of this area of land for any purpose other than as public open space/car parking which is a condition of the planning permission and Section 106 Agreement and the Borrower's solicitors say that

the Transfer of 15 August 2017 includes specific obligations on the owner of the Retained Land which is to be the open space to observe the terms of the Section 106 Agreement.

- 7.2 There are detailed provisions relating to affordable housing and 20% of the dwellings must be affordable. There are also then details of who can be the registered provider in connection with these and the details of shared ownership leases that are acceptable and those which are to be rented. The lease of any shared ownership unit is to be in a form approved by the Council.
- 7.3 There are similar provisions as to the public open space for a car park which is to be used exclusively by the Primary School. We have raised this with the Borrower's solicitors who refer to the terms of the 2017 Agreement as mentioned above.
- 7.4 There is to be a sustainable drainage scheme and a management company set up for this purpose.
- 7.5 There is an education contribution of £3,039 per dwelling and £1,520 per flat; a library contribution of £60 per dwelling and requirements that the existing playing fields are to be maintained and used exclusively by the Primary School. There are requirements that this area is not to be affected adversely during the construction of the development.

None of the contributions have been made yet (there is no requirement to do so under the Section 106 Agreement until various future events have occurred). All of the provisions are subject to indexing.

There is no provision in the Section 106 Agreement which exonerates any mortgagee once they have passed their interest in the Property and therefore if you were to exercise any powers, you would be subject to the provisions of the Section 106 Agreement until the provisions are met in full.

- 8 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 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 indicates that though a high risk of flooding was originally identified, the search provider have manually reviewed the risk and do not consider it to be representative of the Property as a whole. The overall flood risk has therefore been

reduced. There is a risk of surface water flooding and a moderate risk of river, coastal and other flooding. It is believed that the planning permission will require certain flood risk measures which will include properties being raised in height.

There is the usual indication that the Property is in an area of natural ground instability.

Signed by:

Signature:

A handwritten signature in black ink that reads "Nick Vaughan". The signature is written in a cursive style with a prominent initial "N".

Name: Nick Vaughan

Position: Senior LLP Partner

authorised to sign for and on behalf of Paris Smith LLP

Date: 18 January 2019

HM Land Registry
Official copy of
title plan

Title number NK471754
Ordnance Survey map reference TF5313NE
Scale 1:1250 enlarged from 1:2500
Administrative area Norfolk : King's Lynn and West
Norfolk



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