

LOAN PROPOSAL HERITAGE HOTEL

LOAN TERMS

Valuation	£425,000-£500,000
Loan Amount	£165,000
Current Mortgage Amount	£214,000
LTV	89-76%
Use Of Funds	Property Purchase
Loan Term	12 Months
Loan rate	7.00% per annum
Loan Type	Interest only Roll up
Monthly Accrued Interest	£962.50
Loan Basis	Secured with 2 nd Charge against property
Lenders Solicitors Fees	Circa £650 + Vat + Disbursements
Borrowers Legal Fees	met by borrower

Borrower **Heritage Hotel Porthcawl Limited** (Company number 11656697) whose registered office is at Kemp House, 160 City Road, London, EC1V 2NX.

Represented By Ryan David of Quality Solicitors David & Snape
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Email: davidandsnape@qualitysolicitors.com

Lenders **Millstone Executive Pension £70,000**
STEPHEN JOHN HOWELLS of Brynna Mill, Brynna, Pontyclun Mid Glamorgan CF72 9QP and STEVEN DICKS of Oakland House Tondy, Bridgend, Mid Glamorgan, CF32 0EH as Trustees of the Millstone Executive Pension of Brynna Mill, Brynna, Pontyclun, CF72 9QP
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AJ3 Consult Executive Pension Scheme £70,000
JONATHAN THIRKETTLE & ANDREA THIRKETTLE as Trustees of the AJ3 Consult Executive Pension Scheme of 47 The Sanctuary, Culverhouse Cross, Cardiff, CF5 4RW
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Surveying and Design Executive Pension Scheme £25,000
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VALUATION

#LSHKNOWS VALUATION

VALUATION REPORT ON

HERITAGE HOTEL, 24 MARY STREET, PORTHCAWL, CF36 3YA

PREPARED BY R W Harlow

MR D C SMITH

DATE: 23 OCTOBER 2020



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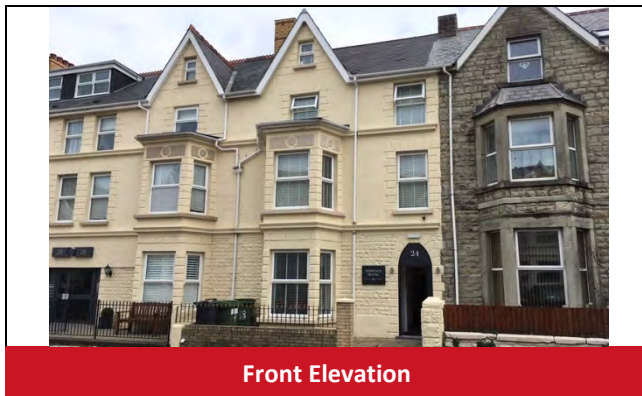
APPENDICES

APPENDIX 1: LETTER OF ACKNOWLEDGEMENT OF INSTRUCTION AND LSH TERMS OF ENGAGEMENT

APPENDIX 2: TRADE DATA

APPENDIX 3: ECONOMIC AND MACRO PROPERTY MARKET COMMENTARY

1. EXECUTIVE SUMMARY



Property Address	Heritage Hotel, 24 Mary Street, Porthcawl, Bridgend CF36 3YA	
Valuation Date	23 October 2020	
Location	The property lies in the centre of Porthcawl forming part of a terrace of similar properties just off the seafront. The property lies adjacent to a pay and display car park. Neighbouring properties are in use as hotels, guesthouses and for residential purposes.	
Description	Type:	Airbnb
	Floor Area:	233.0 sq m (2,508 sq ft)
	Condition:	Good
Tenure	Freehold	
Valuations	Market Value (MV1):	£500,000
	Market Value (MV2):	£450,000
	Market Value (MV3):	£375,000
	Market Value (MV4):	£375,000
	Market Rent (MR):	£32,500 pa
Asset Management Issues	None	
Valuation Issues	<p>Prior to its acquisition in 2019 by the Applicant, the property had been trading as a traditional guesthouse. It has subsequently been refurbished and concerned into an Airbnb offering nine ensuite bedrooms as a mixture of double and family rooms. No communal facilities are provided.</p> <p>The style of trade is one which has a strong future, as the property provides an alternative to the more traditional hotels which make up the majority of the market sector. The simplicity of operation greatly reduces operational cost and also meets consumer expectations.</p> <p>Since completion, the property has been let to Bridgend County Borough Council to provide accommodation for the homeless during the Covid pandemic. There is, therefore, no trade reflecting its use as an Airbnb.</p> <p>Our trading valuation reflects the potential of the property to trade in ordinary circumstances, rather than in the unusual situation which has</p>	

	<p>applied over the last six months. By implication, this has, therefore, required a detailed assessment of the market, rather than reviewing a period of established trade.</p> <p>The Covid pandemic has had a significant impact on the hotel and food and beverage sector, and continued lockdown and travel restrictions are further impacting on the market and will continue to do so until the situation becomes more established.</p> <p>We draw your attention to the issue of “Material Uncertainty” in section 10 of this report.</p>
Suitable as Mortgage Security	Yes - Subject to the specific assumptions, comments and recommendations detailed within this Report.

23 October 2020

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Our Ref: 0158658-SW-0000/P3276/ROH/AE

APPLICANT	MR D C SMITH
PROPERTY	HERITAGE HOTEL, 24 MARY STREET, PORTHCAWL, BRIDGEND CF36 3YA (THE "PROPERTY")

2. TERMS OF INSTRUCTION

Appointment	<p>We refer to your instructions dated 16 October 2020 and acknowledged on 16 October 2020 (copy at Appendix 1), to provide you with a Valuation Report in respect of the Freehold Interest in the above airbnb, for Loan Security purposes. We have inspected the Property, made relevant enquiries and now have pleasure in reporting to you.</p> <p>The basis upon which we usually prepare our Valuations and Reports is set out in the Terms of Engagement (copy at Appendix 1). Unless and except where here specifically stated otherwise, this Report has been prepared in accordance with these Terms of Engagement.</p>
RICS Compliance	<p>We confirm that this report and valuation has been prepared in accordance with the Royal Institution of Chartered Surveyors Valuation Guidance as set out within the 2017 Global Standards and with particular reference to the UK supplement, also known as the "Red Book".</p> <p>Lambert Smith Hampton acts in the capacity of External Valuer in connection with this instruction.</p> <p>We confirm that the Valuation Division of Lambert Smith Hampton has a Quality Management System which complies with BD EN ISO 9001:2015.</p> <p>Lambert Smith Hampton holds appropriate professional indemnity insurance for this valuation instruction.</p>
Valuation Date	The Valuation Date is 23 October 2020
Conflict of Interest	<p>We have confirmed to you that over the last two years we have had no involvement with the Property, the Applicant or with any party connected with a transaction for which lending is required.</p> <p>We therefore consider ourselves to be free of any conflict of interest in providing this advice for you.</p>
Reliance upon Provided Information	We have previously agreed that we shall rely upon the following information for the purpose of reporting to you:

- Your confirmation of the title and boundaries of the site
- Trade data as supplied by you

We have assumed that all material information has been fully disclosed to us and our Valuations are prepared on the basis that there is no further information available.

Valuer	This Report and Valuation has been prepared by R W Harlow MRICS, a member of the RICS Valuer Registration Scheme, Director, who has acted with independence, integrity and objectivity, and has sufficient current local and national knowledge of the particular market as well as appropriate skills, qualifications, experience and understanding for the purposes of this instruction.
Inspection	The Property was inspected on 16 October 2020, by R W Harlow, a member of the RICS Valuer Registration Scheme, Director.
Basis of Valuation	Market Value (MV) and Market Rent (MR) (definition at Section 12)
VAT	Our Valuations are exclusive of VAT unless otherwise stated.
Purchaser's Costs	Our Valuations, unless otherwise stated, are produced gross of Purchaser's costs at the appropriate rate, plus VAT.
Special Assumption Valuations	<p>A Special Assumption valuation is one that either assumes facts that differ from the actual facts existing at the Valuation Date, or that would not be made by a typical market participant in a transaction on the Valuation Date.</p> <p>You have requested the following:</p> <p>(MV1) Market Value subject to Special Assumption that the property is fully equipped as an operational entity and valued having regard to trading potential;</p> <p>(MV2) Market Value subject to Special Assumption that the property is fully equipped as an operational entity and valued having regard to trading potential and:</p> <ul style="list-style-type: none"> I) The property is trading; II) Accounts or records of trade are available to a prospective purchaser; III) Exchange of contracts must take place after a marketing period of six months. <p>(MV3) Market Value subject to Special Assumption that;</p> <ul style="list-style-type: none"> I) The business is closed; II) The property is sold with vacant possession; III) Accounts or records of trade are not available to a prospective purchaser; IV) The inventory has been depleted or removed; V) Exchange of contracts must take place after a marketing period of six months. <p>(MV4) Market Value subject to Special Assumption that;</p> <ul style="list-style-type: none"> I) The business is closed; II) The property is sold with vacant possession; III) Accounts or records of trade are not available to a prospective purchaser; IV) The inventory has been depleted or removed.
Definitions	<p>Reasonably Efficient Operator (REO)</p> <p>A concept where the valuer assumes that the market participants are competent operators, acting in an efficient manner, of a business conducted on the premises. It involves estimating the trading potential rather than adopting the actual level of trade under the existing</p>

ownership, and it excludes personal goodwill.

Fair Maintainable Trade (FMT)

The level of trade that an REO would expect to achieve on the assumption that the property is equipped, repaired, maintained and decorated

Fair Maintainable Operating Profit (FMOP)

The level of profit, stated prior to depreciation and finance costs relating to the asset itself (and rent if leasehold) that a REO would expect to derive from the FMT based upon an assessment of the market's perception of the potential earnings of the property. It should reflect all outgoings and cost of the REO as well as an appropriate annual allowance for periodic expenditure, such as decoration, refurbishment and renewal of trade inventory.

Occupancy (%)

Is that proportion of the bedrooms available during the period, that are occupied during the period.

We draw your attention to the Assumptions, Limitations and Regulatory information set out within this Report to which our advice is subject and our Terms of Engagement agreed between us.

Limitation and
Liability

This Valuation Report is provided for the stated purpose and for the sole use of the named Client. It is confidential to the Client and his professional advisors and the Valuer accepts no responsibility whatsoever to any other person.

Neither the whole, not any part of this Valuation Report, nor any reference hereto may be included in any published document, circular or statement, or published in any way, without the Valuer's written approval of the form and context in which it may appear.

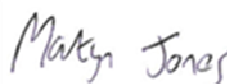
Such publication of, or reference to, this Valuation Report may not be made unless it contains a sufficient contemporaneous reference to the Special Assumptions set out herein or Departures from the RICS Valuation – Professional Standards.

Valuer:



R W Harlow, MRICS
RICS Registered Valuer
Director
For and on behalf of
LAMBERT SMITH HAMPTON

Checked by:



M V Jones, MRICS
RICS Registered Valuer
Director
For and on behalf of
LAMBERT SMITH HAMPTON

Date: 23 October 2020

3. PROPERTY DETAILS

Location

Macro Location

Porthcawl is a coastal town in South Wales. It is positioned on the southern coastal plain of the Principality. Porthcawl is 46 km west of Cardiff and 33 km south east of Swansea along the M4 Motorway, which runs to the north of the city and is accessible via Junction 37.

In 2011, Porthcawl had a population of 15,672 (2011 census). The demographic statistics indicate an age structure of 52.3% being 18-64, 32.1% being 65+ and 15.6% being 0-17. The gender split is 52.3% female and 47.7% male.

Micro Location

The property forms part of an established terrace of similar buildings within Porthcawl town centre. Mary Street leads north from The Esplanade, meaning that the seafront and town centre facilities are all within easy walking distance.



Street Scene



Street Scene

Situation

The subject property is situated in an area set to a mixture of hotels and private houses. To the east are a collection of bars and restaurants. A mixture of local and national retailers is found immediately to the east within John Street, the town centre's main retail pitch. There is a pay and display car park accessed off Mary Street, which lies to the rear of the subject and also serves John Street.



Location Extract



Site Plan

The boundaries of the Property, as we understand them to be, are outlined in red on the copy extract from the Ordnance Survey Plan shown above.

Approximate dimensions and area, as scaled from the Ordnance Survey Plan

Frontage to Mary Street:	5.8 m	(19 ft 0 in)
Site Depth:	25.7 m	(84 ft 3 in)
Site Area:	0.016 hectares	(0.04 acres)

The site is level and rectangular. There is a small forecourt to the building's frontage, with a brick wall topped with railings marking the boundary to the pavement. A ramp over the forecourt leads to a single step up into the entrance porch of the ground floor. The building occupies the centre of the site and to the rear lies a paved yard which gives pedestrian access to the laundry room and has double gates off the pay and display car park, which lies immediately to the rear of the site.

4. DESCRIPTION AND CONSTRUCTION

Description

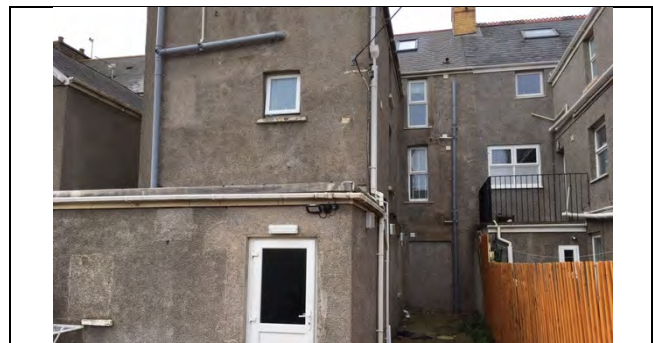
The building is a mid terrace three storey building with attic conversion used for many years as a guesthouse, but which has been converted over the last 12 months into nine letting bedrooms operating on an Airbnb basis.

Age and Construction

The property was built in the late 19th or early 20th Century, probably as a private house and has solid masonry elevations which have been rendered externally, beneath pitched artificial slate roofs. The two storey bay window to the front elevation has a flat felt roof, as does the single storey rear extension extending above part of the laundry room. uPVC frame double glazed windows are provided.



Front Elevation



Rear Elevation



Rear Elevation



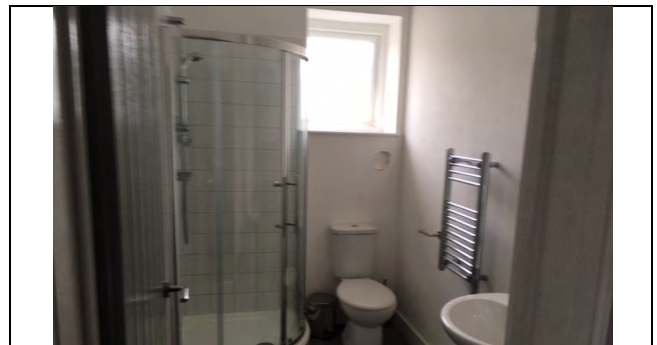
Rear Yard

Internal Finishes and Specification

The walls and ceilings are plastered and painted. The ensuites have tiled walls. Floors are tiled or carpeted.



Interior



Interior



Interior



Interior

Services

We understand that all mains services are available to the property, including electricity, gas, water and mains drainage, although we have not made any enquiries of the respective service supply companies nor have we tested them.

Space heating is supplied by electric radiators

Accommodation

You have instructed us to measure the property in accordance with the RICS Code of Measuring Practice, 6th edition. We would advise that the business is valued as a trading entity and as such, its profitability influences values and not the floor areas.

From measurements taken on site, we calculate that the Property provides the following approximate accommodation:

Floor	Use	Sq m	Sq ft
Ground	Entrance porch, entrance hall (stairs to first floor), 1 no. disabled/family room with ensuite shower and 1 no. family bedroom with ensuite shower. Laundry room with external access	74.4	801
First	Stairwell (with store cupboards off), 2 no. double bedrooms with ensuite shower rooms and 1 no. family bedroom with ensuite shower room	68.5	737
Second	Stairwell with storeroom off. 2 no. double bedrooms with ensuite shower room and 1 no. family bedroom with ensuite shower room	66.8	719
Attic	1 no. double bedroom with ensuite shower room	23.3	251
Total Gross Internal Area:		233.0	2,508

Repair and Condition

The Property appeared to be in good condition considering its age, specification and use, with no major defects noted. Although

We estimate the building has a remaining economic life of at least 30 years, provided an adequate and suitable programme of maintenance and repair is followed.

Sustainability

In undertaking this Valuation, we have not been provided with a copy of an Energy Performance Certificate (EPC) for the premises by the Applicant.

However, we have searched the web based register of EPCs managed by Landmark and this includes a copy EPC which rates the Property as follows:

Unit	Energy Performance Band	Energy Performance Asset Rating	Issue Date
Heritage Hotel 24 Mary Street Porthcawl	C	51	19 March 2018

The above assessment relates to the layout of the property prior to the works carried out by the Applicant and may be subject to review.

Accessibility

During the course of our inspection, no features were noted to suggest the Property does not meet the requirements of

current accessibility and disability legislation, in its capacity as a provider of services, and taking into account the Act's requirements for reasonable adjustments to be made.

Hazardous and Deleterious Materials

Asbestos

For the purpose of this report, we have assumed that, unless indicated to the contrary, a survey would not disclose any evidence of asbestos or deleterious materials in the construction of the subject in circumstances where it is likely to have an effect on health or safety.

Confirmation should be sought that an asbestos survey has been obtained and that any management plan required has been implemented.

The Property is of an age where materials such as asbestos may have been incorporated into the structure. However, at the time of inspection, no such materials were noted from our limited visual inspection. This matter is noted for your information.

5. CONTAMINATION AND ENVIRONMENTAL MATTERS

Contamination

Were any obvious contaminative uses noted above ground upon inspection which would be likely to result in contamination? No

Did any of the immediately surrounding property appear to be put to a current use which would be likely to result in contamination? No

Ground Conditions

Is the subject property located in an area where there has been past mining activity? No

Masts and Lines

Does the subject include telecommunications base stations, masts or high voltage overhead transmission lines? No

Is the subject adjacent to telecommunications base stations, masts or high voltage overhead transmission lines? No

Flood Risk

The NRW website identifies the subject as being within an area classed as having a **very low** risk of flooding from rivers or the sea and a **high** chance of flooding from surface water.

Drainage

For the purpose of this Report, we have assumed that, unless indicated to the contrary, enquiries would not disclose any evidence of historic pluvial flooding, relating to the drainage of surface water or groundwater flooding.

Accordingly, for valuation purposes we have assumed that none exist. Should it transpire that the Property has been subject, or is vulnerable to, such flooding, our opinions of value reported herein may be affected.

Fire, Health & Safety

We were unable to ascertain whether a Risk Assessment has been undertaken, hence without evidence to the contrary, we have assumed that it has and that the Property complies with current regulations and that there are no outstanding issues.

We have assumed that this assessment will continue to be reviewed and updated if there are any alterations to the premises or changes to work practices or use of the premises. We recommend that your Solicitors be instructed to verify the position.

6. TENURE AND TENANCIES

Tenure

Freehold.

We confirm that we have not yet had sight of your Solicitor's Report on Title, however, upon receipt of a copy, would be pleased to separately confirm whether the content of this has an impact on the advice provided within this appraisal report.

Tenancies and Other Agreements

We are advised that the property is currently let to Bridgend County Borough Council on an informal arrangement running on a quarterly basis. The Council have agreed to repair any damage to the interior of the property and the fixtures and fittings, and pay a rent of £28,080 per calendar month inclusive of VAT. The Landlord is responsible for all other outgoings of the property.

7. STATUTORY ENQUIRIES

Town Planning

The Property lies within an area administered Bridgend County Borough Council whose Local Development Plan provides the framework for guiding, controlling and facilitating development.

We understand from planning history obtained from the Bridgend County Borough Council that the following pertinent application has been decided:

Reference	Date of Consent	Decision	Detail
P/19/190/FUL	24 June 2019	Conditional Consent	Removal of existing rear external steel staircase ; construct a rear ground floor extension and rear toilet/shower extension to ground floor

The plans relating to the application cover only the ground, first and second floors of the building, and show a marginally different layout. We have assumed that the attic room and any changes to layout have been consented by the Local Authority, and that building regulations and all other necessary approvals have been given.

We understand the Property is not Listed, and is not within a Conservation Area.

We are not aware of any outstanding Enforcement Notices.

Business Rates

We have made informal enquiries only and are informed that the entry appearing in the 2017 Rating List of Bridgend County Borough Council as at the Valuation Date, are as follows:

Address	Description	Rateable Value
Heritage Hotel, 24 Mary Street, Porthcawl	Guest House and Premises	£4,200

The above rating assessment relates to the layout of the property prior to the works carried out by the Applicant and may be subject to review.

Registration and Licences

The property has no communal facilities and, therefore, does not have a premises or other licence.

8. MARKET CONDITIONS

Macro Market Commentary

Refer Appendix 3 to this report.

Micro Market Commentary

Over the 24 months leading up to the start of 2020, the casual dining market has come under significant pressure as a consequence of a reduction in consumer spending in this sector. It is also noticeable that consumers have become far more careful about where they take their dining experience, with the result that many of the chain style restaurants have suffered. This lead to high profile failures including Jamie's Italian. The Restaurant Group also shut half of their portfolio.

South Wales is known as a holiday destination and there is a tendency for people to dine out more often when they are on holiday. They also enjoy seeking out local dining experiences rather than relying on chain offerings. As a consequence, whilst the actual spend may have reduced, there still remains a level of footfall through restaurant facilities in Wales.

Prior to March 2020 the hotel market had enjoyed a period of growth, largely due to a weak pound attracting more visitors to major Cities in the UK. The weak pound has also lead to more UK residents taking staycations, with South and West Wales being areas which have benefitted.

However, the UK population has become used to taking cheap package holidays and therefore they remain committed to seeking bargain experiences in the UK. This has reduced gross margins, as packages have to be offered in order to provide consumers with perceived value for money. At the same time, costs of raw materials, and, in particular, staff wages are rising and there are inflationary pressures on all other costs. As a consequence, gross margins are being squeezed across the industry, which is having a knock on impact on net profit and EBITDA.

The casual dining market, particularly in larger cities, had shown growth through diversification into a wider range of ethnic and fusion cuisines. As a result consumers have become used to an ever changing pattern of dining experiences with new restaurants and venues opening (and closing) at a rapid rate. This often means that more established facilities have to refit on a more regular basis in order to stand still rather than to grow clientele.

At the same time drinking habits changed significantly. Increased awareness of drink driving has meant that, for some time, food has been the primary income driver for many rural pubs and restaurants. Change in business practices also mean that long business lunches have become less regular and often it is only the retired who are eating out at lunchtime. Again, they seek bargains often being attracted for '2 to 1' or special package offers. So far as the under 30s are concerned, the majority of these drink at home prior to going out for evening, which had a significant impact on takings at bars and nightclub facilities. Nightclubs have also been hit by changes in licensing laws meaning that the majority of town centre bars trade as combined bar and music venues and have taken over from the traditional nightclub as the venue of choice for late evening entertainment.

This trend has resulted in a large number of licensed outlets falling out of the market over the last decade and there is little evidence of a significant slowdown in the number of outlets closing. Following the decline in the pure retail sector, many suburban and secondary shops are opening as coffee shops and restaurants, taking business away from the established licensed outlets in town centres.

In conclusion, the sector is one which was under significant pressure coming into 2020.

The COVID-19 pandemic has changed the hospitality industry completely. The whole of the UK was subject to lockdown from the end of March 2020 and this has been eased gradually at different times in the different regions of the UK. The initial lockdown meant that all non essential business premises were shut, meaning that for Wales, accommodation was closed between the last week of March and the middle of July, with bars opening in August. For the majority of operators, therefore, this has led to there being no income for a period in excess of 3 months. When premises were allowed to open, social distancing has had to apply, meaning that in Wales, a distance of 2 metres needs to be maintained between family groups. Up to six people have been allowed to meet indoors within a family bubble, and that extends to those visiting food and beverage outlets. Gatherings of up to 30 have been permitted outdoors.

Because of the concerns over spread of Coronavirus, a "track and trace" system has been established, requiring all those entering premises to log their details, so that outbreaks can be traced and contained. The system is not working very efficiently at present. In addition to this, it has become commonplace for operators to take temperature checks, address and other details and require regular sanitising of hands. The wearing of face masks internally, other than when sat at a table, has also become compulsory. The majority of food and beverage outlets are now operating on a table service basis only and have reduced menus.

The above had led to a reduction in capacity, meaning that many larger outlets are not only losing capacity in the public space, but also in bedrooms, as they cannot accommodate the residents safely. The way in which bedroom accommodation has been treated has changed, leading to rooms only being serviced at changeover, rather than daily, and deep cleaning being required at each changeover. All premises have found slightly different ways of providing consumers with confidence that they are safe to enter the premises, and it is noticeable that the businesses which have dealt with this in the best way are proving the most resilient.

However, some businesses have ignored or failed to comply and Local Authorities are taking action, leading in extreme cases to premises being shut down and prevented from trading.

The industry was recovering, however, the greater integration of people, coupled with Summer holidays and the return to fulltime education has led to a spike in Coronavirus cases (which may also be allied to improved testing), meaning that there have been progressive further lockdowns throughout the UK. In Wales, the Welsh Government have taken the decision to lockdown from 23 October to 8 November inclusive, which has meant that many hotels and food and beverage outlets which had confirmed reservations during this period have had to cancel.

At present, there is no vaccine for Covid-19 and some question whether a vaccine will ever be entirely effective. The changes which have been imposed on the industry are, therefore, likely to apply throughout not only the rest of 2020, but into 2021. This will mean that unless there is a successful vaccine or the pandemic is brought under fuller control, there would be a degree of consumer concern meaning that social distancing and other measures may become a long term feature. It is, however, hoped that with the reduction in the number of deaths, regular lockdowns will cease to become an issue, although they will remain so for the next 6-12 months, until either the disease mutates, weakens or a vaccine is successfully developed.

The pandemic has, therefore, had a significant impact on the ability of the majority of hospitality businesses. There has been increased levels of failure within the business environment, and we anticipate that with lockdowns continuing towards and potentially through the Christmas period, there will be further failures during the remainder of 2020 and into 2021.

Comparable evidence

Atlantic Hotel, West Drive, Porthcawl



Terms

Traditional hotel providing ground floor bar and restaurant accommodation and 19 bedrooms over two upper floors. Ground floor subject to recent refurbishment, but bedrooms are dated. Established sales running at circa £1,000,000 per annum at a gross profit ratio of between 65% and 70%, and EBITDA of up to 17% of turnover. The property is currently under offer at in excess of £1,000,000, but this represents a refinance package by the current operator. Third party bids were generally below £1,000,000, representing a yield of 7YP against Fair Maintainable Operating Profit.

Although comparable in terms of location, the property trades as a traditional hotel, rather than on an Airbnb basis.

Villa Guesthouse, 27 Mary Street, Porthcawl



Terms

Traditional guesthouse property located in immediate proximity to the subject. The property provides residents lounge, dining room, kitchen and owners accommodation to the ground floor, with four ensuite bedrooms and a further five bedrooms with shared bathroom facilities to the upper floors. Although well presented, the property is run on a semi retirement basis, with limited trading data available. The property has been offered for sale at an asking price of £465,000 for several years, with the agents reporting no recent offers, although there is a steady stream of interest.

The subject property is comparable in terms of location, but again, operates in a different style of trade.

Tudor Court Hotel, Swansea



Terms

Traditional sea front guest house style property providing 26 bedrooms with dining room and bar accommodation. The business was achieving turnover of £220,000. The property sold Q3 2018 for £565,000 representing a 9.5 multiplier on average EBITDA.

Esplanade Avenue, Porthcawl**Terms**

Traditional mid terrace three storey house, historically trading on a guesthouse basis and providing living room, kitchen and bathroom to ground floor, three ensuite bedrooms to the first floors and two bedrooms with shared bathroom to the second. The property is currently available at an asking price of £399,950, but is attracting little interest or offers.

The property lies in a comparable location, but it is being marketed more as a private dwelling house than an hotel, although the potential for it to operate as a bed and breakfast or Airbnb is implicit.

The property provides total gross internal area of 171.5 sq m, meaning that the asking price equates to just over £2,300 per sq m.

5 Picton Avenue, Porthcawl**Terms**

Mid terrace townhouse refurbished to a very high standard and providing three living rooms, kitchen/diner, utility room and WC to the ground floor, and a total of six bedrooms, one with ensuite shower room, together with family bathroom to the upper floors. The property is available at an asking price of £369,995 and is currently under offer at around this level with contracts due to exchange in October.

The property provides a similar area to Esplanade Avenue and the asking price, therefore, equates to £2,140 per sq m

40 Mary Street, Porthcawl**Terms**

Mid terrace building configured as 5 flats all let on AST to produce an income of £29,688 per annum

The property was sold at auction in November 2019 for £336,000, reflecting a gross yield of 8.84% against rent or a multiplier of 11.3 times rent

Although operating as a traditional residential investment, the property could be operated as an airbnb.

9. BUSINESS ANALYSIS

Introduction

We understand that the Applicant acquired the property in 2019, at which time, it was trading as a traditional guesthouse. The business was closed and subsequently converted into an Airbnb, as described in this report. The nature of the property differs from the majority of guesthouses and hotels in the Porthcawl area, all of which tend to trade on a traditional serviced basis, even where they are essentially aparthotels. The fact that the subject property lacks any

communal space or onsite owners accommodation does set it apart from normal, although it does also provide a business model which we consider to be sustainable in the long term.

Business

We understand that the refurbishment of the property completed in late 2019, but that the property has not traded as a guesthouse. Owing to the Covid-19 pandemic, Bridgend County Borough Council have taken a three month rolling agreement by which they will pay for all of the rooms at the property, at a tariff which amounts to £28,080 per calendar month (inclusive of VAT). The Council are using the property as a hostel for the homeless and those seeking longer term accommodation. The agreement can be determined at the end of every 3 month period and it is our view that the agreement will be determined at some point within the next 3-9 months, depending on the longevity of the pandemic. We believe that a purchaser would take a similar view.

As a result, anybody acquiring the property at the date of valuation knows that for a period, they will enjoy an income which amounts to in excess of that which is obtained on full occupation. Their overheads will also be lower due to the longer term occupation by the residents, meaning that there are less changeovers than is normally the case.

We understand that the room rate which was advertised and would be advertised on reopening of the property as an Airbnb is £80.00 per night for a double room and at £100.00 per night for a family room. This would equate to a monthly income of £24,333.33 gross of VAT. Clearly, the property will not enjoy 100% occupancy all year round and there are costs associated with this income, which will be greater than those incurred today. We detail our analysis of Fair Maintainable Trade below.

Accounts

There are no formal accounts prepared, but we have been provided with trading data confirming the gross income and current outgoings from the business. As noted, we consider these outgoings low for the ongoing operation of the business, and refer you to our assessment of the potential trade below.

Business Analysis

Turnover

As noted above, in the absence of the agreement with the Council, the property would trade as an Airbnb with, at the published tariff, the income amounting to £24,333.33 per calendar month gross of VAT or £243,333 per annum net of VAT.

In considering whether the proposed room rates are appropriate, we have had regard to other room rates being advertised in Porthcawl, including the following:-

Atlantic Hotel – Room rate of £80.00 - £115 per night bed and breakfast. The tariff at the lower end reflects single occupancy of a double room and at the higher end, double occupancy of one of the more desirable sea view rooms.

Mary House – This guesthouse posts an advertised rate of £55.00 per night for a double room with private bathroom.

19 Mary Street – This hotel trades as an aparthotel, with the advertised rate being £80.00 per night for a double bedroom and between £136 and 160 per night for family rooms.

Esplanade Aparthotel – This property offers apartment which comprise a living room/kitchenette, bedroom and bathroom, and the accommodation is advertised at £95.00 per night.

Olivia House – This boutique style hotel advertises a room only rate of £80.00 per night for a double or twin room and £130 per night for the balcony suite. Breakfast is an additional £10.00 per person.

It would appear, therefore, that having regard to the nature and style of the accommodation, the room rates proposed are in line with the market.

In terms of occupancy, we have less data from Porthcawl. The only confirmed data we hold is in respect of the Atlantic Hotel, which was maintaining a 40% room occupancy prior to the pandemic. We understand that the Applicant is anticipating a 70% room occupancy on maturity of business, which is not unrealistic, as we have reviewed a number of properties in the wider South Wales and West Country area, which trade on a similar style and note that they are achieving between 65% and 80% occupancy, depending on style of trade and location.

Because the property has not yet traded, we believe that for valuation purposes, a purchaser would work on occupancy of 60% to 65%.

Gross Profit

If the property trades as an Airbnb, then there will be a need to carry out cleaning and laundry on every changeover. Historically, it would have been usual for these facilities to be provided every day, but in the post Covid world, it has become more usual for hotels to only clean rooms and change laundry at changeover, rather than on a daily basis.

We anticipate an average stay of two nights and adopting commercial rates of laundry and cleaning, we would anticipate costs amounting to circa £22,000 per annum, including consumables. This reflects the costs likely to be incurred in an arm's length contract to supply laundry service cleaning. We acknowledge that were the work carried out by the proprietor, a significantly lower cost would be incurred. However, this type of business is normally assessed on a third party operation basis, rather than allowing for the savings which can be enjoyed by direct owner operation.

In addition to these costs, the property will have to be advertised either through a dedicated website or through an online travel agency, such as Trivago, in order to attract custom. These agencies charge a premium for hosting the property, and payments are likely to be made by credit card, which will also attract a cost. We have allowed £15,000 per annum for these items.

Wages

Because of the nature of the operation, there will be no wages costs, as we have assumed that all costs of cleaning and laundry include the wages of those employed to offer the service. Any monitoring of changeovers, to ensure that the appropriate quality of services was provided, would be undertaken by the owner.

Other costs

Other operational costs include heating and light, insurance, repairs and renewals, employment of accountants etc. for which we would make an overall allowance of a further £18,000 to £23,000.

Net Profit

The business should produce an EBITDA in the order of 60% to 65% of turnover, based on the analysis set out above.

Fair Maintainable Trade

We set out below our opinion of the Fair Maintainable Trade (FMT) of the business and subsequent levels of Adjusted Net Profit (ANP)/Earnings before Interest, Tax, Depreciation and Amortisation in the hands of a Reasonably Efficient Operator.

	LSH assessment of Fair Maintainable Trade
Turnover	£158,000
Gross Profit	£121,000
Operational Costs	£23,000

Total Costs	£60,000
EBITDA*(63%)	£98,000

10. VALUATION COMMENTARY

Location

Like many of South Wales' traditional seaside resorts, Porthcawl's heyday has passed. The 'bucket and spade' trips by miners and those working in factories in Bridgend which built the town are no longer popular because of the decline in those industries and the wider choice of holiday experiences available. As a consequence the town has had to reinvent itself with events such as the Elvis Festival.

Bridgend Council have been seeking to rejuvenate the town by developing on the Salt Lake car park and along the north side of the beach, but these development proposals have long been planned and have not yet delivered. However, the refurbishment of the Marina has taken place and this is attracting more artisan restaurants into the area making Porthcawl a destination to visit.

Porthcawl lies to the south of the M4 Motorway and is reasonably accessible to the same, but because it is something of a cul de sac it tends to derive value as a residential area more than attracting passing holiday trade. It has not generated the same renown as a retail/speciality centre like Cowbridge, and thus lacks a USP to attract those not residing in the area.

If further development is delivered then the location will improve and that will be to the benefit of the property.

So far as the property is concerned it lies in the centre of Porthcawl within a hundred metres of the retail core and the seafront. It abuts a car park and, therefore, the location will satisfy the majority of consumers.

Property

The property provides a style of accommodation which differs from the norm, but we consider that the business model is sustainable. Those seeking holidays away prefer their own space, and this is why Travelodges etc. are popular, as the consumer can come and go to suit themselves, take breakfast and meals when and where they choose, and enjoy more privacy and anonymity than is the case with a traditional hotel or guesthouse. Airbnb's have developed on the back of this, but are normally contained in apartments or private houses. This takes the concept a step further and places the accommodation in the town centre.

The rooms are simple, but provide the facilities required by guests seeking a weekend break or short holiday, which is in line with the style of trade in Porthcawl. Having been recently converted, the accommodation is to a good standard and we understand that the Council will ensure that it is returned in as new condition at the end of their period of occupation.

Proposed Purchase Price

No sale price is available in this case as we understand the property to be subject to refinance.

SWOT

We consider strengths, weaknesses, opportunities and threats of the Property at the date of Valuation to be:

Strengths

Recently refurbished

	Town centre location in close reach of all amenities
Weaknesses	Porthcawl in decline as a resort No trading history
Opportunities	Remarket hotel upon termination of Council lease.
Threats	Fallout from Covid pandemic

11. VALUATIONS AND VALUATION METHODOLOGY

Market Rent

This type of property is more usually owner operated, rather than let in the Open Market. However, the majority of Travelodges are held on a lease, with the rent traditionally based on a rate per room, but more recently, assessed by reference to EBITDA. The rate per bedroom ranges typically from around £3,000 to £7,000 per bedroom for new build stock, with rent running at between 30% and 50% of EBITDA.

In valuing the subject property, therefore, we have adopted the profits method of valuation, whereby the Fair Maintainable Operating Profit (FMOP) before rent is assessed, reflecting a Reasonably Efficient Operator's direct cost of running the business and the provision of trade, furnishings and equipment, stock and working capital. The result and sum (the Divisible Balance) is an apportion between the landlord and tenant to reflect the risks and desirability of owing the property and the operating the business in the current market.

We have, in assessing our opinion of Market Rent, had regard to the trading potential and assume that a Reasonably Efficient Operator (REO) would generate a Fair Maintainable level of Trade (FMT) at the property of £158,000 and an FMOP/EBITDA before rent of £98,000.

Because the business is untried, we have assumed that either a rent free period would be given or that a lower level of rent would be charged at the start of the lease, to allow the business to become established. As a consequence, our valuation reflects 33% of our assessment of EBITDA and equates to approximately £3,600 per room.

£32,500 per annum
(Thirty Two Thousand Five Hundred Pounds per annum)

Our opinion of Market Rent assumes the terms of a lease for a duration of 10 years with 5 year rent review on a Full Repairing and Insuring basis.

Market Value

In accordance with your specific requirements, we have prepared the following valuations:-

Valuation Practice Guidance – Application (VPGA) 4 of the RICS Valuation – Professional Standards UK January 2014 (revised April 2015) refers to the fact that there are certain categories of property that are normally bought and sold on the basis of their trading potential with ownership of the property normally passing with the sale of the business as an operational entity. An operational entity usually includes:

- The legal interest in the land and buildings;
- The trade inventory, usually comprising all trade fixtures, fittings, furnishings and equipment; and

- The market's perception of the trading potential, together with an assumed ability to obtain/renew existing licences, consents, certificates and permits.

Consumables and stock in trade are, however, normally excluded and a new owner will normally engage the existing staff and sometimes the management, and would of course expect to take over the benefit of future trade, which is an important feature of the continuing operation.

Taking into account the evidence set out, for valuation purposes we have adopted the profits method approach for the business as this is the basis upon which such property types are most commonly bought and sold.

Under this approach the Property is valued by assessing the Fair Maintainable Turnover (FMT) and the Fair Maintainable Operating Profit (FMOP) that could be generated at the Property by a Reasonably Efficient Operator (REO) of the business in a stabilised year of operation, which is the basis upon which a potential purchaser would, in our opinion, be likely to base an offer.

For the purposes of our Report and Valuation, we have adopted EBITDA as our FMOP which is stated prior to deductions for finance costs, taxation, depreciation and amortisation. This is then capitalised at a yield based on the returns investors are currently seeking from trading related businesses.

The capitalisation rate reflects the market's perception of the risk and desirability associated with the Property having regard to the sector's approach to value, the availability of properties and the Property's current and future trading potential. With regard to the business we have had to reflect the fact that our assessment of FMT and as such FMOP is based upon an established trading period and taking into consideration also the budget and forecast accounts as provided.

When applying a multiple to the subject we have given consideration to the following matters namely, its location and quality, but declining trading and profitability.

In assessing the Market Value we have also adopted the market approach or comparable method of valuation which provides an indication of value by comparing the Property with other similar properties for which price information is available. We have adjusted these comparables to reflect differences in age, size, condition, location and any other relevant factors.

The purchaser acquiring the property today would have the benefit of a period of income from Bridgend County Borough Council. Because the agreement can be determined on short notice, the income stream would not be capitalised in the long term, but a purchaser would allow for say six months income, deduct overheads on the basis which we have set out, and then capitalise that at a yield which we have assessed to be in the order of 12%. That, therefore, values the next 6 months income from the Council at £49,000.

Thereafter, they would allow for the business to become established as an Airbnb, adopting the trading assessment set out, but allowing for the fact that that it will be some 6-12 months before that trade becomes established. To reflect the lack of trading information, and the risks associated that the trade will not hit the levels which we have assessed, we have adopted a value which reflects a multiplier of 5 times our assessment of FMOP/EBITDA. We have deferred this for a period of 6-12 months at 12%, which provides a range of values between £486,500 and £513,000. We have adopted the midway position as set out below.

The multiplier reflects the basket of evidence set out which would justify multipliers of 7.0 to 8.5 against EBITDA for established trading premises.

We are of the opinion that the current **Market Value** of the **freehold** interest of Heritage Hotel, 24 Mary Street, Porthcawl, Bridgend, CF36 3YA, as a fully equipped operational entity, having regard to trading potential, as at the date of valuation, for loan security purposes, is:

<p>£500,000 (Five Hundred Thousand Pounds)</p>
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Special Assumption Valuations

Market Value 2 (MV2)

We are of the opinion that the current **Market Value** of the **freehold** interest of Heritage Hotel, 24 Mary Street, Porthcawl, Bridgend, CF36 3YA as a fully equipped operational entity, having regard to trading potential and subject to the special assumptions below, as at the date of valuation, for loan security purposes, is:

£450,000 (Four Hundred and Fifty Thousand Pounds)
--

- Exchange of contracts is to take place following a marketing campaign of six months;
- That accounts or records of trade would be available to a prospective purchaser; and
- The business is open to trade.

In assessing value on this basis, we have adopted 60% occupancy, but otherwise generally followed the rationale set out above. In the alternative, it reflects a 10% deduction for our opinion of Market Value. Because the property has no trading history, any assessment of Market Value will be based on the purchaser's assessment of the trade the property can generate. However, the restriction on a marketing campaign would impact on value.

Clearly if a sale had to be exchanged within a restricted timescale for a specific reason, then a discount from the Market Value would likely be required to guarantee that a potential purchaser would proceed within this timescale.

We would add that were an Administrator or some third party appointed to realise a sale, invariably this attracts opportunist cash purchasers looking to acquire at a reduced price, which would likely reduce the ultimate realisation further.

Market Value 3 (MV3)

We are of the opinion that the current **Market Value** of the **freehold** interest of Heritage Hotel, 24 Mary Street, Porthcawl, Bridgend, CF36 3YA, subject to the special assumptions below, as at the date of valuation, for loan security purposes, is:

£375,000 (Three Hundred and Seventy Five Thousand Pounds)
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This assumes that

- Exchange of contracts is to take place following a marketing campaign of six months;
- The property is sold with vacant possession;
- The business has been closed;
- The inventory has been depleted or removed; and
- That accounts or records of trade would not be available to a prospective purchaser.

Our valuation on this basis assumes that the property is shut, the inventory removed and sold as it stands. In such circumstances and due to the modernity of the conversion, we believe that a purchaser would seek to reopen the business in the existing style of trade. As a consequence, they would have to re-equip and restart the business from a standstill, overcoming potential ill will resulting from the rationale behind the property closing. They will also not have the benefit of the Council income.

For this reason, we have removed the benefit of the Council income from our assessment of value, allowed for the cost of re-equipping the premises and deferred income for a further period to allow the business to become established.

Market Value 4 (MV4)

We are of the opinion that the current **Market Value** of the **freehold** interest of Heritage Hotel, 24 Mary Street, Porthcawl, Bridgend, CF36 3YA, subject to the special assumptions below, as at the date of valuation, for loan security purposes, is:

£375,000 (Three Hundred and Seventy Five Thousand Pounds)
--

This assumes that

- The property is sold with vacant possession;
- The business has been closed;
- The inventory has been depleted or removed; and
- That accounts or records of trade would not be available to a prospective purchaser.

In assessing value on this basis, we consider that the property would sell within a period of six months and, therefore, the requirement to value without the assumption of a limited marketing campaign does not impact on the value of the property to the same degree as it does on the assumption that the property is trading. As a result, our opinion of value on this basis is the same as that assuming the restricted marketing campaign outlined previously.

Estimate of Reinstatement Cost

We estimate the reinstatement cost on an informal basis of the premises in the sum of:

£450,000 (Four Hundred and Fifty Thousand Pounds)
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If a formal valuation for fire insurance purposes is required our Building Consultancy department will be able to undertake this on your behalf as a separate instruction.

Suitability as Mortgage Security

We are of the opinion that, subject to comment within this report, the property does offer suitable security for loan finance subject to any lending being at commercial rates at loan to value and serviceability.

Extraordinary Market Conditions**Coronavirus Bill 2020**

The Coronavirus Bill 2020 received Royal Assent on 25th March 2020. The emergency Coronavirus Bill is the UK Government's response to tackling the COVID-19 outbreak. In short it will:

- Provide statutory sick pay for employees,
- Allow police to detain and hold people they think could be infectious,
- Restrict public events and gatherings, and
- Impose travel restrictions.

Much of the restrictions that are set out within the Bill will have and continue to have an impact of business and property. The Bill is intended to be temporary and we witnessed a start of the removal of some of the restrictions as of 11th May 2020 with further restrictions lifted in June early July 2020.

Material Uncertainty

The outbreak of the Novel Coronavirus (COVID-19), declared by the World Health Organisation as a “Global Pandemic” on 11 March 2020, has impacted global financial markets. Travel restrictions have been implemented by many countries and as a result, business volumes have declined dramatically and economies have shrunk temporarily. Market activity has also been impacted in many sectors. With global disruption and fewer transactions, we consider that less weight should be attached to previous market evidence for comparison purposes to inform current opinions of value. Indeed, the global response to COVID-19 means that we are faced with an unprecedented set of circumstances on which to base a judgement.

In accordance with RICS guidance, current valuations are subject to ‘material valuation uncertainty’ (as per VPS 3 and VPGA 10 of the RICS Red Book Global). Consequently, less certainty – and a higher degree of caution – should be attached to these figures than would normally be the case and it would be prudent for you keep these valuations under frequent review until the market stabilises.

We caution that there remains a risk that, as the market emerges from the Covid-19 lockdown, there may be a repricing of property and other assets which currently cannot be foreseen. Action taken by the Government and the Bank of England may assist in maintaining market equilibrium, thus mitigating these risks.

Local and Regional Lockdowns are likely to become a feature of daily life for the next 6 – 12 months. Thus there will be pauses of the property market from time to time. So long as the economy remains robust, then these periods of lockdown are likely to be followed by periods of intense activity. However, if the Government reduce the level of support given to business or individuals or the lockdowns lead to further company failures and job losses then the property market may be adversely impacted.

Assumptions / Recommendations

The following assumptions have been adopted in arriving at our opinions of value:

- There is clear title to the Property and the boundaries indicated on the enclosed plan are in accordance with those held at the Land Registry and those over which your charge is to be taken.
- The property benefits from full vacant possession.

We recommend the following prior to the drawdown of funds:

Your solicitors should prepare a full report on title and confirm the boundaries indicated on the enclosed site plan are in accordance with those held at the Land Registry and those over which your charge is to be taken.

12. ASSUMPTIONS, LIMITATIONS AND REGULATORY INFORMATION

Information

Any third party information supplied by the client, professional advisors, investigation agencies, Local Authorities, statutory bodies and other stated sources is accepted as being correct unless otherwise specified.

Development Proposals

For the purpose of this Report and Valuation we have assumed that any proposed works will be completed in accordance with the details provided, to a reasonable standard of workmanship and in accordance with relevant regulations.

Services

Unless otherwise stated we understand that all mains services are available to the property, including electricity, gas, water and mains drainage, although we have not made any enquiries of the respective service supply companies. We further assume that any of the services or associated controls or software are in working order and free from defect.

Condition

We have not carried out a building survey of the property as this was not within the scope of our instructions, nor have we inspected those parts of the property which are covered, unexposed or inaccessible, and for the purpose of this report, such parts have been assumed to be in good repair and condition.

We cannot express an opinion about, or advise upon the condition of un-inspected parts and this report should not be taken as making any implied representation or statement about such parts.

Further, we have not tested any of the drains or other services, and for the purpose of this valuation we have assumed that they are all operating satisfactorily and no allowances have been made for replacement or repair.

The property has been valued with due regard to its appropriate existing state of repair and condition, including reference to its age, nature of construction and functional obsolescence. We believe we have formed a general opinion of the state of repair of the property in so far as it is likely to affect our valuation.

It is assumed that normal periodic maintenance will be carried out to maintain the property in a state of repair fit for its present use.

It is assumed that the condition of the property at the date of valuation is identical to that found at the date of our inspection.

Plant and Machinery

Unless otherwise specified all items normally associated with the valuation of land and buildings are included in our valuations and reinstatement cost assessments (if provided), including:-

Fixed space heating, domestic hot water systems, lighting and main services supplying these, sprinkler systems and associated equipment, water, electricity, gas and steam circuits not serving industrial or commercial premises, substation buildings, lifts and permanent structures including crane rails where forming an integral part of the building structure, fixed demountable partitions, suspended ceilings, carpets, drains, sewers and sewerage plants not primarily concerned with treating trade effluent, air conditioning except where part of a computer installation or primarily serving plant or machinery.

Unless otherwise specified the following items are excluded:-

All items of processed plant and machinery, tooling and other equipment not primarily serving the building, cranes, hoists, conveyors, elevators, structures which are ancillary to, or form part of an item of process plant and machinery, sewerage plants primarily concerned with treating trade effluent, air conditioning where part of a computer installation or primarily serving plant and machinery, and water, electricity, gas, steam, and compressed air supplies and circuits serving industrial and commercial processes.

Unless otherwise specified, no allowance is made for the cost of repairing any damage caused by the removal from the premises of items of plant and machinery, fixtures and fittings.

In the case of petrol filling stations, hotels and other properties normally sold and valued as operational entities, all items of equipment normally associated with such a property are assumed to be owned and are included within the valuation unless otherwise specified.

Defective Premises Act 1972

Liabilities or obligations or any rights there under, whether prospective or accrued are not reflected in valuations unless actually specified.

Asbestos and Deleterious Materials

This material was regularly used from 1960s to 1980s. The cost of maintenance, alteration and repair of any building where asbestos is present can be significantly increased because of the need to take appropriate precautions under The Control of Asbestos Regulations 2012 (amended February 2016). This in turn may impact value.

Under the terms of these Regulations a Duty holder is required to manage asbestos in non-domestic premises. Typically, this encompasses a positive obligation to assess the likelihood of asbestos containing materials (ACMs) being present at the premises. This can be achieved either by reference to bona fide statements confirming that ACMs were not incorporated into the construction of the building, or by commissioning an asbestos survey. The results of that survey would then be interpreted, acted upon and recorded in an Asbestos Management Plan. For the purpose of our report, we have assumed that, unless indicated to the contrary, a survey would not disclose any evidence of asbestos or deleterious materials in the construction of the subject, in circumstances where it is likely to have an effect on health or safety.

We have not arranged for any investigation to be carried out to determine whether or not any deleterious materials have been used in the construction of the property, or have since been incorporated and we are, therefore, unable to report that the property is free from risk in this respect. For the purpose of this valuation we have assumed that such investigation would not disclose the presence of any such material to any significant extent.

Contamination

Unless otherwise stated herein, we have not been instructed to commission a formal audit in respect of the subject site in relation to the potential presence of contamination. Furthermore, our brief enquiries have provided no evidence that there is a significant risk of contamination affecting the property or neighbouring property which would affect our valuation.

We have not carried out, nor are we qualified to carry out an Environmental Audit. Our comments herein are therefore merely a guide and should not be relied upon. If you require confirmation of the position, we strongly recommend that an initial Environmental Audit is carried out.

If we have been provided with third party reports we have accepted them as being correct.

We have assumed that any/all necessary decontamination works have been undertaken at the subject in its current and/or permitted use to be legally undertaken without contravention of any existing contamination related statute.

A purchaser in the market might, in practice, undertake further investigations than those undertaken by us. If those further investigations were to reveal contamination then this might reduce the value/s now reported.

Where property has been redeveloped we have assumed that any necessary de-contamination works required for the proposed redevelopment of the subject have been undertaken.

Contaminative Invasive Species

Unless otherwise informed we have assumed that there is no presence of any contaminative invasive species.

Ground Conditions

Unless otherwise stated, we have not been provided with a site investigation or geographical or geophysical survey. We have therefore assumed the ground has sufficient load bearing strength to support the existing structures (and/or any other structure which may be erected in the future) without exorbitant or excessive costs. It is further assumed that there are no underground minerals, archaeological remains etc which may have a detrimental impact on value.

For the purpose of this advice we have assumed that the ground conditions are satisfactory for a traditional method of construction. We have also assumed that there are no contaminating or other deleterious materials present which may prevent the development of the site in a traditional method or at normal cost levels. Furthermore, we have assumed that the site is capable of being serviced at a reasonable cost level, and that there would be no exorbitant or excessive off site costs relating to matters such as drainage, infrastructural adaptations etc.

If we have confirmed herein that the subject is located in an area of past mining activity, we recommend your solicitors instigate a mining search to comment upon the incidence of mining related settlement and location of mine shafts.

Flooding

Flood Risk - the NRW website uses indicative Flood Plain maps to provide a general overview of areas of land in natural flood plains and therefore potentially at risk of flooding from rivers or sea. The maps use the best information currently available, based on historical flood records and geographical models and indicate where flooding from rivers, streams, water courses or the sea is possible.

The information relating to the likelihood of flooding is NRW's assessment of the likelihood of flooding from rivers and the sea at any particular location, based on the presence and effect of all flood defences, predicted floor levels, and ground levels. The probability or likelihood of flooding is described as the chance that a location will flood in any one year.

Drainage – surface water run off flooding, known as 'pluvial' flooding, at times of prolonged, exceptionally heavy downpours of rain, is becoming increasingly frequent given surrounding drains and sewers are not always able to cope. It can be made worse in urban areas where the ground consists

mostly of hard surfaces, such that the rain flows straight off rather than soaking away. Rising groundwater levels resulting from heavier rainfall and reduces abstractions can also present problems.

Town Planning

We have made informal enquiries of the local planning and highway authorities and the information provided is assumed to be correct.

Unless otherwise stated, all planning information has been given via web based enquiries of the Local Planning Authority. In the absence of further information, we have assumed that the uses being carried out in each of the properties is an authorised planning use and that the buildings have been erected with full planning permission.

No formal search has been instigated and if reassurance is required we recommend that verification be obtained from your solicitors that the position is correctly stated in our report, that the property is not adversely affected by local authority proposals or requirements and that there are no outstanding statutory notices.

We have assumed that the properties and their value are unaffected by any matters which will be revealed by a local search and replies to the usual enquiries or by any statutory notice and that neither the properties nor their condition nor their present or intended uses are or will be unlawful.

We trust that your solicitors will check this information by taking out a local search and again, we would be pleased to advise further upon receipt of the confirmation of these details.

We have assumed that each property has full unconditional consent for the stated use and development described within.

For reference, following the Planning and Compulsory Purchase Act 2004, the old plan-making system is to be replaced by Local Development Frameworks (LDF). The LDF is not a single document or plan; rather, it is a suite of documents that combine to form the development plan for the area. The principal document is the Core Strategy, which sets the overall planning policy approach, which is supported by various Development Plan Documents (DPDs) for specific issues, such as site allocation.

Rating

For reference the empty property rates for vacant commercial premises are 100% of the basic occupied business rate, after initial void periods have elapsed. For most properties, excluding industrial, the void period is 3 months. For industrial properties, the void period is 6 months.

Unless otherwise stated we have not investigated whether the property is subject to any transitional relief or phasing and are unable to comment in this respect.

Health and Safety Legislation

Our valuation assumes that, in so far as is relevant to the subject, the property complies with the requirements of the Office Shops and Railway Premises Act 1963 as well as any superseding statute. The Act provides for securing the health, safety and welfare of persons employed to work in office or shop premises and those employed to work in certain railway premises.

Fire Legislation

As from 1 October 2006 the Regulatory Reform (Fire Safety) Order 2005 came into force in England and Wales. Under this Order, Fire Certificates are no longer issued and existing certificates have been superseded by Risk Assessments. A Risk Assessment is required for all non-domestic properties, as well as tenanted domestic properties, and is to be carried out by a 'Responsible Person' as defined within the Order. The findings of any risk assessment must be recorded in writing where more than five or more persons are employed or the premises are licensed or there is an alterations notice.

The smoke and Carbon Monoxide Alarm (England) Regulations 2015 came into effect from 1 October 2015 requiring that landlords of residential property must provide (a) a smoke alarm on each storey of the premises on which there is a room used wholly or partly as living accommodation and (b) a carbon monoxide alarm in any room of the premises which is used wholly or partly as living accommodation and contains a solid fuel burning combustion appliance. A landlord has a responsibility to insure that the detectors are checked and in proper working order. It is assumed that the property is compliant in regard to the above regulations.

General Legislation

For the purpose of this report, we have assumed that the property complies with current fire regulations, building regulation controls, employment regulations, defective premises and health and safety legislation.

Discrimination

The Equality Act 2010 and subsequent updates, makes it unlawful for service providers to treat disabled people less favourably because they are disabled (unless there is a clear and fair reason) in relation to their access to their place of employment or education; their access to goods, services and facilities (although note that where private clubs are concerned, only those with 25 or more members are required to be compliant with the Act) and their access to the functions of public bodies.

Employers, educators and service providers must all make *reasonable* adjustments for disabled people to be able to access and use property they have a right or need to visit; this is not restricted to physical access.

Where a temporary or permanent physical feature makes it impossible, or unreasonably difficult, for disabled customers to make use of a service or place of education or work, the provider has to take reasonable measures to remove the feature; alter it so that it no longer has that effect; provide a reasonable means of avoiding the feature; or, provide a reasonable alternative method of making the service available to disabled people.

The test of reasonableness is about what is practical in the service provider's individual situation; what resources they might have (and the amount of any resources already spent on making adjustments); whether taking any particular measures would be effective in overcoming a particular difficulty; the extent to which it is practicable for the service provider to take the measures; the extent of any disruption which taking the measures would cause.

For the purpose of this report and valuation we have assumed that the property complies with the relevant requirements of the Equality Act 2010 ('the Act').

Sustainability

Investor and occupational decisions are increasingly being informed by a range of sustainability related metrics that are beginning to be developed and that can provide measures of some aspects of a property's sustainability characteristics, for example Energy Performance Certificates (EPCs) and BREEAM. Furthermore industry benchmarking of sustainability performance is becoming more common place.

Characteristics that may be considered are land use, design and configuration, construction materials and services, location and accessibility, fiscal and legislative considerations and management and leasing issues. If, at the date of valuation, the market does not differentiate (in terms of demand), between a building that displays strong sustainability credentials and one that does not, there will be no impact on value.

Energy Performance Certificates

EPCs contain information about the energy performance of a building.

To meet the EU Energy Performance of Buildings Directive, EPCs must be produced by the 'relevant person' prior to marketing for property transactions including the sale, rent or construction of all buildings, whether residential or commercial, with the exception of places of worship, buildings less than 50 sq m, industrial sites, workshops and non-residential agricultural buildings that do not use a lot of energy, and temporary buildings.

The 'relevant person' will be the vendor or prospective landlord as appropriate; where a tenant wishes to assign or sub-let its interest and the premises have common heating or air-conditioning services, the landlord of those constituent parts becomes the 'relevant person'.

Local Authority Trading Standards Officers have powers to levy fines for non-compliance. EPCs are valid for 10 years from the date of production and can be reused as many times as required within that period, provided that changes have not occurred to the property relating to, for example, layout or refurbishment.

DECs (Display Energy Certificates) - Since 9 July 2015 public buildings in the UK over 250m² must display a Display Energy Certificate (DEC) prominently at all times. The aim of the Energy Performance of Buildings Directive is for the public to receive energy information about a building they are visiting. The Certificate provides information of a similar nature to an EPC but is an advisory document and thus not registered in the same way as an EPC.

Rental properties – when renting a property (including sub-letting and assignment, but excluding lease renewals, extensions or surrenders) to a new tenant, landlords are required to produce an EPC to the tenant and a tenant cannot legally move into the property until an EPC has been produced. Landlords are not required to produce an EPC to an existing tenant or if an existing lease is renewed or for dwellings in multiple occupation.

Properties for sale - sellers must obtain an EPC prior to marketing and provide a hard copy to the purchaser on completion.

Any commercial building over 50 sq m, marketed before 1 October 2008 but remaining on the market, needs a Commercial EPC. If it has been sold or rented out since 1 October 2008, a CEPC must have been commissioned and then handed over as soon as was practicable.

Our valuations assume that EPCs would be provided on sale in accordance with the aforementioned legislation however **we recommend that this is clarified by your legal advisors.**

Tenure

Unless otherwise stated, we have not inspected any documents of title and for the purposes of this valuation we have assumed that the subject interest is unencumbered and free from any unduly onerous or unusual easements, restrictions, outgoings, covenants or rights of way and that it is not affected by any local authority proposals. We recommend that your solicitors be instructed to verify the position.

Taxation and Grants

Value Added tax, taxation, grants and allowances, are not included in capital and rental values as, unless otherwise specified in the report, they are always stated on a basis exclusive of any VAT liability even though VAT will in certain cases be payable.

It is assumed for the purposes of valuation that any potential purchaser is able to reclaim VAT, unless otherwise stated. In particular it should be noted that where a valuation has been made on a Depreciated Replacement Cost basis the Replacement Cost adopted is net of VAT unless otherwise stated.

Unless otherwise specified Lambert Smith Hampton will not take into account of any existing or potential liabilities arising for capital gains or other taxation or tax reliefs as a result of grants or capital allowances, available to a purchaser of the property.

Market Value (MV)

We have prepared our valuation on the basis of Market Value (MV) which is defined in the RICS Valuation – Global Standards / UK Supplement, as:

“The estimated amount for which an asset or liability should exchange on the *Valuation Date* between a willing buyer and a willing seller in an arm’s-length transaction, after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion.”

Operational Entities

The RICS advises that the most appropriate basis of valuation of properties normally sold as operational entities is Market Value as defined above. Such properties include public houses, hotels, holiday parks and other leisure uses, together with nursing homes, residential care homes, private hospital and petrol filling stations.

Our valuations reflect the following:-

- a. The market’s perception of trading potential with an assumed ability on the part of the purchaser to renew existing license, consents, registrations and permits;
- b. That the property is offered with vacant possession throughout, although in the case of nursing and residential care homes, subject to the contractual rights of the patients/residents occupying the home from time to time;
- c. That trade fixtures, fittings, furniture, furnishings and equipment are included.

Our valuations also specifically assume, unless otherwise specified that the business will continue to operate at a level not significantly worse than that indicated to us.

Future Useful Economic Life

Future useful economic life of buildings is normally assessed in bands of years, most frequently subject to a maximum of fifty years. This applies to freehold properties and to leasehold properties where the future life is less than the unexpired term of the lease. An average figure is usually provided for groups of buildings forming a single asset. The figures are appropriate for depreciation purposes only.

Compliance with Valuation Standards

Where applicable our valuations are in accordance with RICS Valuation – Global Standards / UK supplement, published by the Royal Institution of Chartered Surveyors (“RICS”), the Insurance Companies (Valuation of Assets) Regulations 1981, the Financial Conduct Authority (FCA) “Listing Rules” (“Source Book”) and “City Code on Takeovers and Mergers” (“Blue Book”) as amended and revised from time to time. Copies are available for inspection.

Limitations and Liabilities

This Valuation Report is provided for the stated purpose and for the sole use of the named client. It is confidential to the client and their professional advisors and the Valuer accepts no responsibility whatsoever to any other person.

Neither the whole nor any part of this Valuation Report nor any reference hereto may be included in any published document, circular, or statement, or published in any way, without the Valuer's written approval of the form and context in which it may appear.

Such publication of, or reference to this valuation report may not be made unless it contains a sufficient contemporaneous reference to the Special Assumptions or departure(s) from the RICS Valuation – Global Standards / UK supplement.

APPENDICES



**APPENDIX 1: LETTER OF ACKNOWLEDGEMENT OF INSTRUCTION AND LSH
TERMS OF ENGAGEMENT**

16 October 2020

T +44 (0)1792 702800
www.lsh.co.uk

Mr DC Smith
6 Cwm Cadno
Margam
SA13 2TP

Lambert Smith Hampton
Axis 14, Axis Court
Mallard Way
Swansea Vale
Swansea
SA7 0AJ

Our Ref: P3276/ROH/AE

Dear Dale

Client: Dale Christopher Smith
Subject of Valuation: 6 Cwm Cadno, Margam, SA13 2TP
The Heritage Hotel, 24 Mary Street, Porthcawl, CF36 3YA

Thank you for your instructions of 16 October 2020 to provide valuation advice in respect of the above owner occupied residential property and owner operated leisure property. Our valuations will be undertaken in accordance with the Royal Institution of Chartered Surveyors Valuation Standards – Red Book Global.

We set out the basis of our instruction as follows:

1. You have instructed us to value the properties for loan security purposes.
2. We must draw to your attention our enclosed Terms of Engagement for Valuation Services which, together with this Engagement Letter, form the Agreement between us regarding the work we are to undertake, the circumstances in which fees and expenses will be payable and details of our respective duties.
3. We maintain adequate insurance cover for the purpose of this instruction. Cover is limited to £5,000,000 in respect of this instruction
4. The valuation is to be of the freehold interests and on the bases of Market Value and Market Rent (the definitions of which are attached). You have also requested that we provide an informal estimate of reinstatement cost. All values will be stated in £GBP.
5. You require a valuation of 6 Cwm Cadno on the basis of vacant possession and of The Heritage Hotel on the basis that the property is a fully equipped and operational entity.
6. You have requested additional valuations of The Heritage Hotel on the basis of Market Value with the Special Assumptions that:-
 - MV2: Market Value on the Special Assumptions that a sale is required to exchange following a marketing campaign of six months, accounts or records of trade are not available, but the business is open for trade.
 - MV3: Market Value on the Special Assumptions that a sale is required exchange following a marketing campaign of six months, accounts or records of trade are not available, the business is closed, the inventory has been removed and licences, permissions and/or registration and certificates have been lost.

- MV4: Market Value on the Special Assumptions that accounts or records of trade are not available; the business is closed; the inventory has been removed; and licences, permissions and/or registration and certificates have been lost.

These assumptions will be stated in our valuation report and will be assumed to exist at the valuation date.

7. We have agreed that we shall rely upon the following information for the purpose of reporting to you:
 - Your confirmation of the Title by which each property is held.
 - Your confirmation of the boundaries of each property.
 - Your confirmation of the trading history of the Heritage Hotel.
8. The valuation is required by 23 October 2020. The valuation date will be the date of our report. The Valuation will be carried out by R W Harlow, MRICS, Director, RICS Registered Valuer who will be acting as an External Valuer. We confirm this Valuer will act with independence, integrity and objectivity, and has sufficient current local and national knowledge of the particular asset type at its particular market as well as the skills, qualifications, experience and understanding necessary to undertake the valuation competently. He will sign the report on behalf of Lambert Smith Hampton.
9. Please note that as you have not disclosed the identity of the intended lender, we are required to state that our valuation report may not be acceptable to that lender, either because that lender does not accept that a valuation procured by a borrower or its agent is sufficiently independent or because that particular lender has specific reporting requirements.
10. We confirm that over the last two years we have had no involvement with the properties, the borrower or a prospective borrower, or with any party connected with a transaction for which lending is required.
11. COVID19 – RICS Guidance – We provide in line with RICS guidance reference to the impact of Material Uncertainty within our valuation report

For the avoidance of doubt, the inclusion of the ‘material valuation uncertainty’ does not mean that the valuations that will be set out within our reports cannot be relied upon. Rather, the declaration will be included to ensure transparency of the fact that – in the current extraordinary circumstances – less certainty can be attached to the valuation than would otherwise be the case. The material uncertainty clause is to serve as a precaution and does not invalidate the valuation. Given the unknown future impact that COVID-19 might have on the real estate market and the difficulty in differentiating between short term impacts and long-term structural changes, we recommend that you keep the valuations contained within this report under frequent review.
12. Our agreed fee for providing you with our valuation report is £1,750, plus VAT and will be paid by you. We shall charge VAT at the statutory rate on all fees. VAT will be calculated with reference to the level prevailing at the date of our invoice. Our fees will be payable on issue of our valuation report.
13. In the event that your bank intends to syndicate the whole or any part of the loan we draw to your attention clause 9 of the attached ‘Terms of Engagement for Valuation Services’ which operate to the exclusion of any other terms or conditions which you may seek to apply to this instruction.
14. Please note that any reproduction or public reference to the valuation or report will require our prior written consent.
15. We must draw to your attention that our compliance with the RICS Valuation – Global Standards may be subject to monitoring under the Royal Institution of Chartered Surveyors conduct and disciplinary regulations.
16. We confirm that the Valuation Division of Lambert Smith Hampton has a Quality Management System which complies with ISO 9001:2015.

17. In the event of any ambiguity or conflict between any of the documents comprising the Agreement, this Engagement Letter shall take precedence over any of the other Terms.
18. We are happy to consider your Solicitor's Report on Title prepared in connection with the proposed facility as part of this instruction. If however the Report on Title is delayed and is received in excess of 3 months from the date of our valuation report we will charge an additional fee on a time spent basis.
19. Our Valuation Report will be provided for the above-stated purpose and for the sole use of the named Client. It will remain confidential to the Client and his professional advisers and the Valuer accepts no responsibility whatsoever to any other person. Neither the whole nor any part of the Valuation Report nor any reference thereto may be included in any published document, circular, or statement, or published in any way, without the Valuer's written approval of the form and context in which it may appear. Such publication of, or reference to the valuation report may not be made unless it contains a sufficient contemporaneous reference to any Special Assumptions or departures from the Red Book confirmed therein. We refer you to Condition 9 of the attached Terms of Engagement for Valuation Services.
20. This instruction may be terminated by either party upon 30 days notice to the other. If the instruction is terminated by either party we will be entitled to fees and expenses on the basis set out in the Terms of Engagement.
21. We are committed to providing a high level of service. In the event that you have any concerns about any aspect of our work please do not hesitate to contact me. Details of our complaints procedure are available on request.

If this letter does not correctly set out your instructions to us please advise me by return. Please note that in the event either party notifies in writing of any subsequent amendments to these instructions, the other party's continued involvement will be deemed as having accepted those amendments.

Please acknowledge your agreement to the content of this Letter of Engagement and the enclosed Terms of Engagement for Valuation Services by signing, dating and returning to us the duplicate copy enclosed.

In the event that we do not receive your written confirmation of your instruction, your continuing instructions in this matter in the absence of any written objection will amount to your acceptance of the Terms of Engagement for Valuation Services.

In the event either party notifies in writing of any subsequent amendments to these instructions, the other party's continued involvement will be deemed as having accepted those amendments.

Yours sincerely



R W Harlow, MRICS
RICS Registered Valuer
Director
For and on behalf of
LAMBERT SMITH HAMPTON

DDI +44 (0)1792 702828
Mobile +44 (0)7774 236201
Email rharlow@lsh.co.uk

encl. Terms of Engagement for Valuation Services

I have read and accept the terms of this Engagement Letter and the Terms of Engagement and acknowledge receipt of a copy of same.

Signed

Date

Royal Institution of Chartered Surveyors Valuation – Professional Standards Global

Bases of Value

Market Value (MV)

The estimated amount for which an asset or liability should exchange on the *valuation date* between a willing buyer and a willing seller in an arm's-length transaction, after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion.

Market Rent (MR)

The estimated amount for which an interest in *real property* should be leased on the *valuation date* between a willing lessor and willing lessee on appropriate lease terms in an arm's length transaction, after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion.

Terms of Engagement for Valuation Services

1 INTERPRETATION

i) In these Terms:

"Agreement" means the agreement between the Client and LSH for carrying out the Service, incorporating the Terms and the Engagement Letter.

"Client" means the person to whom LSH is to provide services in accordance with the Terms and includes the person to whom the Engagement Letter is addressed.

"Director" means any person whose title includes the word 'director' whether or not a statutory director.

"Engagement Letter" means the letter or proposal document sent out by LSH to the Client setting out the basis on which it will carry out the Service.

"Expert Witness Terms" means the terms and conditions which, in addition to the Terms of Engagement letter, govern the provision of the Expert Witness Services (as defined within the Expert Witness Terms of Engagement).

"Force Majeure" means any circumstances beyond the reasonable control of LSH including, without limitation, war or threat of war, actual or threatened terrorist activity, any form of industrial action, disaster, adverse weather, act of God or act of governmental or other regulatory bodies.

"LSH" means Lambert Smith Hampton Group Limited whose registered office is at United Kingdom House, 180 Oxford Street, London W1D 1NN and any company which is in the same group of companies as that company.

"LSH Report" means the written advice and report(s) provided to the Client by LSH under this Agreement.

"Property" means the property identified in the Engagement Letter and any agreed variation to the Engagement Letter.

"RICS" means the Royal Institution of Chartered Surveyors.

"Service" means the service to be performed or procured by LSH under the Agreement including, where applicable, any Expert Witness Services (as defined in the Expert Witness Terms).

"Terms" means the terms and conditions set out in this document and includes the Expert Witness Terms and any other terms and conditions set out in the Engagement Letter or any other letter or document from LSH accompanying, supplementing or varying the Terms.

"Valuation Standards" means the RICS Valuation Guidance as set out within the RICS Red Book – Global

ii) In these Terms:

- (a) A reference to "writing" includes electronic mail;
- (b) A reference to any provision of a statute or regulation shall be construed as a reference to that provision as it is in force at the relevant time taking account of any amendment, re-enactment, extension or repeal.
- (c) Except where the context otherwise requires, words denoting the singular include the plural and vice versa, words denoting any gender include all genders and any reference to a "person" includes an individual, firm, corporation and/or other legal entity.
- (d) References to a numbered condition are to that condition in these Terms.
- (e) The headings are for convenience only and shall not affect the interpretation of these Terms.

2 GENERAL

- i) The Agreement shall be made when the Client receives a copy of the Terms or gives instructions to LSH, whichever shall be the later, and shall be subject to the Terms, which shall also apply to all or any part of the Service carried out prior to such date.
- ii) LSH shall perform all Services on the basis of the Terms only, which shall apply to the exclusion of any other terms and conditions which the Client may seek to impose.
- iii) No variation of the Terms or the Engagement Letter shall be binding unless previously agreed in writing by a Director of LSH and in entering into the Agreement the Client acknowledges that it has not relied on any statement, promise or representation which has not been confirmed in writing by a Director of LSH.
- iv) In the event of any ambiguity or conflict between any of the documents comprising the Agreement, the Engagement Letter shall take precedence over any of the other Terms.
- v) Nothing in the Agreement shall confer or purport to confer on any third party any benefit or right to enforce any terms of the Agreement. No term of the Agreement shall be enforceable under the Contracts (Rights of Third

Parties) Act 1999 by a person who is not a party to the Agreement, although this shall not affect any right or remedy of any third party which exists or is available other than under such Act.

- vi) LSH's duties under the Agreement shall be limited to those set out in the Terms.
- vii) LSH shall be entitled to accept and act on any instruction given to LSH by any person who is an employee of, or advisor, to the Client.
- viii) If any provision of the Terms shall become or be declared illegal, invalid or unenforceable for any reason such provision shall be divisible, and shall be deemed to be deleted, from the Terms.
- ix) Nothing in this condition 2 shall exclude or limit LSH's liability for fraud or fraudulent misrepresentation.
- x) The Client shall provide its authority, instructions or information required to LSH promptly.
- xi) It is a condition of the Client's agreement with LSH that (save where LSH instructs independent experts, consultants or other third parties on the Client's behalf) the duties and responsibilities owed to the Client are solely and exclusively those of LSH and that no employee of LSH shall owe the Client any personal duty of care or be liable to the Client for any loss or damage howsoever arising as a consequence of the acts or omissions of such employee (including negligent acts or omissions) save and to the extent that such loss or damage is caused by the fraud, dishonesty, wilful misconduct or unauthorised conduct on the part of such employee.

3 SERVICE

LSH shall seek to provide a service such as would be expected of a national firm of consultant surveyors in a proper professional manner and shall perform the Service with reasonable care and skill.

The Service shall, however, be provided on the basis that:

- i) LSH reserves the right to carry out instructions in accordance with such procedures, principles or methodologies as LSH deems to be appropriate. Where appropriate, LSH shall comply with the relevant Practice Statements and Guidance Notes published by the RICS and measurements shall be undertaken in accordance with the relevant Code of Measuring Practice published by the RICS.
- ii) estimates of times for performance of all or any part of the Service have been made upon the basis of information available to LSH at the time and are approximate only so that LSH shall not be bound by any such estimate.
- iii) LSH may, if it considers it appropriate, secure performance of any or all Services by instructing one or more other persons (whether as sub-contractor or in any other capacity) upon such terms as LSH considers appropriate. In circumstances where LSH secures the performance of another person, no additional fee shall be payable by the Client in the absence of prior agreement to such additional fee but the Client shall be liable to pay all fees and other sums payable to LSH as if all Services had been performed by LSH.
- iv) The Client shall provide LSH (or ensure that LSH is provided) with details of any other consultants or contractors appointed or to be appointed by the Client relevant to the Service.
- v) If LSH are instructed to act as an Independent Valuer then the meaning and understanding of the term Independent Valuer shall be that LSH will exercise independence, integrity and objectivity when undertaking the Service in accordance with the Valuation Standards but LSH shall not be under any obligation to conform to any statutory or regulatory description given to the term Independent Valuer or the Client's definition or understanding of Independent Valuer unless LSH agrees with the client in writing prior to the instruction that any such other meaning shall apply.

4 THE PROPERTY

i) Information

The Client warrants, represents and undertakes to LSH that (save as specifically notified to LSH by the Client in writing):

- (a) LSH shall be entitled to rely upon information and documents provided by or on behalf of the Client including those relating to matters such as Health & Safety, the Asbestos Register and details of tenure, tenancies, use, contamination, building costs, costs of development, town planning consents and building regulation consents, historic or projected future trading accounts and the like as being, to the best of the Client's knowledge, information and belief, accurate and not misleading (either on their face or by inference or omission) and the Client shall advise LSH and shall instruct any advisor to inform LSH in the event that the Client and/or any advisor receives notice or becomes in any other way aware that any information given to LSH is or may be misleading or inaccurate.
- (b) It shall provide legible true copies of any relevant documents reasonably required by LSH.
- (c) It shall make arrangements for the inspection of or attendance at the Property by LSH on reasonable notice in order to carry out the Service.
- (d) If the Client instructs LSH to re-value the Property without inspection LSH will assume that no material changes to the physical attributes of

the Property and the area in which it is situated have occurred and the Client has provided information of changes in rental income from investment properties and any other material changes to the non-physical attributes of each property such as lease terms, planning consents, statutory notices etc.

- (e) if the Client instructs LSH to undertake a critical review of a valuation prepared by another valuer and if LSH agrees in writing to do so then the Client shall undertake to provide LSH with full details of the first valuer's instructions so that LSH is in possession of all of the facts and information including the terms of instruction, circumstances and reasons for the first instruction so that LSH are able to undertake a critical review and the Client shall not publicise, discuss with third parties or refer to any critical review carried out by LSH in any documents or circular or otherwise without the express authority from LSH in writing.

ii) Assumptions

Except where disclosed to LSH in writing, LSH shall be entitled to assume the following as appropriate:

- (a) Opinions of value shall be provided on the basis of "Market Value" or "Market Rent" as defined in the Practice Statements and Guidance Notes published by the RICS and in accordance with the Valuation Standards unless otherwise agreed in writing between LSH and the Client and, unless specifically notified by the Client to LSH and agreed in writing by LSH, LSH shall not be under any obligation to identify or take into account any marketing constraint such as if the Property cannot be freely or adequately exposed to the market or if the Property is subject to an inherent defect or constraint whether or not such circumstance or constraint is actual, anticipated or hypothetical and LSH shall not be required to take into account any time limit for disposal without adequate explanation from the client of the reasons for such a constraint.
- (b) There are no tenant's improvements which would materially affect LSH's opinion of the value of the Property unless otherwise advised. LSH shall not take account of any item in the nature of the tenant's fixtures and fittings, improvements, plant equipment, and machinery and LSH may (without any obligation to do so) make any reasonable assumptions to identify if any fixtures and fittings are part of the Property and which would pass, with the Property, on reversion, back to the landlord or on any sale and that all such tenant's improvements or fixtures and fittings have all necessary consents and are not subject to any onerous conditions.
- (c) There are no restrictive covenants or encumbrances or unduly onerous or unusual easements, covenants, restrictions, outgoings or conditions attaching to the Property or unusual terms in any relevant documentation or notices or procedures (including compulsory purchase orders) served, issued or threatened or any other matters whatsoever full information about which have not been supplied and brought to LSH's attention in writing and which would materially affect LSH's opinion of the value of the Property and that the Property has good marketable title.
- (d) The Property has the benefit of full planning consent or established use rights and building regulations approval.
- (e) The Property is not contaminated or potentially contaminated and, unless specifically instructed, LSH shall not undertake any investigation into the past or present uses of either the Property or any adjoining or nearby land, to establish whether there is any potential for contamination from these uses and shall assume that none exists.
- (f) LSH may rely on all data provided to it, or stated on any publicly available websites, in respect of any EPC affecting the property. LSH shall be under no obligation to establish if any EPC is accurate or current. In the event that no EPC is available LSH shall assume that the Property meets the minimum requirements of the legislation and that there will be no adverse impact on value and marketability.
- (g) The Property (including, without limitation, all means of access and egress, which shall be assumed to be freely available, to and from the same and all plant and/or machinery or substances located in or at the Property and provided for the use of any person) has been properly maintained and is in good repair and condition and that any obligation concerning repair, maintenance, decoration or reinstatement have been complied with in accordance with all and any necessary statutory or other regulations and requirements and, without prejudice to the generality of the foregoing, is safe and without risks to health. LSH may at its discretion reflect any readily apparent defects or items of disrepair noted during its inspection in valuations but the Client shall not rely on this to assume either that the Property is free from defect or that LSH have in any way quantified the extent of any repair;
- (h) The Property complies with all relevant statutory requirements including Fire Regulations.
- (i) LSH's valuations shall reflect the state reached in construction and the company's costs at the date of valuation, having regard to the obligations of parties involved in the development only to the extent that any costs or estimates which have been prepared by the Client's

professional advisors are made available to LSH and LSH shall not be liable for any error or inaccuracy arising directly or indirectly from such information and shall not be under any duty to advise concerning the accuracy or relevance of such information:

- (1) Except where specifically stated otherwise, LSH shall assume that the Property is subject to normal outgoings and that where relevant any tenant(s) are responsible for repairs, the cost of insurance and payment of rates and other usual outgoings, either directly or by means of service charge provisions.
- (2) Unless specifically requested, LSH shall not make enquiries as to the financial standing of actual or prospective tenants although LSH shall reflect the general market's perception of a tenant's status in its valuation. LSH shall assume, unless advised in writing, that tenants are capable of meeting their financial obligations under the lease terms and that there are no arrears of rent, service charge or other relevant payments or undisclosed breaches of covenants.
- (3) In the valuation of portfolios LSH shall value each Property separately and not as part of the portfolio. Accordingly, LSH shall make no allowance, either positive or negative, in the aggregate value reported to reflect the possibility of the whole of the portfolio being put on the market at any one time.
- (4) LSH shall be entitled to make such special assumptions ("Special Assumptions") as are necessary to provide the Client with the opinions of value requested by the Client. Any Special Assumptions made shall be agreed with the Client and set out in the Engagement Letter and shall be stated in the valuation report prepared by LSH.

iii) Other matters

Unless otherwise stated in the Engagement Letter:

- (a) LSH shall not be responsible for making any local search or other enquiries of local or any other authorities, including town planning enquiries or investigation of title regarding the Property, which shall be the Client's sole responsibility, and LSH may rely on any such information provided by the Client or the Client's advisors without further enquiry. If LSH shall make oral or other enquiries regarding the Property to third parties, the results of such enquiries shall not be relied on by the Client.
- (b) Subject to agreement of the terms of any subsequent instruction, LSH shall not be responsible for making any structural or site survey or audit of the Property such as may be required under the Equality Act 2010 or Control of Asbestos Regulations 2012 or for testing any services to or on the Property, including the availability of broadband or other communications or information technology infrastructures.
- (c) Any advice, approval or representation made by LSH or any person on behalf of LSH regarding the legal meaning or effect of any lease or contract shall not be relied on by the Client and such advice shall be limited to matters upon which it is suitable for a Chartered Surveyor to advise and shall not constitute advice regarding legal interpretation or drafting issues. Unless otherwise agreed in writing between the Client and LSH, LSH shall not be obliged to advise upon the interpretation or drafting of any draft agreements, leases or other legal or technical documents.
- (d) LSH shall not be responsible for advising in respect of, or effecting the service of, any notice required to be given under statute or under the provisions of any contract or lease or otherwise and shall not be liable for advice, interpretation or compliance with any time periods or other provisions under statute, regulation (including the Civil Procedure Rules for the time being) or provided for in any contract or lease including any notice of appeal or for making payments or carrying out any other actions in accordance with such time periods.
- (e) There are no facts known to the Client which ought to be brought to the attention of LSH to enable it to ensure that access to the Property by any person is safe and without risks to health.
- (f) LSH shall exclude and shall not be required to take into account any work in progress stock in trade and shall not be required to take into account or be responsible for the interpretation of accounts, turnover figures or other financial or information relating to trade.
- (g) No allowance shall be made for any liability for payment of Corporation Tax, Capital Gains Tax, Stamp Duty Land Tax or any other property related tax whether existing or which may arise on development or disposal, deemed or otherwise. Valuations shall be deemed to be exclusive of Value Added Tax.
- (h) LSH shall not be under any duty to carry out conflict checks in relation to any third party (such as related companies) other than the Client or any other relevant party notified in writing by the Client to LSH.
- (i) Valuations shall not reflect any element of marriage value or special purchaser value which could possibly be realised by a merger of interests or by sale to an owner or occupier of an adjoining property, other than in so far as this would be reflected in offers made in the open market by prospective purchasers other than the purchaser with a

special interest unless LSH shall make a Special Assumption in this regard.

- (j) All valuations are given without adjustment for capital based government grants received, or potentially receivable, at the date of valuation or at some future date.
- (k) LSH's valuations shall be reported in pounds GBP. Overseas properties shall be reported in the appropriate local currency and represent LSH's opinion of the realisable value in the country of origin computed in accordance with local practice, with no allowance made for the transfer of funds in the UK.
- (l) Unless the Client shall specifically commission a formal survey with relevant obligations and LSH accept such instruction on terms to be agreed, LSH shall not be under any obligation to take into account any aspect arising from the condition of the Property including any benefit or liability in respect of dilapidations and no advice or representation concerning the condition of the Property shall be relied on by the Client or any third party.
- (m) Unless the Client shall specifically commission a formal management arrangement with relevant obligations and LSH accept such instruction on terms to be agreed, the Client shall remain responsible for the insurance of the Property and for notifying its insurers should the Property become vacant. LSH shall not be responsible for the management, security or deterioration of the Property or, except in respect of death or personal injury caused by the negligence of LSH or its employees or agents, for any other like matter or loss however caused. If the keys for the Property are held by LSH then the Client shall be deemed to have given authority to LSH to supply keys to any persons who wish to inspect the Property or carry out works or inspections at the Property and LSH shall accept no responsibility for the action of such persons. The Client shall effect and maintain full insurance cover against any claim that may be made by LSH or any representative or employee of LSH or by any third party in respect of any loss, damage or injury however caused arising directly or indirectly under or in respect of the Agreement.
- (n) whilst LSH shall endeavour to treat all information which is relevant to the Client's instruction as confidential, LSH may at its sole discretion provide any information to other professionals or third parties as is usual practice and, in any event, LSH may be required to provide such information to a court or tribunal or to the other party in any proceedings.
- (o) LSH shall not be under any obligation to arrange for any investigations to be carried out to determine whether or not any deleterious or hazardous materials have been used in construction of the buildings or have since been incorporated and LSH shall not therefore, be in a position to report that the Property is free from risk in this respect. Unless LSH are advised by the Client in writing, and subject to LSH's sole discretion, LSH's valuations shall be made on the assumption that such investigations would not disclose the presence of any such materials to any significant extent but this shall not be relied on by the Client as any indication that the Property is free from risk.
- (p) LSH shall not be under any obligation to carry out or commission a site investigation or geographical or geophysical survey in order to determine the suitability of ground conditions and services, nor shall LSH undertake archaeological, ecological or environmental surveys. Unless otherwise advised LSH assume, but can give no assurances, that the ground has sufficient load bearing strength for the existing structures or any structures proposed or considered. Where development is contemplated, LSH assume that no extraordinary expenses or delays will be incurred during the construction period, due to any adverse ground conditions or archaeological matters.

5 TERMS OF PAYMENT

- i) Unless otherwise stated in the Engagement Letter the Client shall be liable to pay LSH its remuneration or a due proportion of its remuneration at intervals to be determined by LSH or in the absence of such determination or on completion of the Service at LSH's discretion. Payments are due on issue of the invoice and the final dates for payment by the Client shall be the date of issue of the invoice.
- ii) LSH shall be entitled to submit accounts for expenses at the time when incurred or ordered by LSH and such accounts shall be payable by the Client whether or not the Client withdraws its instructions. Accounts for expenses are due for settlement on presentation. Alternatively LSH may arrange for the suppliers to invoice the Client directly for services supplied.
- iii) VAT will be payable where applicable at the prevailing rate on all fees and expenses.
- iv) LSH reserves the right to charge the Client interest (both before and after any judgement) on any unpaid invoice at the rate of 3% per annum above the base lending rate of the Bank of Scotland calculated on a daily basis from the date of its invoice up to and including the date of settlement in full.
- v) If any sum due to LSH from the Client remains unpaid for more than 30 days after the date of the invoice LSH shall be entitled to suspend all further work for the Client until the outstanding sum is paid to LSH in full. In these

circumstances LSH shall not be liable for any delays, losses or expenses resulting from such suspension.

- vi) The Client shall not withhold any payment after the final date for payment of any sum due unless notice is provided to LSH in writing by the Client not less than seven days before the final date specifying the amounts to be withheld and the reasonable grounds for withholding payment or if there is more than one ground, each ground and the amount attributable to it.
- vii) Where there are two or more clients in the case of a joint or multiple instruction by multiple parties invoices for an appropriate share of any fees or expenses as determined in LSH's sole discretion shall be issued to all or any client simultaneously or otherwise and each client shall be jointly and severally liable for the full amount of LSH's fees or expenses in the event that payment is not received from one or more clients.

6 FEES AND EXPENSES

- i) Fees shall be charged at the rate set out in the Engagement Letter or as otherwise agreed in writing between LSH and the Client. In the event of a change in the scope of the Service or LSH being required to carry out additional Services, LSH reserves the right to charge an additional fee.
- ii) In addition to the fees referred to in Condition 7i) the Client shall be responsible for all fees and expenses incurred or ordered in respect of the Property, which may include without limitation advertising, brochure production, printing of particulars, photography, mailing, digital marketing expenses, administration, Anti-Money Laundering checks, on site representation, sign boards, travelling, mileage, messenger delivery and copying of documents and plans. Expenses shall be passed on to the Client at gross cost unless otherwise stated in the Engagement Letter. LSH shall be entitled to retain any discounts or commissions which are available or paid to LSH in order to offset administrative expenses. A copy of LSH's fee rates where applicable shall be made available upon request, such rates being subject to amendment from time to time by LSH on written notice.
- iii) If, in connection with the service, the resolution of a dispute with a third party is referred to an adjudicator, arbitrator, expert, mediator, court or tribunal, all costs in connection with such referral shall be the sole liability of the Client and shall either be paid directly by the Client or be recharged to the Client as an expense and the Client shall indemnify LSH in respect of any liability or loss in such matters.
- iv) Unless specifically provided for in the Terms or accompanying letter or as otherwise agreed in writing between LSH and the Client the fees do not include remuneration for acting as an expert witness for which service a separate fee shall be required.

7 INTELLECTUAL PROPERTY

- i) Ownership in any information, documents or other material provided by the Client to LSH in relation to the Property or Services shall remain the property of the Client ('Client Material') and LSH is granted a perpetual royalty free licence to use, copy, adapt and modify such Client Material for the purposes of performing the Services and for the purposes of advertising or promoting LSH and its business.
- ii) Ownership of all materials, know-how, developments, reports, forecasts, drawings, accounts and other documents originated by LSH in relation to or arising out of the Service shall belong to LSH.
- iii) LSH shall grant the Client a perpetual royalty free licence to use the LSH Report. The Client may not use the whole, or any part of the LSH Report, or any reference to it in any published document, circular or statement, without LSH's written approval of the form and context in which it shall appear. Such approval is required whether or not LSH is referred to by name and whether or not the reports are combined with others.
- iv) If at any time the Client is in default of payment of fees or other amounts properly due under this Agreement, LSH may suspend the Client's licence to the LSH Report. At LSH's discretion, the licence may be resumed on receipt of all outstanding amounts.

8 INDEMNITY

The Client shall indemnify and keep indemnified LSH from and against all and any liability, losses, damages, penalties, fines, costs and expenses (including legal costs and expenses) suffered or incurred by LSH arising out of or by virtue of:

- i) The breach by the Client of any of its obligations under the Terms, or;
- ii) The Client's instructions to LSH other than any losses, damages, costs and expenses arising by virtue of the wilful default of LSH or its employees or agents.

9 LIMITATION AND LIABILITY

- i) Except where LSH has entered into a specific agreement with a third party, the LSH Report is provided solely for the purpose of the Service and to the Client. Should the Client disclose any part of the LSH Report to any third party the Client shall notify such third party in advance of the disclosure and in writing that LSH does not owe a duty of care to such third party. The Client shall indemnify LSH and hold LSH harmless against all liabilities, costs, expenses, damages and losses suffered or incurred by LSH arising out of or in connection with such disclosure by the Client.

- ii) In the event of a proposal to place any loan secured over the Property in a syndicate, the Client must (i) notify LSH of such proposal, ii) disclose the identity of the parties participating in the syndicate to LSH, and iii) obtain LSH's written consent (which may be subject to the inclusion of alternative or additional terms) for such parties to rely on any of LSH's valuations, reports and any other advice or information resulting from the Client's instruction.
- iii) Nothing in this Agreement shall limit LSH's liability for death and/or personal injury caused by LSH.
- iv) Subject to clause 9iii) above, the aggregate liability of LSH to the Client whether arising from negligence, tort, breach of contract or other obligation or duty or otherwise shall be limited to five million pounds sterling (£5,000,000.00).
- v) Subject to clause 9iii) above, LSH shall not be liable for any claim to the extent that such claim is or can be characterised as a claim for (or arising from):
 - (a) Loss of revenue or profits;
 - (b) Loss of business opportunity or loss of contracts;
 - (c) Loss of goodwill or injury to reputation;
 - (d) Indirect, consequential or special loss or damage; or
 - (e) Anticipated savings.
- vi) All risks and/or liabilities in relation to toxic mould, deleterious materials, contamination, radon gas, HAC or calcium chloride shall remain with the Client and the Client shall take such steps as it deems necessary to insure against or otherwise address such risks and liabilities.
- vii) LSH is not qualified to and will not provide any advice or services in connection with asbestos. The Client acknowledges that all risks relating to asbestos howsoever arising remain with the Client who shall take such steps as it deems necessary to address such risks. If appropriate the Client will arrange for the appointment by the Client of specialist asbestos consultants.
- viii) In the event of the Client engaging LSH together with other advisers, service providers and/or suppliers engaged by the Client or any other third party in relation to the Property, LSH's liability shall, in addition to the limitations contained in this clause 9 above, be limited to that proportion of any loss or damage suffered by the Client as it would be just and equitable for LSH to bear having regard to LSH's responsibility for it and on the basis that all other advisers, service providers and/or suppliers shall be deemed to have paid such proportion of the relevant loss or damage suffered by the Client which is just and equitable for them to have paid having regard to the extent of their respective responsibilities.
- ix) LSH will not advise on capital allowances in performance of the Services and will not be liable for any liability, losses, damages, penalties, fines, costs and expenses suffered or incurred by the Client or any other Third Party in respect of capital allowances. Insofar as LSH are liable for any capital allowances incurred as a result of the performance of the Services the indemnity set out in clause 8 shall apply.

10 REINSTATEMENT COST ESTIMATES

In the event that the Client requires an estimate of the cost of reinstating any building or structure, for insurance purposes the following terms shall apply:

- i) The Reinstatement Cost assessment is an estimate provided on an informal basis only and should not be relied upon for the purposes of placing insurance cover on the property. Should a Reinstatement Cost Assessment be required to enable an insurance policy to be placed, LSH Building Consultancy Division must be separately instructed to undertake such an assessment.
- ii) The Reinstatement Cost assessed for insurance purposes shall be a "Day One" valuation and shall not include an allowance for inflation and/or design/procurement periods etc.
- iii) LSH shall assume that the policy is on an indemnity basis with a fully operative reinstatement clause, no special conditions, an instantaneous basis of value and shall have no regard to any variation in building costs subsequent to the date of LSH's informal assessment. LSH's assessment will be based on the assumption that the reconstruction of any premises, to provide similar or new accommodation, will be permitted by the appropriate authorities with no undue restrictions.
- iv) LSH will exclude tenant fit-out and/or fixtures and fittings, Value Added Tax, loss of rent, extra costs of working or other consequential losses, local authority requirements and party wall works. Further, LSH's assessment shall exclude any land remediation and special contaminated waste costs. However, the figure will be inclusive of professional fees, demolition and site clearance.
- v) LSH shall assume that VAT is chargeable on professional fees and building works to new and existing premises.
- vi) LSH will not carry out a structural survey and LSH's assessment will be prepared on the assumption that ground conditions will not give rise to the need for any specialist or unduly expensive constructional techniques (specialist foundations etc) unless LSH is otherwise advised by the Client.

In addition, the removal of hazardous materials, if any, shall be excluded from the informal assessment.

11 TERMINATION OF INSTRUCTIONS

- i) The instruction from the Client to LSH may be terminated by the Client by giving not less than 30 days' notice to LSH in writing to LSH whereupon LSH shall be entitled to charge (at LSH's option):
 - (a) A fair and reasonable proportion of the full fee which would have been payable if the work had been carried through to a conclusion and as if LSH had become entitled to payment in accordance with conditions 5 and 6 above, or
 - (b) A reasonable sum for all the work undertaken up to and including the date of termination based on quantum meruit; or
 - (c) The fee as LSH are entitled to under conditions 5 and 6 together in each case with any expenses already incurred.
- ii) The instruction from the Client to LSH may be terminated by LSH on the following terms by giving not less than 30 days' notice in writing:
 - (a) If, as a result of circumstances outside the control of both parties, it becomes impossible to perform the Services within a reasonable period. In these circumstances the Client shall pay to LSH a fee for all work which has been done up to and including the date of termination on a quantum meruit basis; or
 - (b) If the Client has made it impossible to complete the instruction within a reasonable period or has not made payment by the due date of any sum payable by the Client to LSH. In these circumstances the Client shall pay to LSH the full fee which would have been charged as if the work had been carried through to a conclusion (plus any expenses already incurred); or
 - (c) The fee as LSH are entitled to under conditions 5 and 6 together in each case with any expenses already incurred.
- iii) Any outstanding fees and expenses due to LSH shall be paid in full by the Client on or before the expiry of the notice period for termination of instructions. For the avoidance of doubt in the event of termination of instructions, whether by LSH or by the Client, LSH shall not be liable to repay the Client any fees and expenses previously paid by the Client to LSH.
- iv) Where any fees are to be charged on a quantum meruit basis such fees shall be calculated by reference to LSH's hourly charges from time to time, details of which are available from LSH on request.
- v) Notwithstanding the provisions of clauses i) and ii) above LSH shall be entitled to terminate an instruction from a client without notice if required to do so for statutory or regulatory reasons.

12 REGULATION AND COMPLAINTS

- i) LSH is regulated by RICS for the provision of surveying services. This means we agree to uphold the RICS Rules of Conduct for Firms and all other applicable mandatory professional practice requirements of RICS, which can be found at www.rics.org. As an RICS regulated firm we have committed to cooperating with RICS in ensuring compliance with its standards. The firm's nominated RICS Responsible Principal is Ezra Nahome, Chief Executive Officer, United Kingdom House, 180 Oxford Street, London, W1D 1NN or email CEO@lsh.co.uk
- ii) LSH aims to carry out any instructions received from the Client in an efficient and professional manner. LSH, therefore, hopes that the Client will not find cause for complaint but recognises that in an isolated circumstance there may be complaints. These should be addressed initially to the Head of the LSH office dealing with the instruction.
- iii) LSH adopts the complaints handling procedures that are required by the RICS, a copy of our Complaints Handling Procedure may be obtained from our National Head of Standards and Practice, United Kingdom House, 180 Oxford Street, London, W1D 1NN or email NHSP@lsh.co.uk.

13 ASSIGNMENT

- i) LSH may assign the Agreement without the consent of the Client.
- ii) The Agreement is not assignable by the Client without the prior written consent of LSH.

14 DATA PROTECTION

- i) We collect and process your personal information. All information will be processed in accordance with the applicable data protection laws in the United Kingdom including the laws and regulations of the European Union such as the General Data Protection Regulation (GDPR), the European Economic Area and their member states, applicable to the processing of Personal Data and the interception of communications in place from time to time (**Data Protection Laws**).
- ii) Full details of how we process your information can be found on our website <http://www.lsh.co.uk/privacy-policy>. Printed copies of our privacy notice are available on request.
- iii) You may change your communication preferences or withdraw from any further communications from us by contacting us at privacy@lsh.co.uk

- iv) Where we receive personal data from any prospective purchaser or tenant of the Property, we shall only use that data for the purposes of your instructions and shall comply with Data Protection Laws.

15 MONEY LAUNDERING REGULATIONS

i) Client identification

As with other professional service firms, LSH is under stringent requirements to identify its clients for the purposes of the anti-money laundering legislation. LSH is likely to request from you, and retain, some information and documentation for these purposes and/or to make searches of appropriate databases. If satisfactory evidence of your identity is not provided within a reasonable time, there may be circumstances in which LSH is not able to proceed with the required services.

ii) Money laundering reporting

- (a) Much of LSH's work falls into the regulated sector under the Proceeds of Crime Act and Sanctions and Anti-Money Laundering Act 2018 and, as such, we are required to report all knowledge or suspicion (or reasonable grounds for knowledge or suspicion) that a criminal offence giving rise to any direct or indirect benefit from criminal conduct has been committed. Failure to report such knowledge or suspicion would be a criminal offence. This duty to report exists regardless of whether the suspected offence has been, or is about to be, committed by a client or by a third party.
- (b) If as part of our normal work LSH obtain knowledge or suspicion (or reasonable grounds for knowledge or suspicion) that such offences have been committed we are required to make a report to the National Crime Agency or OFSI. It is not our practice to discuss the existence or otherwise of any reports with you or with anyone else, because of the restrictions imposed on us by the tipping off provisions of the anti-money laundering legislation.
- (c) LSH shall not be liable for any liabilities of the Client or third parties arising out of its regulatory obligations to report.

16 BRIBERY ACT 2010

We undertake that we will not engage in any activity, practice or conduct which would constitute an offence under the Bribery Act 2010, and that we have, and will maintain in place, adequate procedures designed to prevent any Associated Person (as defined in the Bribery Act 2010) from undertaking any conduct that would give rise to an offence under the Bribery Act 2010.

17 GOVERNING LAW AND JURISDICTION

The Terms, and the Agreement of which they form part, shall be governed by and construed in all respects in accordance with English Law and the parties irrevocably and unconditionally submit to the exclusive jurisdiction of the English Courts in relation to any dispute or proceedings arising out of, or in connection with, the Terms or any such Agreement but without prejudice to LSH's right to take proceedings in any other jurisdiction in order to enforce payment of any sums owed to LSH.

06 April 2020

APPENDIX 2: TRADE DATA

Heritage Hotel Plan

Building value £500K
Lloyds Mortgage £213K

Bills

Mortgage 2300 per month
Xero £36.66 per month
Building insurance £160 per month
Npower £345 per month
BT £62 per month
Davies Waste £40
Miscellaneous £100
Armada £415

£3458.66

Total 3458.66 per month

Income

23400 per month 280800K per year

Profit

19941.34 per month 239296 per year

APPENDIX 3: ECONOMIC AND MACRO PROPERTY MARKET COMMENTARY

UK MARKET MACRO

SUMMER 2020

LSH RESEARCH

UK ECONOMY & PROPERTY MARKET

Key economic indicators:

	Latest data	Pantheon Macroeconomics forecasts ¹	
		2020	2021
GDP growth	-2.0% (Q1 20)	-9.5%	8.0%
CPI inflation	0.5% (May 20)	0.6%	1.3%
Unemployment rate	3.9% (Feb-Apr)	6.7%	6.8%

¹Date of forecasts: 25th June 2020

COVID-19 in retreat, but risks remain

The COVID-19 outbreak appears to be in retreat. At its peak in April, more than 4,000 daily cases were being reported in the UK, but this has dropped to below 200 daily cases in late June. Nevertheless, there are risks that local flare-ups or even a full-blown second wave could occur as lockdown restrictions are eased. Indeed, the threat of a new wave of COVID-19 has been highlighted by a recent surge in US cases. The most significant risk, however, may be a second wave during the usual flu season between November and February, with the virus appearing to spread more easily in cold temperatures.

GDP implodes in April

Efforts to contain COVID-19 have wreaked havoc on the UK economy. GDP fell by 2.0% in Q1, but this period only included the very start of the lockdown. On a monthly basis, GDP decreased by a staggering 20.4% in April, the largest fall on record. Nearly every part of the economy contracted in April, with the hardest-hit areas being the air transport, car production, travel services, food & drink and accommodation sectors, all of which saw output fall by more than 80%, month-on-month.

Economy stabilising after historic drop

Purchasing Managers' Index (PMI) data indicates that April was the nadir of the economic downturn. The composite PMI plunged to an all-time low of 13.8 in April, before rising to 30.0 in May and 47.6 in June. The PMI reading for June suggests that the economy is now close to stabilising but, nonetheless, GDP is likely to have fallen by close to 20% across Q2 as a whole, which would make it comfortably the worst quarter on record.

Recovery in Q3, but challenges still ahead

A range of leading economic indicators, including the PMI data, suggest that the economy is set to return to growth in Q3. However, the initial recovery may be flattered by firms working through backlogs of orders accumulated during the lockdown, and it could slow thereafter. Measures aimed at containing COVID-19 will have a continued impact on many sectors of the economy, while the winding down of government support programmes could lead to job losses and businesses failures in H2. The economy is thus unlikely to have fully recovered by the year-end; Pantheon Macroeconomics forecast that GDP will still be around 5% lower in December compared with the pre-COVID peak in January.

Delayed impact in job market

The headline unemployment rate was unchanged at 3.9% in the three months to April, but the impact of the COVID-19 lockdown is clear in other, timelier labour market indicators. The number of employees on UK payrolls fell by 600,000 between March and May, while the claimant count increased by 126% to reach 2.8 million. In addition, 8.7 million workers have been furloughed under the government's Coronavirus Job Retention Scheme, and there could be significant job losses as this is gradually wound down in H2. The scheme is set to close at the end of October, with employers required to make contributions to wages from August.

Retail sales begin to rebound	Retail sales volumes rebounded by 12.0% in May, after falling by a record 18.1% in April. Nonetheless, sales were still 13.1% below February's pre-lockdown level. Highlighting the profound impact that the lockdown has had on retail activity, the online share of retail sales soared to a record 33.4% in May. The reopening of stores should help the continued recovery of retail sales over the coming months, although they may not reach pre-crisis volumes. There is evidence that households are saving increased shares of their incomes due to COVID-related uncertainty, while consumer spending could also be impacted by rising unemployment. The government is reportedly considering a temporary VAT cut to help kick-start spending in the second half of 2020.
Deflationary pressures grow	CPI inflation has dropped sharply from 1.8% in January to 0.5% in May. Higher food and drink prices provided the only significant upward pressure on inflation in May, and their impact was outweighed by falling fuel prices and price cuts made by lockdown-affected retailers attempting to shift excess stock. Inflation has the potential to remain very low over the rest of the year, with re-opening service sector firms needing to keep prices down in order to lure back customers. If it happens, the government's mooted VAT cut would also add to deflationary pressures.
Quantitative easing extended	With inflation dropping well below its 2% target, pressure has continued to mount on the Bank of England to take action to stimulate the economy. The Bank has already cut the base rate to a record low of 0.1%, and a £100bn extension to its quantitative easing (QE) programme was announced in June. The Bank's governor Andrew Bailey has said that extreme measures such as negative interest rates cannot be ruled out, although, as yet, these are not actively under discussion.
Brexit takes a backseat	While Brexit has been largely pushed out of the headlines by the COVID-19 crisis, it is likely to rise back up the agenda by the year-end. In June, the UK formally rejected the option to extend the Brexit transition period beyond the end of December, leaving six months for a trade deal to be struck with the EU. If a deal is not agreed by the year-end, the UK would have to trade with the EU on WTO (World Trade Organization) terms from the start of 2021.
Investment to recover from Q2 low	The COVID-19 crisis brought an abrupt end to a short period of investment market optimism that followed the December general election. Although the UK investment volume was a respectable £12.9bn in Q1, 14% up on the same quarter in 2019, activity began to slow significantly in March. This trend has continued in Q2, with provisional figures from Property Data suggesting that volume will be circa £3bn, which would be comfortably the worst quarterly total on record. As with the wider economy, Q2 should prove to be the low point, with activity starting to recover in subsequent quarters as investors look to complete deals that were put on hold during lockdown.
COVID-19 impacts property returns	According to MSCI, the All Property total return has fallen by 3.9% since February. There was a sharp fall in the return in March (-2.0%), but the rate of decline eased in April (-1.3%) and May (-0.7%). The already embattled retail sector has been hardest hit by the COVID-19 lockdown, especially the shopping centre segment which has seen total returns fall by 18.5% over the last twelve months.



LOAN AGREEMENT

LOAN AGREEMENT

This agreement is made on the day of 2020.

BETWEEN:-

1. **STEPHEN JOHN HOWELLS** of Brynna Mill, Brynna, Pontyclun Mid Glamorgan CF72 9QP and **STEVEN DICKS** of Oakland House Tondy, Bridgend, Mid Glamorgan, CF32 0EH as Trustees of the **MILLSTONE EXECUTIVE PENSION** of Brynna Mill, Brynna, Pontyclun, CF72 9QP (1) and **JONATHAN THIRKETTLE & ANDREA THIRKETTLE** as Trustees of the **AJ3 CONSULT EXECUTIVE PENSION SCHEME** of 47 The Sanctuary, Culverhouse Cross, Cardiff, CF5 4RW (2) and **LOUISE JANE O'TOOLE** as Trustee of the **SURVEYING AND DESIGN EXECUTIVE PENSION SCHEME** of 37 Lionel Road, Canton, Cardiff, CF5 1HN (3) ("**the Client**")

and

2. **HERITAGE HOTEL PORTHCAWL LIMITED** (Company number 11656697) whose registered office is at Kemp House, 160 City Road, London, EC1V 2NX. ("**the Borrower**")

WHEREBY IT IS AGREED as follows:-

DEFINITIONS

"**Effective Date**" means the 2020, being the date monies (or equivalent consideration) provided under the Loan are first transferred to the Borrower.

"**Loan**" means the total sum of £165,000 (One Hundred and Sixty-Five Thousand Pounds)

"**Loan Contributions**" means the sum of £70,000 from **STEPHEN JOHN HOWELLS** of Brynna Mill, Brynna, Pontyclun, CF72 9QP and **STEVEN DICKS** of Oakland House, Tondy, Bridgend, CF32 0EH as Trustees of the **MILLSTONE EXECUTIVE PENSION** whose registered address is at Brynna Mill, Brynna, Pontyclun, CF72 9QP (1) £70,000 from **JONATHAN THIRKETTLE & ANDREA THIRKETTLE** as Trustees of the **AJ3 CONSULT EXECUTIVE PENSION SCHEME** of 47 The Sanctuary, Culverhouse Cross, Cardiff, CF5 4RW (2) £25,000 from **LOUISE JANE O'TOOLE** as Trustee of the **SURVEYING AND DESIGN EXECUTIVE PENSION SCHEME** of 37 Lionel Road, Canton, Cardiff, CF5 1HN (3)

"**Loan Purpose**" means the general business purposes of the Borrower.

"**Interest**" means interest on the Loan at a rate of 7% per annum to be calculated on a Simple basis and rolled up until the Capital Repayment Date.

"**Term**" means a period of 12 months commencing on the Effective Date of this Agreement and expiring at 6:00 p.m. on 2021.

"Capital Repayment" means payment of the full Loan principal upon expiry of the Term.

"Capital Repayment Date" means the day on which the Term expires.

"Business Day" means a day on which clearing banks are open for business in London (other than a Saturday or Sunday and other than Bank Holidays).

"Property" means Heritage Guest House, 24 St Mary Street, Porthcawl, CF36 3YA title number .

INTRODUCTION

- 1.1 The Client has at the request of the Borrower agreed to make the Loan to the Borrower for the Term in accordance with the Loan Conditions.
- 1.2 The Borrower has agreed to accept the Loan and to repay the Capital of the Loan and the Interest in accordance with the provisions of this Agreement.
- 1.3 The Borrower has agreed to provide security for the Loan by way of a Second Charge against the Property.
- 1.4 The Borrower understands that they will not have the benefit of the protection and remedies that would be available to them under the, Mortgage Credit Directive Order, The Financial Ombudsman, The Financial Services Compensation Scheme, or the Consumer Credit Act. This Agreement is a commercial arrangement between the Client and the Borrower. The Borrower has had the opportunity of taking independent legal advice regarding the consequences of the agreement not being regulated by any of the above.

OPERATIVE PROVISIONS

2. In consideration of the Client agreeing to make the Loan to the Borrower, the Borrower agrees as follows:
 - 2.1.1. The Loan will at all times be used for the Loan Purpose as agreed with the Client.
 - 2.1.2. To pay the Capital Repayment on the Capital Repayment Date.
 - 2.1.3. To pay the £973 Arrangement Fee on commencement of the Loan.
 - 2.1.4. To pay the Client's solicitors fees on commencement of the Loan.
 - 2.1.5. To pay the Interest on the Capital Repayment Date.

- 2.1.6. To pay a Redemption Administration Fee of £195 on calculation of each settlement statement of the Loan.
- 2.1.7. As a condition precedent to drawdown of any monies under the Loan, to provide the Client with confirmation of repayment capabilities and to procure that the Client has a fixed charge over the Property in such form as the Client may stipulate.
- 2.1.8. Notwithstanding the other provisions hereof and in any event to repay the Loan and any accrued Interest by not later than the last day of the Term provided that notwithstanding the foregoing the Client shall always have the right to demand repayment in full by the Borrower of the balance of the Loan for the time being and any accrued Interest upon the Client giving the Borrower twenty eight days' notice in writing of such demand.
- 2.1.9. Should the Borrower wish to extend the Term, to send a written request to the Client at least one month before the end of the Term. The Client may at their absolute discretion agree to extend the Term for a period of up to 12 months subject to payment of a fee of 3.00% of the original Loan balance and a £497 administration charge.
- 2.1.10. That so long as the Loan (or any part thereof) or any Interest remains outstanding, the Borrower will not, without prior written consent of the Client and upon fully satisfying the Client as to the precise nature of the transaction and supplying copies of the documentation in connection with the transaction whether in draft or not, invest, transfer, lease, exchange or otherwise dispose of his assets of a value over £10,000.00, and the Borrower agrees that if any such transaction is entered into in the ordinary course that it will supply details and copies of all documentation relating to the transaction within seven days of the Borrower concluding the same.
- 2.1.11. To pay all fees in relation to and incidental to this agreement including all legal, arrangement and completion fees as well as any fees incurred by the Client on a full indemnity basis.
- 2.1.12. To ensure that adequate provision will be made to repay the Capital Repayment and accrued Interest on the Capital Repayment Date.
- 2.1.13. To keep the Property insured with a reputable and responsible insurer and to ensure that such insurance is for the full reinstatement cost of the Property.
- 2.1.14. Not save with the written consent of the Client, which shall not be unreasonably withheld, sell or otherwise dispose of the whole or part

of the Property. Provided that such consent shall be given to the Borrower on the basis that the Loan and any accrued Interest is transferred to another property owned by the Borrower or purchased by them during the Term.

- 2.1.15. To provide the Client with a second fixed charge over the Property in such form as the Client may stipulate.

REPRESENTATIONS AND WARRANTIES

The Borrower represents and warrants to the Client the following:-

- 3.1 The Borrower has not defaulted on any mortgage, loan, trust deed, agreement or arrangement and has not breached any law or regulation.
- 3.2 The Borrower is not involved in any legal dispute, litigation, arbitration or any other legal matter, either currently taking place or threatened in the future, which may have an adverse effect on his ability to repay the Loan and the Interest and comply with the terms of this Agreement.

TERMINATION

- 4.1 If the Borrower shall be in breach of any of the provisions of this Agreement the Client may require repayment of the Loan and accrued Interest forthwith and enforce its security over the Property forthwith. No failure to exercise, nor any delay on the part of the Client in exercising any rights or powers or privileges hereunder shall operate as a waiver thereof nor shall any single nor partial exercise of any such rights or powers or privileges preclude any other or further exercise thereof or the exercise of any other rights or powers or privileges.
- 4.2 Notwithstanding anything hereinbefore contained the Loan, or the balance of the Loan for the time being outstanding, and accrued Interest and the monies due thereon shall become immediately repayable if:
- 4.2.1 the Borrower makes default in the payment of any Capital Repayment or Interest or any other monies due hereunder,
 - 4.2.2 an order is made or an effective resolution is passed for winding up the Borrower,
 - 4.2.3 the Borrower ceases or threatens to cease to carry on its business or substantially the whole of its business,
 - 4.2.4 an encumbrancer takes possession of, or a Receiver is appointed over, any part of the assets of the Borrower including the Property,

- 4.2.5 any distress, execution, sequestration or other process is levied or enforced upon or issued against the property of the Borrower and not discharged within 28 days,
- 4.2.6 the Borrower is unable to pay its debts within the meaning of Section 123 of the Insolvency Act 1986 (as re-enacted or amended),
- 4.2.7 the Borrower commits any breach of this Agreement.

NOTICES

- 5.1 Any notice given by either party shall be served on the other party by personal delivery, pre-paid recorded delivery, first class post, facsimile transmission to the receiving parties address as set out in this Agreement or such subsequent addresses as may be notified by the parties to each other
- 5.2 Any such notice will be deemed to be effectively served as follows:-
 - 5.2.1 In the case of service by pre-paid recorded delivery or first class post two weekdays after posting. (For a first class posted item evidence that the item was correctly addressed, stamped and placed in the post will be sufficient evidence that it was indeed posted.
 - 5.2.2 In the case of service by facsimile transmission the next working day.
 - 5.2.3 In the case of personal delivery on the next working day.

GENERAL PROVISIONS

- 6.1 During the continuance of this Agreement the Borrower may, with the consent of the Client (such consent not being unreasonably withheld or delayed), create or suffer to exist a further mortgage or charge on the whole or any part of the Property, ranking behind the security granted to the Client in respect of the Loan, as security for the repayment of monies borrowed and the payment of interest, commission, costs, charges and expenses due in respect thereof.
- 6.2 All payments by the Borrower to the Client shall be made free and clear of and without deduction of any alleged or actual set-off or counterclaim and without any deduction of any taxes, levies, imposts, duties, charges, fees, deductions or withholding of any nature now or hereafter imposed by any governmental authority in any jurisdiction or political subdivision or taxing authority thereof or therein unless the Borrower is compelled by law to deduct or withhold any such taxes levies imposts duties charges or fees.

- 6.3 The Borrower shall have the right at any time on giving 14 days' notice in writing to the Client to repay the Loan in full together with all accrued interest.
- 6.4 The Borrower undertakes with the Client to notify the Client forthwith in writing of any matter which constitutes (or which, with the passage of time, would constitute) a default under this Agreement (or otherwise entitle the Client to demand repayment of the Loan).
- 6.5 Payments received by the Client from the Borrower under the terms of this Agreement will be paid to the Client on a pro rata basis in accordance with the Loan Contributions made.
- 6.6 Save for the purposes of compliance with statutory and legal obligations, the parties agree to keep the contents of this Agreement confidential and shall not disclose the contents thereof, without the prior written consent of the other party, such consent not to be unreasonably withheld or delayed.
- 6.7 A person who is not a party to this letter shall have no rights under the Contracts (Rights of Third Parties) Act 1999 to enforce any of its terms.
- 6.8 This Agreement shall be construed in accordance with the Laws of England and Wales and shall be subject to the exclusive jurisdiction of the English and Welsh Courts.
- 6.9 This Agreement contains the entire Agreement between the Parties hereto concerning the Confidential Information and supersedes any previous understandings commitments or agreements oral or written, provided that nothing in this clause shall be construed as limiting or excluding the parties' liability for fraud or fraudulent concealment.
- 6.10 In this Agreement wherever the context permits words importing the masculine gender shall include the feminine and neuter genders and words importing the singular shall include the plural and in both cases vice versa and any agreement on the part of two or more persons shall be deemed to be made by such persons jointly and severally and the terms used herein for the parties hereto shall mean and include their respective successors in title.

7. LIMITATION OF LIABILITY

The liability of MILLSTONE EXECUTIVE PENSION (1) and AJ3 CONSULT EXECUTIVE PENSION SCHEME (2) and SURVEYING AND DESIGN EXECUTIVE PENSION SCHEME (3) pursuant to this Agreement shall at all times be limited to the assets for the time being of the Scheme.

EXECUTED AS A DEED BY

DALE SMITH

As Director of

HERITAGE HOTEL PORTHCAWL LIMITED

1 Smith

In the presence of:-

Witness signature :

C.H.

Witness name :

CURTIS THOMAS HENRY

Address :

28 BRIDGE STREET, CF33 6DD

Occupation:

OFFICE MANAGER

EXECUTED AS A DEED BY

STEPHEN HOWELS


As Trustee of the

MILLSTONE EXECUTIVE PENSION

1. 

In the presence of:-

Witness signature :



Witness name :

Clair Puleio

Address :

66 Neath Road, Neasteg, CF34 9PH.

Occupation:

Office manager.

EXECUTED AS A DEED BY

STEVEN DICKS

As Trustee of the

MILLSTONE EXECUTIVE PENSION

1. 

In the presence of:-

Witness signature :



Witness name :

Clair Puleio

Address :

66 Neath Road, Neasteg, CF34 9PH.

Occupation:

Office manager.

EXECUTED AS A DEED BY

JONATHAN THIRKETTLE

As Trustee of the

AJ3 CONSULT EXECUTIVE PENSION SCHEME

J. Thirkettle

In the presence of:-

Witness signature :

J.L. Harrington

Witness name :

TRACEY LOUISE HARRINGTON

Address :

49 THE SANCTUARY, CARDIFF CFS 4RW

Occupation:

CIVIL SERVANT

EXECUTED AS A DEED BY

ANDREA THIRKETTLE

As Trustee of the

AJ3 CONSULT EXECUTIVE PENSION SCHEME

A. Thirkettle

In the presence of:-

Witness signature :

J.L. Harrington

Witness name :

TRACEY LOUISE HARRINGTON

Address :

49 THE SANCTUARY, CARDIFF CFS 4RW

Occupation:


CIVIL SERVANT

EXECUTED AS A DEED BY

LOUISE JANE O'TOOLE

As Trustee of the

SURVEYING AND DESIGN EXECUTIVE PENSION SCHEME

1 

In the presence of:-

Witness signature :



Witness name :

SINEAD GRIFFITHS

Address :

OAKDENE LIBANUS BRECON POWYSLD38EN

Occupation:

DEPUTY HEADTEACHER

LEGAL CHARGE

HM Land Registry

Legal charge of a registered estate

CH1

This form should be accompanied by either Form AP1 or Form FR1

Any parts of the form that are not typed should be completed in black ink and in block capitals.

If you need more room than is provided for in a panel, and your software allows, you can expand any panel in the form. Alternatively use continuation sheet CS and attach it to this form.

Conveyancer is a term used in this form. It is defined in rule 217A, Land Registration Rules 2003 and includes persons authorised under the Legal Services Act 2007 to provide reserved legal services relating to land registration and includes solicitors and licensed conveyancers.

For information on how HM Land Registry processes your personal information, see our [Personal Information Charter](#).

Leave blank if not yet registered.

Insert address including postcode (if any) or other description of the property, for example 'land adjoining 2 Acacia Avenue'.

Give full name(s).

Complete as appropriate where the borrower is a company.

Give full name(s).

Complete as appropriate where the lender is a company. Also, for an overseas company, unless an arrangement with HM Land Registry exists, lodge either a certificate in Form 7 in Schedule 3 to the Land Registration Rules 2003 or a certified copy of the constitution in English or Welsh, or other evidence permitted by rule 183 of the Land Registration Rules 2003.

1	Title number(s) of the property:
2	Property: Heritage Guest House, 24 St Mary Street, Porthcawl, CF36 3YA
3	Date:
4	Borrower: HERITAGE HOTEL PORTHCAWL LIMITED <u>For UK incorporated companies/LLPs</u> Registered number of company or limited liability partnership including any prefix: 11656697 <u>For overseas companies</u> (a) Territory of incorporation: (b) Registered number in the United Kingdom including any prefix:
5	Lender for entry in the register: STEPHEN JOHN HOWELLS & STEVEN DICKS as Trustees of the MILLSTONE EXECUTIVE PENSION (1) and JONATHAN THIRKETTLE & ANDREA THIRKETTLE as Trustees of the AJ3 CONSULT EXECUTIVE PENSION SCHEME (2) and LOUISE JANE O'TOOLE as Trustee of the SURVEYING AND DESIGN EXECUTIVE PENSION SCHEME <u>For UK incorporated companies/LLPs</u> Registered number of company or limited liability partnership including any prefix: <u>For overseas companies</u> (a) Territory of incorporation: (b) Registered number in the United Kingdom including any prefix:

Each proprietor may give up to three addresses for service, one of which must be a postal address whether or not in the UK (including the postcode, if any). The others can be any combination of a postal address, a UK DX box number or an electronic address.

Place 'X' in any box that applies.

Add any modifications.

Place 'X' in the appropriate box(es).

You must set out the wording of the restriction in full.

Standard forms of restriction are set out in Schedule 4 to the Land Registration Rules 2003.

Insert details of the sums to be paid (amount and dates) and so on.

6 Lender's intended address(es) for service for entry in the register:

STEPHEN JOHN HOWELLS of Brynna Mill, Brynna, Pontyclun Mid Glamorgan CF72 9QP and STEVEN DICKS of Oakland House Tondy, Bridgend, Mid Glamorgan, CF32 0EH as Trustees of the MILLSTONE EXECUTIVE PENSION of Brynna Mill, Brynna, Pontyclun, CF72 9QP (1) and JONATHAN THIRKETTLE & ANDREA THIRKETTLE as Trustees of the AJ3 CONSULT EXECUTIVE PENSION SCHEME of 47 The Sanctuary, Culverhouse Cross, Cardiff, CF5 4RW (2) and LOUISE JANE O'TOOLE as Trustee of the SURVEYING AND DESIGN EXECUTIVE PENSION SCHEME of 37 Lionel Road, Canton, Cardiff, CF5 1HN (3)

7 The borrower with

- ☒ full title guarantee
☐ limited title guarantee

charges the property by way of legal mortgage as security for the payment of the sums detailed in panel 9

8 ☐ The lender is under an obligation to make further advances and applies for the obligation to be entered in the register

☒ The borrower applies to enter the following standard form of restriction in the proprietorship register of the registered estate:

No disposition of the registered estate by the proprietor of the registered estate or by the proprietor of any registered charge, not being a charge registered before the entry of this restriction is to be registered without a written consent signed by either the proprietor for the time being of the charge dated 2020 in favour of STEPHEN JOHN HOWELLS & STEVEN DICKS as Trustees of the MILLSTONE EXECUTIVE PENSION (1) and JONATHAN THIRKETTLE & ANDREA THIRKETTLE as Trustees of the AJ3 CONSULT EXECUTIVE PENSION SCHEME (2) and LOUISE JANE O'TOOLE as Trustee of the SURVEYING AND DESIGN EXECUTIVE PENSION SCHEME as referred to in the Charges Register.

9 Additional provisions

9.1 DEFINITIONS:

9.1 In this Legal Charge the following definitions shall apply:-

"Event of Default" means any event or circumstances listed in clause 4 of the Agreement

"LPA1925" means the Law of Property Act 1925

"Principal Sum" means the sum referred to in **Definitions "Loan"** part of the Agreement as £165,000 (£70,000 from MILLSTONE EXECUTIVE PENSION (1) and £70,000 from AJ3 CONSULT EXECUTIVE PENSION SCHEME (2) and £25,000 from SURVEYING AND DESIGN EXECUTIVE PENSION SCHEME (3)

"Agreement" means the agreement of even date and made between the Lender (1) and the Borrower (2)

9.1.2 A person includes a natural person, corporate or unincorporated body (whether or not having separate legal personality).

9.1.3 Unless otherwise specified, a reference to a statute or statutory provision is a reference to it as amended, extended or re-enacted from time to time.

9.1.4 A reference to a statute or statutory provision shall include all subordinate legislation made from time to time under that statute or statutory provision.

9.1.5 Unless the context otherwise requires, references to paragraphs are to the paragraphs of this Legal Charge.

9.1.6 Paragraph headings shall not affect the interpretation of this Legal Charge.

9.2 ACKNOWLEDGEMENT OF DEBT

The Borrower acknowledges their liability to the Lender in the sum of the Principle Sum and interest owed to the Lender on or before the date of this Legal Charge.

9.3 REPAYMENT OF PRINCIPAL SUM

The Borrower shall repay the Principal Sum and interest to the Lender on demand pursuant to the terms of the Agreement.

9.4 BORROWER'S OBLIGATIONS

9.4.1 The Borrower covenants with the Lender that they will not do, or permit to be done, any act or thing that would or might depreciate, jeopardise or otherwise prejudice the security held by the Lender or materially diminish the value of the Property or the effectiveness of the security created by this charge.

9.4.2 The Borrower covenants with the Lender that they will keep all fixtures and fittings on the Property in good repair and condition and will keep the Property adequately and properly painted and decorated and replace any fixtures and fittings that have become worn out or otherwise unfit for use, with others of a like nature and equal value.

9.4.3 The Borrower covenants with the Lender that they:-

a) will not, without the prior written consent of the Lender:

- (i) pull down or remove the whole or any part of any building forming part of the Property nor permit the same to occur; or**
- (ii) make or permit to be made any material alterations to the Property or sever or remove or permit to be severed or removed any fixtures or fittings (except to make any necessary repairs or renew or replace the same in accordance with clause 9.4.2); and**

b) will promptly give notice to the Lender if the Property or fixtures or fittings forming part of the Property are destroyed or damaged; and

c) will insure and keep insured the Property for its full reinstatement value against fire and any other risks that would be insured against by prudent persons or that the Lender reasonably requires to be insured against from time to time; and

d) will, if requested by the Lender, produce to the Lender the policy, certificate or cover note relating to any such insurance required by this clause 9.4.3; and

e) will pay promptly all premiums in respect of any insurance policy on the Property and do all other things necessary to keep that policy in full force and effect; and

f) will (if requested by the Lender) produce to the Lender the receipts for all premiums and other payments necessary for arranging and renewing the insurance.

9.4.4 The Borrower covenants with the Lender that they will not do or omit to do or permit to be done or omitted anything that may invalidate or otherwise prejudice any insurance policies relating to the Property.

9.4.5 The Borrower covenants with the Lender that they will not, without the prior written consent of the Lender (which must not be unreasonably withheld or delayed):

- (b) grant, or agree to grant, any licence or tenancy affecting the whole or any part of the Property, or exercise the statutory powers of leasing (or agreeing to lease) or of accepting (or agreeing to accept) surrenders under sections 99 or 100 of the LPA 1925; or**
- (c) in any other way dispose of (or agree to dispose of), accept the surrender of (or agree to accept the surrender of), surrender (or agree to surrender) or create any legal or equitable estate or interest in the whole or**

any part of the Property.

9.4.6 The Borrower further covenants with the Lender that they will pay (or procure payment of) when due, all charges, rates, taxes, duties, assessments and other outgoings relating to or imposed on the Property or on its occupier.

9.5 ENFORCEMENT OF SECURITY

9.5.1 The power of sale and other powers conferred by section 101 of the LPA 1925 (as varied or extended by the Agreement) will, as between the Lender and a buyer from the Lender, arise on and be exercisable at any time after the execution of the Agreement, but the Lender will not exercise the power of sale or other powers until an Event of Default occurs, at which time they will become immediately exercisable.

9.5.2 Section 103 of the LPA 1925 (restricting the power of sale) does not apply to the security created by the Agreement.

9.5.3 The Borrower will pay to, or reimburse, the Lender on demand, on a full indemnity basis, all costs and liabilities incurred by the Lender, in relation to:

- (d) the Agreement or the Property; and
- (e) suing for, or recovering, all amounts secured by the Agreement.

9.5.4 Once all amounts secured by the Agreement have been unconditionally and irrevocably paid and discharged in full (but not otherwise), the Lender will, at the request and cost of the Borrower, take whatever action is necessary to release the Property from the security created by the Agreement.

9.6 COUNTERPARTS

This Legal Charge may be executed in any number of counterparts, and by the parties on separate counterparts, each of which when so executed and delivered shall constitute an original but all counterparts shall together constitute one and the same instrument.

The borrower must execute this charge as a deed using the space opposite. If there is more than one borrower, all must execute. Forms of execution are given in Schedule 9 to the Land Registration Rules 2003. If a note of an obligation to make further advances has been applied for in panel 8 this document must be signed by the lender or its conveyancer.

10 Execution

Executed as a deed by Dale Smith
Dale Smith
As Director of
HERITAGE HOTEL PORTHCAWL LIMITED

in the presence of:

Witness Signature: Curtis Thomas Henry

Name: CURTIS THOMAS HENRY

Address: 28 BRIDGE STREET, CF33 6DD

Occupation: OFFICE MANAGER

WARNING

If you dishonestly enter information or make a statement that you know is, or might be, untrue or misleading, and intend by doing so to make a gain for yourself or another person, or to cause loss or the risk of loss to another person, you may commit the offence of fraud under section 1 of the Fraud Act 2006, the maximum penalty for which is 10 years' imprisonment or an unlimited fine, or both.

Failure to complete this form with proper care may result in a loss of protection under the Land Registration Act 2002 if, as a result, a mistake is made in the register.

Under section 66 of the Land Registration Act 2002 most documents (including this form) kept by the registrar relating to an application to the registrar or referred to in the register are open to public inspection and copying. If you believe a document contains prejudicial information, you may apply for that part of the document to be made exempt using Form EX1, under rule 136 of the Land Registration Rules 2003.

SIGNED SOLICITOR TERMS

SPENCER SKUSE & POTTER

Terms and Conditions of Business

OUR AIM

We aim to offer our clients quality legal advice with a personal service at a fair cost. As a start, we hope it is helpful to you to set out in this statement the basis on which we will provide our professional services.

OUR COMMITMENT TO YOU

We will:

REPRESENT your interests and keep your business confidential.

EXPLAIN to you the legal work that may be required and the prospects of a successful outcome.

MAKE SURE that you understand the likely degree of financial risk that you will be taking on.

ADVISE YOU on tax matters, but only if specifically requested to do so.

KEEP YOU regularly informed of progress or, if there is none, when you are next likely to hear from us.

TRY to avoid using technical legal language when writing to you - tell us when we fail in this aim!

DEAL with your queries promptly, for example, we will always try to return your telephone calls on the same day.

OUR HOURS OF BUSINESS

The normal hours of opening at our offices are between 9.00am and 5.00pm on weekdays. Appointments may be arranged at other times when this is essential.

PEOPLE RESPONSIBLE FOR YOUR WORK

The Partner responsible for dealing with your work will be John Potter. The Secretary who may be able to deal with your queries and who will be pleased to take any message for you is Linda Hancock. We will try to avoid changing the people who handle your work but if this cannot be avoided, we will tell you promptly of any change and why it may be necessary.

The partner of this firm with final responsibility for work done in this department is Graeme Skuse.

CHARGES AND EXPENSES

Our charges will be calculated mainly by reference to the time actually spent by the Solicitors and other staff in respect of any work that they do on your behalf. This will include meetings with you and perhaps others, reading and working on papers, correspondence, preparation of any detailed costs calculations, and time spent travelling away from the office when this is necessary.

Routine letters are charged as 6-minute units of time and we charge for the time spent on making and taking telephone calls in 6-minute units and considering incoming letters at units of 3 minutes per page. However, calls made to mobile telephones will be charged at 50p per minute plus V.A.T.

FIXED FEE ESTIMATE given of £ plus VAT and disbursements.

The hourly rates have to be reviewed periodically to reflect increases in overhead costs and inflation. Normally the rates are reviewed with effect from 1 September each year. If a review is carried out before this matter has been concluded, we will inform you of any variation in the rate before it takes effect.

In addition to the hourly rate charged, we will also charge for any telegraphic transfers sent or received via our bank. Our current charges for this are £25.00 plus VAT for each telegraphic transfer sent and £5.00 plus VAT for each telegraphic transfer received.

In addition to the time spent, we may take into account a number of factors including any need to carry out work outside our normal office hours, the complexity of the issues, the speed at which action has to be taken, any particular specialist expertise when the case may demand. In particular, in property transactions, in the administration of estates and in matters involving a substantial financial value or benefit to a client, a charge reflecting, for example, the price of the property, the size of the estate, or the value of the financial benefit may be considered. It is not always possible to indicate how these aspects may arise but on present information, we would expect them to be sufficiently taken into account in the rates that we have quoted. Where a charge reflecting any value element is to be added we will explain this to you.

Solicitors have to pay out various other expenses on behalf of clients ranging from Land or Probate Registry fees, court fees, experts' fees, and so on. We have no obligation to make such payments unless you have provided us with the funds for that purpose. VAT is payable on certain expenses. We refer to such payments generally as "disbursements". We will require a payment in advance from you in respect of any search fees payable on your transactions.

If, for any reason, this matter does not proceed to completion, we will be entitled to charge you for work done and expenses incurred.

PAYMENT ARRANGEMENTS

Property transactions. We will normally send you our bill following the exchange of contracts and payment is required on a purchase prior to completion; and at completion, on a sale. If sufficient funds are available on completion, and we have sent you a bill, we will deduct our charges and expenses from the funds.

Administration of estates. We will normally submit an interim bill at regular stages during the administration, starting with the obtaining of a Grant. The final account will be prepared when the Estate Accounts are ready for approval.

Other cases or transactions. It is normal practice to ask clients to pay sums of money from time to time on account of the charges and expenses that are expected in the following weeks or months. We find that this helps clients in budgeting for costs as well as keeping them informed of the legal expenses that are being incurred. If such requests are not met with prompt payment, delay in the progress of a case results. In the unlikely

event of any bill or request for payment not being met, this firm must reserve the right to stop acting for you further.

Payment is due to us within 14 days of our sending you a bill. Interest will be charged on a daily basis at 4% over NatWest Bank's base rate from time to time from the date of the bill in cases where payment is not made within 14 days of delivery by us of the bill.

OTHER PARTIES' CHARGES AND EXPENSES

In some cases and transactions, a client may be entitled to payment of costs by some other person. It is important that you understand that in such circumstances, the other person may not be required to pay all the charges and expenses that you incur with us. You have to pay our charges and expenses in the first place and any amounts that can be recovered will be a contribution towards them. If the other party is in receipt of legal aid, no costs are likely to be recovered.

The other person will not be liable to pay the VAT element of your costs if you are able to recover the VAT yourself.

If you are successful and a court orders another party to pay some or all of your charges and expenses, interest can be claimed on them from the other party from the date of the court order. We will account to you for such interest to the extent that you have paid our charges or expenses on account, but we are entitled to the rest of that interest.

You will also be responsible for paying our charges and expenses of seeking to recover any costs that the court orders the other party to pay to you.

A client who is unsuccessful in a court case may be ordered to pay the other party's legal charges and expenses. That money would be payable in addition to our charges and expenses. Arrangements can be made to take out insurance to cover liability for such legal expenses. Please discuss this with us if you are interested in this possibility.

CHARGES FOR TELEGRAPHIC TRANSFERS AND CHAPS PAYMENTS AND PAYMENTS IN CASH

A charge of £25.00 plus VAT is made for transferring funds through the banking system and £5.00 plus VAT for funds transferred directly into our accounts. This disbursement will be in addition to the legal costs quoted or estimated. We will charge you the banking charge that we incur in the event of cheques credited to your account with us being dishonoured.

We prefer that clients do not pay money to us in cash in excess of £500.00. In cases where a client wishes to pay money to us in cash, we need at least two working days prior notice in cases where the cash sum exceeds this amount.

INTEREST PAYMENT

Under the Solicitors Accounts (Deposit Interest) Rules, solicitors are liable to pay their clients interest on moneys held by the Solicitor on their behalf in the circumstances set out in the Rules. We normally hold our client's moneys in a general client account with NatWest Bank and we account to clients for interest at the rate paid from time to time on a deposit account by NatWest Bank. If we hold moneys upon which interest is liable to be paid, we make a minimum charge of £30.00 plus Vat for calculating the interest and maintaining necessary records in respect of the interest as required by the Inland Revenue and the Solicitors

Accounts (Deposit Interest) Rules. In calculating interest due to you in respect of moneys held in an "undesignated" account we shall work on the basis that 7 days notice of withdrawal shall be allowed and that funds received will take 5 working days to clear, unless received in cash or by direct bank transfer to our client account.

If however clients instruct us in writing, moneys liable to earn interest can be held in a separate "designated" account. If you require us to open a separate designated deposit account, this will be subject to the same minimum charge of £30.00 plus VAT.

Where a Client obtains borrowing from a lender in a property transaction, we will ask the lender to arrange that the loan cheque is received by us a minimum of 4 working days prior to the completion date. If the money can be telegraphed, we will request that we receive it the day before completion. This will enable us to ensure that the necessary funds are available in time for completion. Such clients need to be aware that the lender may charge interest from the date of issue of their loan cheque or the telegraphing of the payment.

STORAGE OF PAPERS AND DOCUMENTS

After completion of the work, we are entitled to keep all papers and documents while there is money owing to us for our charges and expenses. In addition, we will keep your file of papers for you in storage for not less than 1 year. After that, storage is on the clear understanding that we have the right to destroy it after such period as we consider reasonable or to make a charge for storage if we ask you to collect your papers and you fail to do so. We will not of course destroy any documents such as Wills, Deeds, and other securities, which you ask us to hold in safe custody. NO charge will be made to you for such storage unless prior notice in writing is given to you of a charge to be made from a future date that may be specified in that notice.

If we retrieve papers or documents from storage in relation to continuing or new instructions to act in connection with your affairs, we will not normally charge for such retrieval. However, we may make a charge based on time spent for producing stored papers or documents to you or another at your request. We may also charge for reading, correspondence or other work necessary to comply with your instructions.

CHANGES IN THE LAW AND CRITICAL DATES

Once your case is finished we cannot accept on-going responsibility for reminding you of changes in the Law which might affect you (even where we continue to store deeds, wills or other documents on your behalf) or of future critical dates. For example, we cannot accept on-going responsibility to remind you of such matters as rent review dates, lease renewals, the exercise of options, the service of notices and counter-notices within time limits and the like.

SECURITY AND MONEY LAUNDERING

(i) Clarification of Client Identity

We are by law required to satisfy ourselves as to the identity of our new clients. This is also frequently a requirement of banks and building societies in their instructions to us regarding mortgage advances or similar matters. Accordingly, it will be necessary for you to produce acceptable evidence of identity and also of your address.

The following are types of documents that can act as evidence of identity:

- (a) full current signed passport;
- (b) EEA member state identity card;
- (c) Residence permit issued by the Home Office to EEA Nationals on sight of their own country passport;
- (d) Current UK or EEA photo-card driving licence;
- (e) Current full UK driving licence;
- (f) Benefit book or original notification letter from the Benefits Agency confirming the right to benefits;
- (g) Firearms or shotgun certificate;
- (h) National identity card containing your photograph.

Please note that this is not an exhaustive list of documents that can act as evidence of identity. In the context of transactions involving a mortgage, different lenders have different requirements and you should therefore check with us as to what evidence will be required for that individual lender.

For non-quoted private companies and other organisations, we require the evidence set out above for two of the Directors/Company Secretary/Partners or other persons authorised to act on behalf of the organisation.

Information held by this firm is subject to the provision of the Data Protection legislation but please note that, as with most other users, we utilise a non-encrypted email system.

(ii) Clarification of Client Address

The following is a list of examples of suitable documentary evidence of address for UK resident private individuals:

- (a) recent utility bill or statement;
- (b) local Council Tax bill for the current year;
- (c) current full UK driving licence;
- (d) bank, building society or credit union statement or passbook containing the current address;
- (e) recent original mortgage statement from a recognised lender;
- (f) a solicitor's letter confirming recent house purchase or Land Registry confirmation of address;
- (g) local council or housing association rent card or tenancy agreement;
- (h) benefit book or original notification letter from the Benefits Agency confirming the right to benefits;
- (i) Inland Revenue self-assessment statement or tax demand;
- (j) house or motor insurance certificate.

Please note that this is not an exhaustive list of documents that can act as evidence of address.

(iii) Persons Not Resident in the UK

There are additional considerations that may apply in respect of individuals who are not resident in the UK, students and minors and those acting in a representative capacity.

(iv) Corporate Clients

For non-quoted private companies and other organisations, we require the evidence of identity and address for two of the directors/company secretary/partners or other persons authorised to act on behalf of the organisation. We also require

a copy of the Certificate of Incorporation, a list of directors, a list of shareholders and the registered address. In respect of a partnership, we will require evidence of the identity and address of the partner instructing us.

(v) The Proceeds of Crime Act 2002 and the Money Laundering Regulations 2003

As has been explained in a Notice given to you, this new law has the effect of overriding the solicitor's duty of confidentiality in circumstances where the solicitor knows or suspects that he or she is involved in any activity, including dealing, transferring or holding money including the proceeds from any criminal activity. If we, as solicitors, know, suspect or have reasonable grounds to know or suspect that we are assisting or being involved in the laundering of the proceeds of any criminal conduct, then we are obliged under the law to make an "authorised disclosure" of information to the National Criminal Intelligence Service ("NCIS"). The disclosure is "authorised" by the Proceeds of Crime Act and the Money Laundering Regulations. It is a potentially imprisonable offence for us to fail to make such disclosure. It is also a criminal offence for us, as solicitors, to "tip off" our client or clients that we have made such a disclosure.

(vi) Our liability to you in the event of us having to make a disclosure to the NCIS

In the event that we make an authorised disclosure to the NCIS, it is possible that delay or other detriment may be caused to your transaction by that disclosure. You must accept that the delay or detriment has been caused by our complying with our duty under the law and that compliance with that duty does not constitute negligence or breach of contract on our part. You must accept that no liability will attach to this firm in respect of such delay or detriment caused directly or indirectly by the authorised disclosure whether or not any action by the NCIS or other authorities resulted from that disclosure.

(vii) Policies relation to Money Laundering

In order to reduce the possible incidence of making disclosures to the NCIS, we, as a firm, will not accept payments in cash (whether to our office or directly into our bank account) of more than £500.00, nor will we accept payments of any kind from any unknown or unidentified third party. Furthermore, at the conclusion of a transaction, we will not be prepared to send funds to any unknown or unidentified third party.

LIMITATION ON OUR LIABILITY TO YOU

We are insured by our professional indemnity insurers in respect of incidents of professional negligence. Our liability to you in respect of such matters is limited to £2 million. In the event that you wish to extend our potential liability for your transaction, you will need to contact us in writing and negotiate specific written terms as to that extended liability.

You should be aware that this firm's liability to persons other than our clients is, in all circumstances, limited to the figure stated above.

TERMINATION

You may terminate your instructions to us in writing at any time but we will be entitled to keep all your papers and documents while there is money owing to us for our charges and expenses.

If at any stage, you do not wish us to continue doing work and/or incurring charges and expenses on your behalf, you must tell us this clearly in writing.

If we decide to stop acting for you, for example if you do not pay an interim bill or comply with the request for a payment on account, we will tell you the reason and give you notice in writing.

LIMITED COMPANIES

When accepting instructions to act on behalf of a limited company, we may require a Director and/or controlling shareholder to sign a form of personal guarantee in respect of the charges and expenses of this firm. If such a request is refused, we will be entitled to stop acting and to require immediate payment of our charges on an hourly basis and expenses as set out earlier.

TAX ADVICE

Any work that we do for you may involve tax implications or necessitate the consideration of tax planning strategies. We may not be qualified to advise you on the tax implications of a transaction that you instruct us to carry out, or the likelihood of them arising. If you have any concerns in this respect, please raise them with us immediately. If we can undertake the research necessary to resolve the issue, we will do so and advise you accordingly. If we cannot, we may be able to identify a source of assistance for you.

COMMUNICATION BETWEEN YOU AND US

Our aim is to offer all our clients an efficient and effective service at all times. We hope that you will be pleased with the work we do for you. However, should there be any aspect of our service with which you are unhappy, please raise your concern in the first place with John Potter. If you still have queries or concerns, please contact our Client Care Partner, Mr Graeme Skuse, to whom any final difficulty can be reported. If you have made a complaint, we will acknowledge receipt within seven days of receiving the said complaint. This acknowledgment will indicate what action will be done and the timescale within which the action may be expected to be done. We shall keep a separate record of your complaint and all further contact in relation to it through to its conclusion. If you are still dissatisfied with the response to your complaint, we shall provide you with contact details of the Legal Complaints Service.

We will aim to communicate with you by such a method as you may request. We may need to virus check discs or email. Unless you withdraw consent, we will communicate with others when appropriate by email or fax but we cannot be responsible for the security of correspondence and documents sent by email or fax.

The Data Protection Act requires us to advise you that your particulars are held on our database. We may, from time to time, use these details to send you information that we think might be of interest to you.

HOW YOU CAN HELP US

You can help us to do our best for you by telling us what we need to know and providing information and documents when we ask for them. Please tell us at the start what you expect of us so that we can agree with you what is possible to achieve. If you have personal time limits or targets that would not be obvious to us please let us know so that we can do our best to work towards

them. If you do not understand anything we have discussed or written to you about, please tell us as soon as possible.

TERMS AND CONDITIONS OF BUSINESS

Unless otherwise agreed, and subject to the application of the current hourly rates, these Terms and Conditions of Business shall apply to any future instructions given by you to this firm.

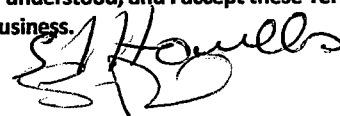
Although your continuing instructions in this matter will amount to an acceptance of these Terms and Conditions of Business, it may not be possible for us to start work on your behalf until one copy of them has been returned to us for us to keep on our file.

I have read and understood, and I accept these Terms and Conditions of Business.

Signed

Print name

Date



Stephen Hawcus

3/11/20

SIGNED SSAS RESOLUTION

SSAS INVESTMENT RESOLUTION

At a meeting of the trustees of the Millstone Executive Pension on 9th October 2020, it was resolved that:

1. The member trustees have received a request by **HERITAGE HOTEL PORTHCAWL LIMITED** (Company number 11656697) whose registered office is at Kemp House, 160 City Road, London, EC1V 2NX to loan a sum of £70,000 for business purposes, in order to take advantage of this opportunity the scheme trustees namely **STEPHEN JOHN HOWELLS** of Brynna Mill, Brynna, Pontyclun Mid Glamorgan CF72 9QP and **STEVEN DICKS** of Oakland House Tondy, Bridgend, Mid Glamorgan, CF32 0EH (The Members/Trustees) have agreed to make such a loan. Therefore in accordance with their powers under the scheme trust documentation, assets of the fund shall be used to provide a fixed term loan to the above individual.
2. Investment powers and duties in relation to this transaction are delegated under the trust documentation to the Member Trustees above and have agreed for the transaction to be carried out on behalf of the scheme.
3. All necessary documentation has been viewed by the Member Trustees before agreeing to the loan in addition to commissioning an independent solicitor as the loan will be secured by way of a second charge to give security to the scheme.
4. The Member Trustees have satisfied themselves that the above loan is an acceptable and commercial transaction and in keeping with the scheme legislation and have agreed the loan subject to valuation and all legal searches being satisfactory.
5. The members/trustees have appointed the following independent solicitor to carry out all necessary searches and conveyancing to completion. John Potter, Spencer Skuse & Potter Solicitors, 17 Lambourne Crescent, Llanishen, Cardiff, CF14 5GF.
6. In addition to any indemnities conferred on them by law or under the trust documentation, the scheme Administrators "The Practitioner Partnership LP, Retirement Capital" and all associated companies or delegates are not liable for any act or omission of the Member Trustees or their advisers or their delegates in relation to the exercise of the powers referred to in 1. Above.
7. The Member Trustees confirm that "The Practitioner Partnership LP, Retirement Capital" and any associated companies or delegates will not be liable for any unauthorised payment charge, unauthorised payment surcharge, scheme sanction

charge or other tax charge that may be levied by HMRC in connection with this loan should one ever arise.

8. The Member Trustees have agreed for the loan funds to be made up from monies held in the scheme AIB bank account, transferred to and held on account by the solicitors until successful completion of the new loan.
9. The Member Trustees agree for payment to be made and will provide the necessary transfer prior to exchange of contracts.
10. The loan will be for a term of 12 months at a rate of 7% per annum compound, payable in equal monthly instalments until full repayment of the loan.
11. Security will be provided by way of a second charge on the property Heritage Guest House, 24 St Mary Street, Porthcawl, CF36 3YA entitling the scheme to the sale proceeds in the event of default.
12. The Member Trustees hereby confirm and agree to the scheme investment as described in 1. over and paid in line with 10. above.

Signed (Trustee 1) 

Signed (Trustee 2) 

Name (printed) Stephen Howells

Name (printed) Steven Dicks

Date 12/10/2020

Date 12/10/2020

SIGNED PAYMENT AUTHORITY

Outward Payment Instruction (Faster Payments & CHAPs)



Allied Irish Bank (GB)

V.A.M.

Registered Scheme Administrator

1. Customer details

Customer Name

Millstone Executive Pension

Account Number

0 4 9 1 9 0 8 8

2. Payment details

Payment Type



Faster Payment (No Fee)



CHAPs (£25.00 Fee)



Account To Account Transfer

Amount (GBP)

7 0 0 0 0 0 0

Date To Process

0 2 11 20 20

Amount in Words

Seventy Thousand Pounds

3. Beneficiary Information

Beneficiary Name

Spencer Skuse & Potter Client Acc

Beneficiary Sort Code

3 0 6 7 6 4

Beneficiary Account Number

1 8 6 0 4 4 6 0

Payment Reference (if applicable)

Millstone

4. Customer Signature

Authorised Signature

Date: 09/11/2020

Authorised Signature

Date: 09/11/2020

FOR INTERNAL USE ONLY



Input By:

Signature:

Date:

D D M M Y Y Y Y

Authorised By:

Signature:

Date:

D D M M Y Y Y Y