

NATWEST BANK JOHN ST PROPOSAL

Valuation	£478,000
Use Of Funds	Property Development
New Loan Advance	£140,000 (split £70,000 Each)
Loan Term	12 Months
Loan rate	5.00% per annum Interest only Roll Up
Loan Basis	Secured with 2 nd Charge although clients already have the 1 st Charge against Natwest Bank, John Street, so essentially a 1 st charge & Personal Guarantees
Lender Legal Fees	£650 + Vat & Disbursements (met by borrower)

Purpose of Loan **Property Development**

Client Borrowing the Money; Mr Dale Christopher Smith of 6 Cwm Cadno, Margam, SA13 2TP as Director of Smith UW Ltd whose registered office is at 16 Bridge Street, Kenfig Hill, Bridgend, Wales, CF33 6DD.

Correspondence Address; 16 Bridge Street, Kenfig Hill, Bridgend, CF33 6DD

VALUATION

Our ref; V.3033.19.MP
Date; 21 October 2019

Pension Practitioner
C/o Stratford Collins Consultants
3 Frampton Lane
Llantwit Major
CF61 2UZ

Dear Sirs

FORMER NAT WEST BANK PREMISES
77 JOHN STREET PORTHCAWL CF36 3AT

We have received instructions from Mr Dale Smith.

The instructions are to re-visit and revise our valuation advice that was contained in our valuation report dated 25 February 2019 in light of additional information and proposed developments. This letter should be read in conjunction with our above mentioned valuation report and is supplementary to it.

The updated information is as follows;

Mr Smith has advised that draft heads of terms have been issued for the letting of the ground floor premises. The full draft is attached to this letter. The heads of terms may be summarised as follows:-

The Landlord will be responsible for providing the unit to a shell specification plus various listed improvement works.

Tenant:	a private individual
Rent Free Period:	Six months
Lease Term:	Ten years.
Break Option:	Tenant's option to break on 5th year subject to six months notice.
Rent Review:	After five years, upward only.
Rent:	£27,500 pa
Permitted Use:	A3
Repairing Obligations:	Tenant's effective full repairing and insuring obligations.
Insuring Obligations:	Landlord insures. Tenant pays premiums.
Service Charge:	Tenant pays proportion of the Landlords building services expenditure.

Drawings have been prepared for conversion of the first floor offices into two residential flats. A copy of the ground and first floor plans are attached to this report. From the floor plans we have determined that the accommodation of the first floor flat at the front of the building will comprise a combined lounge and kitchen, two bedrooms and a bathroom with WC. The accommodation of the first floor flat at the rear of the building will comprise a combined lounge and kitchen, one bedroom and a bathroom with WC.

Our valuation considerations assume as follows:-

Generally:-

The valuation considerations assume that planning consents for all proposed works and changes of use are obtained and that all proposed works are completed in a good and workmanlike manner and to a high specification particularly with regard to bathrooms and kitchens, joinery, decorations and finishes.

In respect of the ground floor premises:-

The lease is completed and executed.

Our revised valuation considerations are as follows:-

Ground floor premises

In absence of better information the proposed tenant is a private individual who proposes to open a coffee shop / restaurant. There is a tenant's break clause after five years.

Our valuation calculations are as follows:-

Term

6 months rent free

Rent reserved £27,500 pa

Initial yield YP 4.5 years @ 10% 3.48

say £95,000

Reversion following break

Rental £27,500 pa

Yield YP perp @ 12% 8.33

Deferred 5 years at 4.75% 0.8 £183,000

Market value £278,000

First floor premises

The market rent for residential units of this type is governed by the Local Housing Allowance (LHA). In Bridgend County Borough the LHA for a one bedroom self contained flat is £80.55 per week (say £4,190 pa) and for a two bedroom self contained flat is £103.56 per week (say £5,385 pa). We have spoken with local residential letting agents in Porthcawl and have been advised that there are numerous examples of similarly let properties in the Porthcawl and in this area of the 'Borough' one can expect an uplift from the LHA rate of between 10% and 15%. As residential properties are normally let on assured short hold tenancies an allowance is made for voids, management and other general costs.

Yields on incomes achieved on sales of multi let mixed commercial and residential property investments have ranged from 5% to 15%. The yield is affected by location, presentation and condition and other similar factors.

In the 2018 budget the UK Government ended ability of owners of residential investment properties to obtain tax relief on mortgage interest. This has had an adverse effect on yields of such properties.

On an investment basis our valuation calculations are as follows:-

Market rental one bedroom unit say £4,800 pa

Market rental two bedroom unit say £6,200 pa

Total market rental £11,000 pa

less 10%		say	£10,000 pa
Yield	YP perp @ 5%		20

Market value		£200,000
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On a direct comparable we have considered evidence of properties in Porthcawl that have sold within the last two years. We have seen one bedroom units in converted buildings with prices ranging from £37,000 to £96,500 and two bedroom units in converted buildings with prices ranging from £96,000 to £150,000. The final prices that could be achieved for the proposed residential units will come within these 'brackets' and so as a 'reality check', the investment basis considerations, above are not unreasonable.

Therefore,

Market value ground floor	£278,000
Market value first floor	£200,000

We are of the opinion that the market value of this property on completion of necessary works to a high standard and with the proposed lease in place could be improved to the region of £478,000 (four hundred and seventy eight thousand pounds).

We trust that this information is satisfactory for your purposes at this time but if we can be of further assistance please advise.

Yours faithfully,

Signature of Surveyor.....
 Martin Phillips BSc MRICS
 RICS No 0075152



REPORT AND VALUATION

Made in respect of
77 JOHN STREET
PORTHCAWL
BRIDGEND COUNTY BOROUGH
CF36 3AT

Prepared for

PENSION PRACTICIONER
CARE OF
STRATFORD COLLINS CONSULTANTS
3 FRAMPTON LANE
LLANTWIT MAJOR
CF61 2UZ

DLP Surveyors Ltd reference
V.3033.19.MP

Valuation Date
25 FEBRUARY 2019



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SECTION 1

1.1. Executive Summary

1.1.1. Brief Details of the Property

The property faces approximately north west and is located in Porthcawl town centre fronting John Street close to its junction with Lias Road. John Street is the principal retail location in Porthcawl. Porthcawl is a town on the south coast of Wales in the County Borough of Bridgend. It lies twenty five miles west of Cardiff.

The property is a two storey building with single storey rear additions. It was a Nat West Bank banking hall and premises. The building is constructed using traditional materials and methods.

1.1.2. Tenure

Freehold

1.1.3. Tenancies

There are currently no tenancies but we understand that a pre let has been agreed as follows;

Tenant;	a local health and fitness club proprietor
Rent agreed;	£36,000 pa
Term;	5 years
Rent review;	none
Other;	Tenant's standard FRI terms Landlord to carry out certain building works

1.1.4. Valuations

The valuation date is 25 February 2019.

We are of the opinion that the market value of this property when converted to two retail units plus ancillary with all works completed to a high standard could be improved to £370,000 (three hundred and seventy thousand pounds).

We are of the opinion that the market rent of this property if converted to retail use as above is £37,000 (thirty seven thousand pounds) pa.

We are of the opinion that the market value of this property on completion of conversion to a Health and Fitness Centre with all works completed to a high standard and with the proposed lease in place could be improved to £324,000 (three hundred and twenty four thousand pounds).

We are of the opinion that the market value of this property freehold with vacant possession is £300,000 (three hundred thousand pounds).

On the assumption that a six month marketing period is available we are of the opinion that the market value of this property freehold with vacant possession is £265,000 (two hundred and sixty five thousand pounds).

The buildings should be insured for a sum not less than £440,000 (four hundred and forty thousand pounds) full re-instatement cost.

This summary is provided for reference and must be read in conjunction with the attached report.

Our ref; V.3033.19.MP
Date; 25 February 2019

Pension Practitioner
C/o Stratford Collins Consultants
3 Frampton Lane
Llantwit Major
CF61 2UZ

Dear Sirs

FORMER NAT WEST BANK PREMISES
77 JOHN STREET PORTHCAWL CF36 3AT

Thank you for your instructions with regard to the above property which were received via Mr Dale Smith. We report as follows;

1.2. Introduction

This valuation is compiled in accordance with RICS Valuation Professional Standards - The Red Book, (2017 Edition).

This report is prepared by Martin Phillips MRICS who is a registered valuer (RICS No 0075152). His preparation of this valuation meets the requirements of the Red Book with regard to 'Qualifications of the Valuer', 'Knowledge and Skills' and 'Independence and Objectivity'.

The Valuation has been carried out for SASS loan security purposes to determine Market Value and Market Rent.

We confirm that there is no personal or company conflict of interest arising from our undertaking of this valuation. We have no interest in this property or in the matter under consideration. We have had no previous dealings with the parties involved or in the property.

The property was inspected by Martin Phillips MRICS on 19 February 2019. The date of valuation is 25 February 2019.

At the time of inspection the weather was calm and dry preceded by a period of changeable weather. The property was un-occupied. Mr Phillips met Mr Dale Smith at the property and also spoke with him by telephone. Where we have relied on information provided by Mr Smith or any other party, this is indicated in the report, together with the source of the information.

Goad plan

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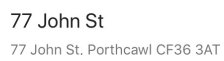
Location plan



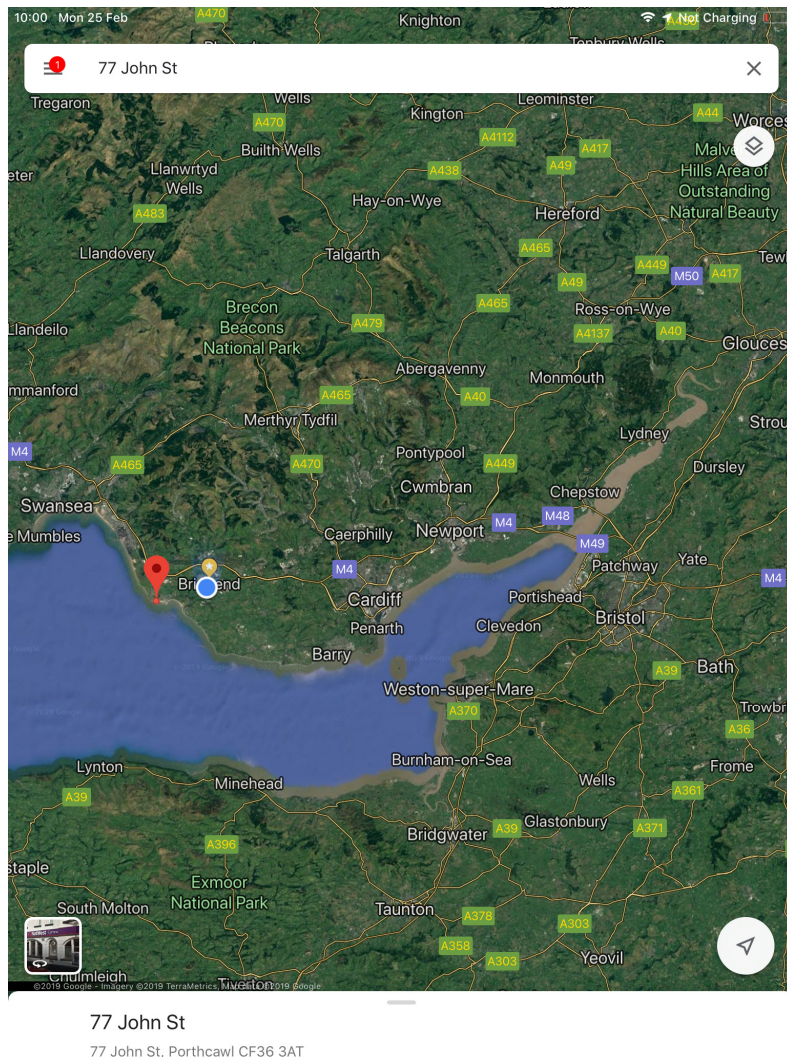
77 John St

77 John St, Porthcawl CF36 3AT

The location of the property at John Street is shown above.



The location of the property in relation to Porthcawl town is shown above



The location of Porthcawl in relation to South Wales is shown above.

More specifically the property faces approximately north west and is located in Porthcawl town centre fronting John Street close to its junction with Lias Road.

John Street is the principal retail location in the town. Adjoining properties in the parade are put to retail use. Some of these properties have offices or storage on upper floors. Some have residential flats.

Other occupiers in this location include a range of local traders and some multiples which include; TUI Travel, Costa, New Look, Specasvers, Holland & Barratt, Greggs, Lloyds Bank, Boots Chemist, Coral.

There are no particular access difficulties or restrictions. John Street is pedestrianised. Vehicular access is permitted during the early part of the day for loading etc. Pay and display car parking is provided in the town. Porthcawl has no rail link. The town links to junction 37 of the M4 via the A4229 road.

Porthcawl is a town on the south coast of Wales in the County Borough of Bridgend. It lies twenty five miles west of Cardiff and nineteen miles east of Swansea. Porthcawl town has a promenade and several beaches. There are a number of hotels and a large caravan park. The town has declined as a holiday destination. It now has a higher than average population of retirement age. It is also a dormitory town for the Bridgend / Port Talbot / Cardiff commute.

2.2. Site

The site on which the property stands is flat and roughly rectangular in shape. Virtually all of the site is developed. There is no real potential for further development. The building fronts the pavement to John Street. The rear site boundary structure is a masonry / brickwork retaining wall which faces the car park / access road to the former Portway Surgery building. External accommodation comprises a small 'back yard' only. There is no rear access. There is no on site car parking space.

2.3. Description

The property is a two storey building with single storey rear additions. It was a Nat West Bank banking hall and premises.

The premises has a typical 'standard' Nat West Bank front elevation. The banking hall is accessed via a single doorway to a mobility 'ramp' which leads slightly upwards from pavement to internal ground floor level. The banking hall has been stripped of all bank fixtures and fittings. Partition walls are in situ and create two ground floor offices. At the rear of the banking hall are three strong rooms which have bank vault security doors and 750mm thick walls and solid structure above. Alongside the strong rooms is a staircase to the first floor accommodation. The first floor accommodation comprises a landing area / hallway, offices and ancillary accommodation.

The building is constructed using traditional materials and methods. The external walls are constructed of solid and cavity masonry. The building has both flat and pitched design roofs. I was unable to see the surfaces of the flat roofs. The pitched designed roofs are weathered with fibre simulated slates. The ground floors are of solid construction. The first floors are of suspended timber and suspended concrete construction. It is presumed that the structure of the rear part of the building (where strong rooms are located) is reinforced using normal bank strong room methods.

This form of construction is suitable for this type of building and for various potential uses. Alterations of the reinforced areas (if envisaged) may prove to be disproportionately expensive.



Front elevation



Street scene



Rear elevation - from Car Park of Portway Surgery



Ground floor Banking Hall



Ground floor Banking Hall



Door to strong room



First floor office #1



First floor office #2

2.4. Services

No tests have been carried out to electrical, heating or any other services nor have the drains been tested. We have assumed all services to be functioning satisfactorily. Specific inquiries of the statutory undertakers have not been carried out.

Mains electricity, gas, drainage and water are connected. As many of the fixtures and fittings have been stripped out, electrical and heating facilities will need to be replaced.

2.5. Repair and Condition

An appropriate inspection of the building has been carried out to determine its condition for valuation purposes. We have not carried out a building survey.

The property is typical of a building of this age and type that has been used as a banking hall and premises and has now been vacated and 'stripped out'. The building is wind and water tight but is in need of internal renovation and conversion works.

The property has an economic and functional life span of at least thirty years.

2.6. Accommodation

The accommodation is arranged over two floors and is briefly described below. The measurements are in meters and were taken on site. Gross Internal Areas (GIA) have been calculated for the ground floor accommodation and Net internal Areas (NIA) have been calculated for the first floor accommodation.

			(m ²)
Ground floor			
Banking hall	internal width	10.40	
	main depth	12.60	
	max depth	15.00	
Including			
Office		2.50 x 2.50	
Office		4.00 x 2.90	
GIA			136.80

Plus		
Strong room 1	3.90 x 3.30	
Strong room 2	3.40 x 1.50	
Strong room 3	4.00 x 2.60	
GIA		28.37

First floor		
Landing area and hall		
Ladies and gents WC's		
Office 1	2.70 x 5.90	
Plant and store	2.70 x 3.30	
Office 2	1.80 x 4.60	
Office 3	5.40 x 5.90	
Mess and kitchen	5.40 x 3.40	
NIA		83.34

For retail market rent calculation purposes
we have analysed the accommodation
in terms of zone A (ITZA) as 96.60

SECTION 3

3.1. Tenure

We understand from Mr Smith that his company is to acquire the property freehold and with vacant possession. We have not had sight of the title deeds and our valuation assumes that the freehold interest is free from rights of way, easements, restrictive covenants, disputes or other onerous restrictions or encumbrances and that good title can be shown.

3.2. Tenancies

We understand from Mr Smith that there are no tenancies but that a pre - let arrangement has been agreed subject to contract and subject to his company (the building owner) carrying out certain renovation and conversion works so that the property can be used as a health and fitness centre. We understand that solicitors are instructed and basic heads of terms are as follows;

Tenant;	a local health and fitness club proprietor
Rent agreed;	£36,000 pa
Term;	5 years
Rent review;	none
Other;	Tenant's standard FRI terms
	Landlord to carry out certain building works

SECTION 4

4.1. Statutory and Legal matters

Legislation and legal matters that affect the property are reported below.

4.2. The Equality Act 2010

The access to the property complies with the requirements of the Equality Act 2010.
Compliant WC facilities are not provided.

4.3. Town Planning

The property has established A2 use.

A planning application has been submitted for change of use from Bank to Health and Fitness centre. The Local Authority acknowledgment of the application is pasted in below.

Error! Objects cannot be created from editing field codes.We have studied the adopted Unitary Development Plan. There is a proposal to carry out a major redevelopment of the near by large car park on the site of the former dock inner basin and, in time, also to re-develop the Coney Beach fun fair site. These developments are currently 'in the pipe line'. When they are completed they are likely to have a beneficial impact on values of property in the area.

4.4. Fire Regulations

There is a fire escape at the rear of the building. The valuation makes the special assumption that the conversion and future occupation of the building will comply with the FSO and that a compliant Fire Risk Assessment will be in place.

4.5. Local Taxation

The RV entered in the list and shown on the VOA web site is £29,250.

4.6. Highways

John Street is adopted and maintained at public expense.

4.7. VAT

Mr Smith has advised that the property is not subject to VAT. This does not have a material effect on market rent or market value.

SECTION 5

5.1. Environmental Issues

South Wales generally is an area that is reported as being affected by Radon gas. Please refer to www.ukradon.org.uk. This does not have an adverse effect on values of properties in this area or on their suitability as security for bank secured loan purposes.

5.2. Energy Performance Certificates and Sustainability

The Energy Act 2011 has been brought into force as a vehicle for implementing the Government's 'Green Deal' policy. The key point of which is that from 2018 Landlords will be unable to let properties which fall below a prescribed level of energy efficiency unless they make certain improvements. The prescribed level is F or G on the EPC.

An EPC has been produced. The assessment is C 71.

5.3. Contaminated land

We were not instructed to undertake or commission an environmental assessment to establish whether contamination exists or may exist, nor are we aware of any such assessment having been prepared by a specialist adviser in respect of the subject property and its environs.

Whilst we have not undertaken any detailed investigations into past and present uses of the subject property or of any adjoining property, at the time of our inspection we did not note anything that would lead us to thin that contamination may be an issue here.

5.4. Flooding

The property is not in an area that is at risk from flooding according to Natural Resources Wales.

5.5. Asbestos

The Control of Asbestos Regulations 2012 sets a framework for a duty to manage asbestos in non-domestic premises. An asbestos inspection should have been undertaken on all commercial buildings by 21 May 2004. Following the discovery of asbestos there is a requirement for an asbestos management plan to be drawn up and implemented.

Prior to undertaking renovation and conversion works it will be necessary to obtain a written record of where asbestos is found at the property and its condition. We have not seen this DLP. Surveyors can provide this service if instructed to do so.

5.6. Invasive Species

We found no evidence of Japanese Knotweed or similar invasive species on site or in the immediate vicinity.

5.7. Mining

The property is not in a coal mining area.

SECTION 6

6.1. Economic Life

We confirm that the property provides suitable security for Pension Fund (SASS) loan security purposes at the valuation figures stated below in terms of expected obsolescence and potential assuming that the property will be renovated and maintained in a suitable state of repair.

6.2. Valuation Considerations

6.2.1. Valuation methodology

The assessment of the value of the property has been undertaken in consideration of market conditions for retail property in Porthcawl specifically to provide a considered basis for the assessment of the value of the property.

In order to assess market value on a freehold with vacant possession basis we have calculated the market rent for the best alternative use of the property and applied an investment yield to arrive at market value. We are of the opinion that the best alternative use of the property following it being vacated by the Bank is conversion to two retail units.

In order to assess market value of the freehold interest subject to the proposed conversion to a Health and Fitness Centre we have used the agreed rent and applied an investment yield to arrive at market value. In this connection, the property is considered as an investment let to the Health and Fitness Centre business. The covenant is considered to be in the 'weak / local' category although it is a reasonably well established business.

If the property were to be offered on the market for sale with vacant possession for sale or to let, the lot size would be such that it would be affordable to an investor, owner occupier business, or SIPP type pension scheme.

6.2.2. Market Commentary

In the latter half of the 1990s and into the 2000s, strong retail expenditure growth, increased retailer demand, rental growth and lower interest rates resulted in lower investment yields, strong capital value growth and improved retail centre viability. This coupled with the banks

willingness / enthusiasm for property lending, encouraged a high level of activity in the retail property investment market generally.

The 1990's and early 2000's saw a large amount of town / city centre development which was almost 50% greater than in each of the previous two decades. There were numerous major schemes. When the recession came, investment yields increased dramatically, rental values declined and retail development activity in England and Wales all but collapsed.

Porthcawl (as a retail centre) falls below the sub-regional tier and its market is seasonal and reliant on weather conditions. It is something of a 'destination' centre.

In lower order regional locations such as Porthcawl we have seen relatively weak retailer demand, weaker retailer covenants, shorter leases and / or break clauses. This has had a negative impact on the retail property investment market. It has been largely caused by the increase of online sales as well as the strength of Cardiff as a regional retail centre and the out of town McArthur Glen outlet at Bridgend.

Most forecasters anticipate that the growth in online sales will peak because access to broadband has pretty much reached saturation. But if this doesn't happen and online sales continue to grow strongly as shoppers become more and more familiar with shopping online, further problems could be caused for smaller towns like Porthcawl. There could be a shift away from the traditional high streets for some specialist retailers, who are gaining a larger proportion of their trade from online sales, and therefore see no need to remain in a high street location.

The principal retail area at Porthcawl is at John Street. The commercial centre of Porthcawl is close to the sea front and a large residential hinterland.

6.2.3. Comparable evidence

Market rental evidence

We have recently measured and analysed the new rent agreed on a retail shop and premises let to a local covenant at No 64 John Street. A new ten year lease with three year break and five year rent review has been agreed on effective tenant's FRI terms. The rent passing is £20,000. This breaks down to £387 / m² [£36 / ft²] ITZA pa.

A retail unit at 21 John Street is let on terms of a ten year effective tenant's FRI lease from December 2007. The rent was set at £23,400 in 2007. There was no increase at the December 2012 review or at the lease expiration in and December 2017. The lease has expired and the tenant is holding over at the historic rental. The rent breaks down to £377.40 / m² [35 / ft²] ITZA pa.

A retail unit at 37 John Street Porthcawl is let at £16,250 pa. The tenant occupier has been in situ for thirteen years. A lease renewal has recently been agreed. The rental figure breaks down to £325 / m² [£30.20 / ft²] ITZA pa.

A small retail unit at No 9 Lias Road recently let at £9,000 pa. This rent devalues at £390 / m² [£36.20 / ft²] ITZA pa.

This year we let a small retail unit used as a café and premises at 13 Well Street at £7,500 pa. This equates to £240 / m² [£22.30 / ft²] ITZA pa.

Retail yield evidence

The following retail investments have sold at auction;

30 Countisbury Avenue Llanrumney	
Ground floor shop	let to Barnado's
Lease	New 10 year leas

Rent reviews	in 2020
Other terms	tenants FRI
Rent	£20,000 pa
1 st floor flat	
Lease	99 years from 1988
Ground Rent	£50 pa
Sale price achieved	£270,000
Initial yield published	7.59 %
Date of sale	2015

Address	7 Union Street Swansea
Let to	Maxx retail (4 branches)
Term	10 years from January 2016
Rent	£53,000 pa
Rent review	to £42,000 in 2021
Price	£440,000
GI yield	7.95%
Date of sale	2016

Address	97 Station Road Port Talbot
Let to	British Heart Foundation
Term	10 years from March 2010
Rent	£19,750 pa
Price	£150,000
GI yield	13.17%
Date of sale	2016

Address	2 - 4 Wind Street Neath
Let to	Poundland
Term	10 years from September 2009
Rent	£170,000 pa
Price	£1,300,000
GI yield	12.98%

Property	10 Alfred Street Neath
Description	2 storey house converted to offices - fully modernised
Tenure	Freehold
Rent	£7,500 pa
Tenant	Red Book Accountancy Ltd
Lease terms	15 yrs from Sept 2013 FRI
Rent reviews	3 yearly
Tenants break	none
Sale price	£85,000
Yield	8.82% net initial
Date	July 2015

Calculations

Given the comparable evidence we would apply a market rental of £387 / m² [£36 / ft²] ITZA pa. to calculate market rent of the property on the assumption that it is converted into two retail units with storage / ancillary space on the first floor.

Given the above evidence, the position of the property on John Street and the speculative nature of the conversion to retail uses we would apply a yield of 10% (10 YP) to the market rent to calculate market value.

Based on renovation and conversion works carried out on retail units in Cardiff we would apply a rate of £250 / m² of total internal floor area of approx 265 m² floor area to allow for necessary building works for retail conversion. Thus the cost of works is say £66,000.

Calculation assuming conversion to two retail shops plus ancillary

Total area ITZA	96.69 m ²	
Market rental	£387 / m ²	
Market rent	£37,384 pa	
Say		£37,000 pa
Yield	10 YP	

Market value on completion of works £370,000

Less Costs of works say £66,000

Market value before works £304,000

Say £300,000

Calculation assuming conversion to Health and Fitness Centre subject to agreed pre-let

Considering the conversion to a Health and Fitness centre we would apply a yield of 11% (9 YP) to the agreed rent proposed investment to calculate market value. This yield reflects the proposed use, risk and potential additional works required in the event of tenant default.

Mr Smith has advised that the proposed cost of conversion works is to be in the region of £15,000 to £20,000. We have relied on this information. We have not seen a schedule of works or a bill of quantities.

Therefore		
Rent agreed	£36,000 pa	
Yield	9 YP	
		£324,000
Costs of works say	£20,000	
Market value say		£304,000
Say		£300,000

Opinion of FHVP market value

We understand that the property is to be acquired at an agreed price of £265,000. Given the above evidence and calculations we are of the opinion that the agreed price is lower than the market value of the property as in its present condition freehold with vacant possession.

SECTION 7

7.1. Valuation Date

The valuation date is 25 February 2019

7.2. Valuations

Definition of market value

'The estimated amount for which an asset or liability (property) 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.'

Definition of vacant possession value

The estimated amount for which the property, with vacant possession, should exchange on the date of valuation between a willing buyer and a willing seller in an arm's length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion.

Definition of market rent

'The estimated amount for which a property or space within a property would be leased on the valuation date between a willing lessor and a willing lessee on appropriate lease terms in an arms-length transaction after proper marketing wherein the parties had acted knowledgeably, prudently and without compulsion.'

Valuation 1 - Market Value assuming speculative conversion to retail uses

We are of the opinion that the market value of this property when converted to two retail units plus ancillary with all works completed to a high standard could be improved to £370,000 (three hundred and seventy thousand pounds).

Valuation 2 - Market Rent assuming speculative conversion to retail uses

We are of the opinion that the market rent of this property if converted to retail use is £37,000 (thirty seven thousand pounds) pa.

Valuation 3 - Market Value assuming conversion to Health and Fitness Centre subject to agreed pre-let

We are of the opinion that the market value of this property on completion of conversion to a Health and Fitness Centre with all works completed to a high standard and with the proposed lease in place could be improved to £324,000 (three hundred and twenty four thousand pounds).

Valuation 4 - Vacant Possession Value (VP):

We are of the opinion that the market value of this property freehold with vacant possession is £300,000 (three hundred thousand pounds).

Valuation 5 - Restricted Market Value (RMV)

This is the market value subject to the following assumption:

Only a six month marketing period is available. For avoidance of doubt this is up to exchange of contracts NOT completion of sale.

On the assumption that a six month marketing period is available we are of the opinion that the market value of this property as in its present condition freehold with vacant possession is £265,000 (two hundred and sixty five thousand pounds).

Reinstatement Cost

The buildings should be insured for a sum not less than £440,000 (four hundred and forty thousand pounds) full re-instatement cost. This figure includes the cost of demolition, site clearance, rebuilding, Local Authority and professional fees and VAT and is calculated on the basis of equivalent modern reinstatement.

This figure is indicative only and is given in good faith and as guidance only.

SECTION 8

Declaration

I certify that the subject property has been inspected by me, that I valued the property and prepared this report.

I confirm that insofar as the facts stated in my report are within my own knowledge. I have made it clear which they are and I believe them to be true and that the opinions I have expressed represent my true and complete professional opinion.



Signature of Surveyor.....
Martin Phillips BSc MRICS
RICS No 0075152

Loan Agreement

LOAN AGREEMENT

This agreement is made on the day of 2019.
BETWEEN:-

1. **JONATHAN THIRKETTLE & ANDREA THIRKETTLE** as Trustees of the A13 Consult Executive Pension Scheme of 47 The Sanctuary, Culverhouse Cross, Cardiff, CF5 4RW (1) and **SIMON BRATTON & JULIE BRATTON** as Trustees of the S&J Bratton Developments Executive Pension of 2 Weavers Road, Ystradgynlais, Swansea, SA9 1PQ (2) ("**the Lender**")
2. **SMITH UW LTD** (Company Registration Number 11544331) whose registered office is at 16 Bridge Street, Kenfig Hill, Bridgend, Wales, CF33 6DD ("**the Borrower**");

and

3. **DALE CHRISTOPHER SMITH** of 6 Cae Cadno, Margam, SA13 2TP ("**the Guarantor**")

WHEREBY IT IS AGREED as follows:-

DEFINITIONS

"**Effective Date**" means the 2019, being the date monies (or equivalent consideration) provided under the loan are first transferred to the Borrower.

"**Loan**" means the total sum of £140,000.00 (One Hundred and Forty Thousand Pounds)

"**Loan Contributions**" means the sum of £70,000 from Jonathan and Andrea Thirkettle as Trustees of the A13 Consult Executive Pension Scheme and £70,000 from Simon Bratton and Julie Bratton as Trustees of the S&J Bratton Developments Executive Pension

"**Loan Purpose**" means the general business purposes of the Borrower and also for the redevelopment of the Property.

"**Interest**" means interest on the Loan at a rate of 5% per annum fixed 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 2020

"**Capital Repayment**" means payment of the 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 77 John Street, Porthcawl, CF36 3AT as registered at the Land Registry under title number CYM741707.

INTRODUCTION

- 1.1 The Lender 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 Guarantor has agreed to indemnify the Borrower in accordance with the provision of this Agreement.
- 1.5 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 Lender 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 Lender 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 any 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 accrued at £583.33 per month.
 - 2.1.6. To pay a Redemption Administration Fee of £195 on settlement of the Loan.
 - 2.1.7. As a condition precedent to drawdown of any monies under the Loan, to provide the Lender with confirmation of repayment capabilities and to

procure that the Lender has a fixed charge over the Property in such form as the Lender 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 Lender 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 Lender 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 Lender at least one month before the end of the Term. The Lender 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% of the Loan and a £700 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 Lender and upon fully satisfying the Lender 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 Lender 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. Following completion of the purchase of the Property, to keep the Property insured with reputable and responsible insurers 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 Lender, 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 Lender with a second fixed charge over the Property in such form as the Lender may stipulate.

REPRESENTATIONS AND WARRANTIES

The Borrower represents and warrants to the Lender 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 Lender 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 Lender 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.

GUARANTOR PROVISIONS

The Guarantor unconditionally and irrevocably agrees to indemnify the Borrower in respect of any losses, costs, expenses, damages or liabilities suffered or incurred by the Lender as a result of the Borrower failing to meet its obligations under this agreement and/or if the Borrower is unable to repay the Loan and accrued interest then the Guarantor unconditionally and irrevocably agrees to repay the Loan and accrued interest in place of the Borrower.

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 Lender (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 Lender 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 Lender 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 Lender to repay the Loan in full together with all accrued interest.

6.4 The Borrower undertakes with the Lender to notify the Lender 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 Lender to demand repayment of the Loan).

6.5 Payments received by the Lender from the Borrower under the terms of this Agreement will be paid to the Lender 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

7.1. The liability of AJ3 Consult Executive Pension Scheme and S&J Bratton Developments Executive Pension 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
Jonathan Thirkettle
As Trustee of the
AJ3 Consult Executive Pension Scheme

[Signature]

In the presence of:

Witness signature :

[Signature]

Witness name :

Philip Casson

Address :

61 Coely Mearll, Corliffe CF14 6TN

Occupation :

Civil Engineer

EXECUTED AS A DEED BY
Andrea Thirkettle
As Trustee of the
AJ3 Consult Executive Pension Scheme

[Signature]

In the presence of:

Witness signature :

[Signature]

Witness name :

Linda Young

Address :

18 NARDETH ROAD, CHERAU, CARDIFF

Occupation :

PROJECT ASSISTANT

EXECUTED AS A DEED BY
Simon Bratton
As Trustee of the
S&J Bratton Developments Executive Pension

SNB Section

In the presence of:

Witness signature :

DM Hunt

Witness name :

DEBRA MARY HUNT

Address :

78 Station Rd, Ystradgynlais, Swansea

Occupation:

GENERAL MGR (RETIRED).

EXECUTED AS A DEED BY
Julie Bratton
As Trustee of the
S&J Bratton Developments Executive Pension

J Bratton

In the presence of:

Witness signature :

DM Hunt

Witness name :

DEBRA MARY HUNT

Address :

78 Station Rd, Ystradgynlais, Swansea.

Occupation:

GENERAL MGR (RETIRED).

EXECUTED AS A DEED BY
Smith UW Ltd
Acting by a Director



In the presence of:

Witness signature :



Witness name :

Alun Huw Martinson.

Address :

4, Llys Ceirios, Coity, CF35 6QR.

Occupation:

Advisor.

EXECUTED AS A DEED BY
Dale Christopher Smith



In the presence of:

Witness signature :



Witness name :

Alun Huw Martinson

Address :

4, Llys Ceirios, Coity, CF35 6QR.

Occupation:

Advisor.

SSAS Resolution

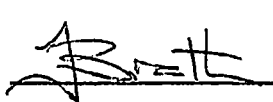
SSAS INVESTMENT RESOLUTION

At a meeting of the trustees of the S&J Bratton Developments Executive Pension on 4th November 2019, it was resolved that:

1. The member trustees have received a request by **Smith UW Ltd** (Company Registration Number 11544331) whose registered office is at 16 Bridge Street, Kenfig Hill, Bridgend, Wales, CF33 6DD to loan a sum of £70,000 in order to secure the renovation of an investment property, in order to take advantage of this opportunity the scheme trustees namely **SIMON BRATTON & JULIE BRATTON** of 2 Weavers Road, Ystradgynlais, Swansea, SA9 1PQ (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 individuals.
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 the monies received on the repayment of the Heritage loan 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 5.00% per annum simple roll up, payable on repayment of the loan.
11. Security will be provided by way of a second charge on the property at 77 John Street, Porthcawl, CF36 3AT 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) Simon Bratton

Name (printed) Julie Bratton

Date 04/11/2019

Date 04/11/2019

Signed Solicitor Terms

SPENCER SKUSE & POTTER

3rd Party Loan 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 John Potter.

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.

The current hourly rate charged for this matter is £150.00. We will add VAT on these at the rate that applies when the work is done. At present, VAT is 20%.

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 invoice 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 the 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 Graeme Skene. If you still have queries or concerns, please contact our Client Care Partner, Mr John Potter, 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 acknowledgement will indicate what action will be taken 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 cross check email address. 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.

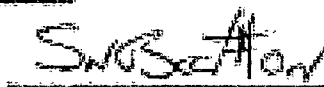
TERMS AND CONDITIONS OF BUSINESS

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

Simon Britton
Member/Trustee

Date

10/11/2019

Signed



Print name

Julia Britton
Member/Trustee

Date

10/11/2019

Solicitor Undertaking

S O L I C I T O R S

■ 17 Lambourne Crescent
Llanishen
Cardiff, CF14 5GF

t: 02920 487210
f: 02920 222165

■ Amadeus House
278 Floral Street
Covent Garden
London, WC2E 9DP

t: 020 3907 6666
f: 020 7812 6495

■ 1 Emperor Way
Exeter Business Park
Exeter, Devon, EX1 3QS

t: 01392 537100
f: 01392 314001

■ Kestrel Court
Harbour Road
Portsmouth, BS20 7AN

t: 01275 404700
f: 02920 222165

e: mail@spencerskuse.com

JP/LDH/AS

Our ref: Please ask for John Potter

Your ref:

Date: 26th November 2019

Mr S Bratton and Mrs Julie Bratton as Trustees of
The S & J Bratton Developments Executive
Pension
2 Weaver Road
Ystradgynlais
SWANSEA SA9 1PQ

Dear Simon and Julie

Re: S & J Bratton Developments Executive Pension

The above scheme loaned £70,000 to the Heritage Hotel Porthcawl Limited (CRN 11656697) whose registered office is at Kemp House, 160 City Road, London, EC1V 2NX and these funds are due to be repaid imminently and the repayment of the loan settled.

As Member Trustees you have instructed us as the acting Solicitors to retain the funds received from the settlement detailed above in readiness for the S&J Bratton Developments Executive Pension Scheme to loan the funds to a new proposal detailed below: -

The Member Trustees have received a request by Smith UW Ltd (Company Registration Number 11544331) whose registered office is at 16 Bridge Street, Kenfig Hill, Bridgend, Wales, CF33 6DD to loan a sum of £70,000 in order to secure the renovation of an investment property 77 John Street, Porthcawl, CF36 3AT as registered at the Land Registry under title number CYM741707. In order to take advantage of this opportunity, the Scheme Trustees Simon Bratton and Julie Bratton of 2 Weavers Road, Ystradgynlais, Swansea, SA9 1PQ (The Members/Trustees) have agreed to make such a loan. The funds will therefore be held on account by us and not released until

successful completion of the new loan. The agreed rate of interest is 5% per annum fixed to be calculated on a simple basis and rolled up until the Capital Repayment Date over a period of 12 months commencing on the Effective Date of your written Loan Agreement.

The paperwork for the new loan proposal has been executed and on receipt of the funds, we will transfer £70,000 to the new borrower Smith UW Ltd in accordance with your instructions.

Yours sincerely

JOHN POTTER
SPENCER SKUSE & POTTER

A handwritten signature in dark ink, appearing to be 'John Potter', written over the printed name.

Legal Charge

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: CYM741707
2	Property: 77 John Street, Porthcawl, CF36 3AT
3	Date:
4	<p>Borrower:</p> <p>Smith UW Ltd</p> <p><u>For UK incorporated companies/LLPs</u> Registered number of company or limited liability partnership including any prefix: 11544331</p> <p><u>For overseas companies</u> (a) Territory of incorporation:</p> <p>(b) Registered number in the United Kingdom including any prefix:</p>
5	<p>Lender for entry in the register:</p> <p>Jonathan Thirkettle & Andrea Thirkettle as Trustees of the AJ3 Consult Executive Pension (1) and Simon Bratton and Julie Bratton as Trustees of the S&J Bratton Developments Executive Pension (2)</p> <p><u>For UK incorporated companies/LLPs</u> Registered number of company or limited liability partnership including any prefix:</p> <p><u>For overseas companies</u> (a) Territory of incorporation:</p> <p>(b) Registered number in the United Kingdom including any prefix:</p>

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	<p>Lender's intended address(es) for service for entry in the register:</p> <p>47 The Sanctuary, Culverhouse Cross, Cardiff, CF5 4RW (1) 2 Weavers Road, Ystradgynlais, Swansea, SA9 1PQ (2)</p>
7	<p>The borrower with</p> <p><input checked="" type="checkbox"/> full title guarantee <input type="checkbox"/> limited title guarantee</p> <p>charges the property by way of legal mortgage as security for the payment of the sums detailed in panel 9</p>
8	<p><input type="checkbox"/> The lender is under an obligation to make further advances and applies for the obligation to be entered in the register</p> <p><input checked="" type="checkbox"/> The borrower applies to enter the following standard form of restriction in the proprietorship register of the registered estate:</p> <p>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 2019 in favour of Jonathan Thirkettle & Andrea Thirkettle as Trustees of the AJ3 Consult Executive Pension (1) and Simon Bratton and Julie Bratton as Trustees of the S&J Bratton Developments Executive Pension (2) as referred to in the Charges Register.</p>
9	<p>Additional provisions</p> <p>9.1 DEFINITONS:</p> <p>9.1 In this Legal Charge the following definitions shall apply:-</p> <p>"Event of Default" means any event or circumstances listed in clause 4 of the Agreement</p> <p>"LPA1925" means the Law of Property Act 1925</p> <p>"Principal Sum" means the sum referred to in Definitions "Loan" part of the Agreement as £140,000</p> <p>"Agreement" means the agreement of even date and made between the Lender (1) and the Borrower (2)</p> <p>9.1.2 A person includes a natural person, corporate or unincorporated body (whether or not having separate legal personality).</p> <p>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.</p>

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

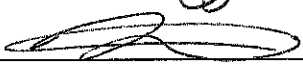
This Legal Charge may be executed in any number of counterparts, and by the parties on separate counterparts, each of which when so executed and delivered shall constitute an original but all counterparts shall together constitute one and the same instrument.

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
Smith UW Ltd
Acting by a Director
in the presence of:



Witness Signature: 

Name: ALUN HUW MARTINSON

Address: 4, LLYS CEIRIOS, COITY, CF35 6QB

Occupation ADVISER

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.

