

REPORT ON TITLE

TO: Proplend Security Limited

FROM: Paris Smith LLP

FULL NAME OF BORROWER: Merchant Estates Limited

COMPANY NUMBER (if appropriate): Incorporated in Jersey

DESCRIPTION OF PROPERTY: Land on the east side of Bute Street Cardiff CF10 5AH

IS BORROWER THE SAME AS OWNER? Yes

FULL NAME OF OWNER IF DIFFERENT (Where property is being transferred state intended owner):

Not applicable

1. TITLE

a. We certify that the property is:

Tenure:	Freehold
Title number (if registered) or if not confirm whether it is unregistered and/or subject to first registration:	WA436701
Class of title (if registered):	Title Absolute

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

2. SEARCHES:

We confirm we hold:-

- a. Clear Land Registry Search giving Proplend Security Limited priority beyond the date of completion.

- b. Local Land Charges and Local Authority Search no older than four months prior to the date of completion of the charge revealing no Entries which might adversely affect Proplend Security Limited's security.
- c. Bankruptcy Search giving Proplend Security Limited priority beyond the date of completion against the Guarantor.

All other appropriate Searches have been carried out and, save as referred to below, reveal no Entries adverse to Proplend Security Limited's security.

3. **VALUATION:**

We have read the Valuation Survey Report dated May 2018 from Christie & Co and confirm that:-

- i) there are no discrepancies between the report, the title documentation and the results of our searches.
- ii) we are satisfied that Proplend Security Limited will obtain a legal mortgage over the whole of the land shown edged red on the Title Plan

4. **PURCHASE CONTRACT:**

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

5. **SECURITY DOCUMENTATION:**

The following security documentation has been properly executed and witnessed and is held by ourselves. (Please delete if not applicable).

- a. Legal Charge The Legal Charge will be dated upon completion
- b. Debenture The Debenture will be dated upon completion
- c. Guarantee The Guarantee will be dated upon completion

6. **COMPLETION ARRANGEMENTS**

We now request you to pay to us the Advance Amount and undertake that if you pay to us the said sum and we shall use the same only to effect the remortgage of the Property by the Borrower.

We confirm we hold an irrevocable undertaking from a firm of solicitors that following completion they will send a completed AP1 in respect of the remortgage of the Property and registration of Proplend Security Limited's Charge, any necessary supporting documentation, and any title documents that are received from the Seller's solicitors.

Our banking details are:

Account Name: Paris Smith LLP Client Account

Account Number: 37559583

Bank: National Westminster Bank plc

Branch: 12 High Street Southampton

Sorting Code No: 56-00-68

Completion date: to be advised

SCHEDULE

RESTRICTIVE COVENANTS

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

Covenants contained in a Conveyance dated 27 April 1946 that the Property is not to be used or occupied for any noisy, noxious or offensive trade, business or occupation or for public entertainment, public worship, an asylum or public house, etc. By a Deed dated 3 July 2000, these covenants were expressed to be released.

ADVERSE INTERESTS

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

- 1 The Property is subject to a charge in favour of Devon and Cornwall Securities Limited which will need to be discharged on completion and an undertaking from a solicitor to give effect to this bearing in mind that this company is not CML/UK Finance registered.
- 2 There is a restriction on the title in favour of Cardiff City and County Council in respect of a Section 106 Agreement and we have requested a withdrawal of the restriction or consent. The restriction, however, does not prohibit a legal charge over the Property. On any subsequent sale (including a sale by you as mortgagee), the incoming purchaser would be subject to the restriction that they observe the terms of the Section 106 Agreement.
- 3 The Property is currently used as a car park although it is not entirely clear whether planning permission is available for this.
- 4 We are advised that the Property and adjoining premises are to be developed for a Hilton style hotel. There is a planning consent reference 10/02361/DC1 dated 9 December 2016 for development as a hotel. The Borrower's solicitors have provided a copy of a consent reference 06/0527/C which appears to be in respect of an adjoining property at Corys Building. The Section 106 Agreement referred to above which contains provisions relating to payment of contributions before implementation would appear to be related to this planning consent and not the planning consent for the development as a hotel. We have raised this with the Borrower's solicitors who confirm that the information that they have provided is incorrect and have now produced the correct Section 106 Agreement. That includes a number of provisions for payments to be made on implementation of the planning permission. Firstly, the planning permission is to be implemented not later than 30 months from the date of the planning consent granted in December 2016 or else it will lapse.

On implementation, there is a liability to pay certain contributions although these are not necessarily paid at that date. There is a Highways and Transportation contribution of £6,000, a Public Realm contribution of £115,000 and a Traffic Order contribution of £3,720 all of which are subject to Retail Price Index increases if they are not paid within the date specified within the Agreement. On the date of implementation, the Public Realm improvement works are to be submitted and approved by the local authority. Prior to the first beneficial occupation of the development, the sum of £65,000 is to be

paid towards the Public Realm works and a further £50,000 within 5 years following the first beneficial occupation.

The Public Art contribution of £34,200 is to be paid prior to the first beneficial occupation. The Highways and Transportation contributions are to be paid prior to implementation.

None of the provisions of the planning permission have been implemented to date. We understand also that there is a possibility that the application will be revised and be resubmitted as a purely residential application although that has not occurred at this stage.

The valuer has confirmed that if the planning permission is not implemented (whether in its current form or in a revised residential form) then the valuation of the Property as a car park would be considerably lower than their assumptions within the valuation.

The Section 106 Agreement does not include what we would consider to be a standard provision that it does not apply to mortgagees unless they act as a mortgagee in possession (rather than as a mortgagee exercising a power of sale). We have requested a letter from the local authority confirming that that is agreed and that they will enter into a Deed of Variation to the Section 106 Agreement to record this if required.

- 5 There appears to be an access or footpath at the rear of the Property (Docks Lane) but there are no rights over this under the title and it is unclear whether or not from the highways search whether this is adopted. The Borrower's solicitors say that access is only obtained from the public highway and not from Docks Lane..
- 6 The Borrower is registered in Jersey and we have requested a Foreign Lawyer Opinion letter. The Borrower's solicitors have agreed to provide this at their cost and the draft is awaited.
- 7 The Light Railway Scheme in Cardiff appears to pass at the rear of the Property. This was registered some 20 years ago. We have asked for an update and whether or not there will be any safeguarding measures for the Property. The Borrower's solicitors say that this Scheme has been in the offing since 1996, but there is no guarantee that it will ever go ahead. They understand that it will not impact on the Property in any event.
- 8 There appears to be a mains drain the Property. We have requested confirmation that any proposals for the development of the site will not involve any building over this and if that is not the case, that a building over licence with the Water Authority is granted.
- 9 The Property is not within a coal mining search area.
- 10 The Borrower's solicitors confirm that the Property is not subject to Town and Village Green registration.
- 11 We understand that the Property is used as a car park but there is no formal lease or tenancy and this is operated by the son of one of the Directors. It is quite possible that whatever arrangements they have in place could constitute a protected Landlord and Tenant Act tenancy. The Borrower's solicitors say that there is no formal agreement with the occupier.
- 12 There are no buildings on the site.

Signed by:

Signature:

A handwritten signature in black ink that reads "Nick Vaughan". The signature is written in a cursive style with a small flourish at the end.

Name: Nick Vaughan

Position: Senior LLP Partner

authorised to sign for and on behalf of Paris Smith LLP

Date: 24 May 2018

H.M. LAND REGISTRY		TITLE NUMBER	
		WA436701	
ORDNANCE SURVEY PLAN REFERENCE ©	ST 1974	SECTION B	Scale 1/1250
COUNTY SOUTH GLAMORGAN DISTRICT CARDIFF			© Crown copyright 1979

ADMINISTRATIVE AREA
CARDIFF
CAERDYDD

