

REPORT ON TITLE

TO: Proplend Security Limited

FROM: Paris Smith LLP

FULL NAME OF BORROWER: The Swansea Hostel Company Limited

COMPANY NUMBER (if appropriate): 10487849

DESCRIPTION OF PROPERTY: 22-23 High Street Swansea SA1 1LG

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:	WA317056
Class of title (if registered):	Absolute

- b. We certify that the Title to the property is good and marketable and can be accepted by you as security.
- c. We annex hereto a copy of the Title Plan showing the property edged red.
- d. The property is registered in the name of the Borrower.
- e. We confirm that the only Restrictive Covenants which affect the property are set out in the attached Schedule.
- f. Adverse interests affecting the property are referred to in the Schedule.
- g. No person other than the Borrower has an equitable or overriding interest in the property.
- h. The Borrower will be in sole possession of the property.
- i. Proplend Security Limited will obtain a First Legal Charge over the property.

2. SEARCHES: We confirm we hold:-

- a. Clear Land Registry Search giving Proplend Security Limited priority beyond the date of completion.
- b. Local Land Charges and Local Authority Search no older than four months prior to the date of completion of the charge revealing no Entries which might adversely affect Proplend Security Limited's security.
- 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 20 August 2018 prepared by Rees Richards & Partners and confirm that:-

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

4. BUILDINGS INSURANCE:

The following Insurance Policy is in force:

Insurer: Huebener Versicherungs-AG

Name of Insured: The Swansea Hostel Company Limited

Sum Insured: £747,500

Sum Insured recommended by Valuer: £650,000

Renewal Date: 11 September 2019

Policy No: CS/PO/2209915

Current Premium: £458.44 (inc. IPT and Underwriting Fees)

5. PURCHASE CONTRACT:

- i. Purchase Price: £0.00
 - a. Property: £0.00
 - b. Fixtures and Fittings: Not Applicable

6. SECURITY DOCUMENTATION:

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

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

7. COMPLETION ARRANGEMENTS

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

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

Our banking details are:

Account Name: Paris Smith LLP Client Account

Account Number: 37559583

Bank: National Westminster Bank plc

Branch: 12 High Street Southampton

Sorting Code No: 56-00-68

Completion date: TBC

Please Quote Reference: AZC.113022.36

SCHEDULE

RESTRICTIVE COVENANTS

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

1. The Title does not contain any restrictive covenants.

ADVERSE INTERESTS

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

2. The parts of the Property tinted pink on the attached Title Plan are subject to rights granted by an Agreement made on 28 July 1956 between (1) Sarah Josephine Corisande Thomas and Constance Gwenllian Thomas and (2) The Mayor Alderman and Burgesses of The County Borough of Swansea ("the Corporation"). The rights affecting those parts of the Property are as follows:-
 - a. A right for the Corporation to enter upon those parts of the Property for the purposes of inspecting, maintaining, repairing, altering or renewing the sewer and manhole, with the Corporation doing no unnecessary damage whilst on those parts of the Property.

We have asked the Borrower's solicitor to confirm if the sewers and manholes remain in use, and if so, has anyone sought to exercise the rights referred to. The Borrower has confirmed to their solicitor that the manholes are still in situ. However, they have also confirmed that to the best of their knowledge no one has ever sought to exercise the rights. Please also refer to the results of the Drainage and Water Search referred in to paragraph 7 below.

3. The Property is currently owned by Cornelius Jeremiah Moloney ("the Seller") and is being gifted to the Borrower. As the Property is being transferred to the Borrower for zero consideration the Seller is putting in place an Insolvency Act Insurance Policy. The level of indemnity on this policy is £300,000, being the market value for the Property, although this sum increases by 10% compound interest per annum (on the anniversary of the commencement of the policy) provided that the level of indemnity shall not exceed 200% of the original level of indemnity.

In addition the Insurance Policy we have asked the Seller to provide a Declaration of Solvency to confirm that they are currently solvent and that the transfer of the Property will not affect their solvency.

4. The entire Property has been leased to Celtic Hospitality Limited for a term of 5 years from 1 September 2018 until 31 August 2023 for an annual rent of £22,500. Further details of this lease can be found in the separate lease report.
5. Unit 1 on the ground floor of the Property is currently leased to E G W Leisure Limited for a term of 1 year from 1 June 2018 until 31 May 2019 at an annual rent of £7,800. Further details of this lease can be found in the separate lease report.
6. The Local Authority Search reveals tow planning permissions relating to the Property
 - a. Planning Permission (reference: 2014/1101) which permits a change of use from retail at ground floor (Class A1) and from offices on the first and second floors (Class A2) to hostel tourist accommodation (sui generis) with ancillary bar installation etc.

The above planning permission states that it has to be implemented within 5 years of being granted, which means the Borrower needs to commence works by 18 August 2019. We have been advised by the Borrower's solicitor that the planning permission has been implemented, but have been advised that so far none of the conditions have yet been satisfied.

- b. Planning Permission (reference: 2018/1097/FUL) permits the change of use of the ground floor from retail (Class A1) to use as a Golf Centre (Class D2).

Aside from the planning permission the search indicates that the High Street and Orchard Street (to the rear of the Property) are highways maintainable at the public expense.

7. The Drainage and Water Search reveals that the Property is connected to mains water and is provided on a metered basis. The search also confirmed that surface and foul water drain to public sewers. Despite the existence of the Agreement (referred to in paragraph 2 above) this search indicates that there are no public sewer, disposal main or lateral drain within the boundaries of the property.
8. It is now standard procedure to undertake environmental desktop searches in transactions of this nature. However please note the limited nature of the search. The search is undertaken by independent search consultants at a limited cost and is complied by the search consultants on the basis of inspection of documentary records only accessed by means of a "desk top" search. It does not, of course, arise from a physical inspection of the site. Clearly it will not reveal information which is not recorded in public documentation. The search should therefore be regarded as a general guide only. If you have concerns as to possible contamination of the site then you should discuss further with us the need for a more detailed survey (possibly including a site survey). You will understand that we are not qualified to advise on whether or not the search results are acceptable (or the level of risk involved) but we would be happy to discuss any particular queries with you and to consider with you whether further expert advice should be obtained on any matters arising from the search result itself and/or with regard to the site or your proposals generally.

Subject to the comments above we would point out that the report has been certified as "Passed" meaning that in the professional opinion of Landmark the level of risk associated with the information disclosed in the report:

(a) is unlikely to have an adverse effect on the value of the Property, and

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

While the report has not identified any issues with Contaminated Land, it has identified that the Property is within 4km of existing or proposed wind farms or turbines and is within 2km of existing or proposed renewable power plans.

9. The Mining Search indicates that the Property is not within an area affected by recorded past underground mining. However, the Coal Authority believes there is coal at or close to the surface, and this coal may have been worked in the past. The potential presence of coal working at or close to the surface should be considered prior to any site works or future development activity. Notwithstanding this, no notices have been given under s46 of the Coal Mining Subsidence Act 1991, stating that the land is at risk of subsidence.

In addition the search reveals that while the Coal Authority has no plans to grant a licence to remove coal using underground methods, there are reserves of coal that exist in the lao area and this could be worked at times in the future.

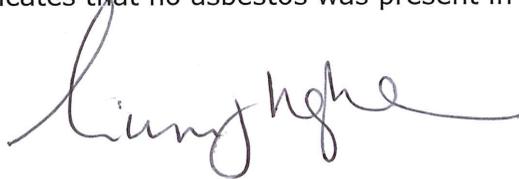
10. The Chancel Search indicates that at least part of the Property is within an area which continues to have a potential chancel repair liability. The Borrower's solicitor is going to put in place a Chancel Liability Policy on completion which has a £500,000 limit of indemnity.

11. The Property has an Energy Performance Asset Rating of E, based on an EPC which was issued on 16 September 2018.

12. We have been provided with a self assessment Fire Risk Assessment which has been prepared by the Seller. The Assessment has been prepared on the basis of the current use with E G W Leisure Limited occupying a third of the ground floor and the remainder of the Property being vacant. As per your instruction the Borrower has provided us with a signed undertaking stating that they will no later than 2 months after completion of the loan provide you with a Fire Risk Assessment Report prepared by a qualified professional and to use reasonable endeavours to complete, as soon as reasonably practicable, any recommendation identified in the report.

13. We have been provided with an Asbestos Management Report dated 11 June 2016. This Report indicates that no asbestos was present in the Property.

Signed by:



Signature:

Name: Nick Vaughan

Position: Senior LLP Partner

authorised to sign for and on behalf of Paris Smith LLP

Date: 5 September 2018
October

H.M. LAND REGISTRY

TITLE NUMBER

WA317056

ORDNANCE SURVEY
PLAN REFERENCE

SS 6593

SECTION 0

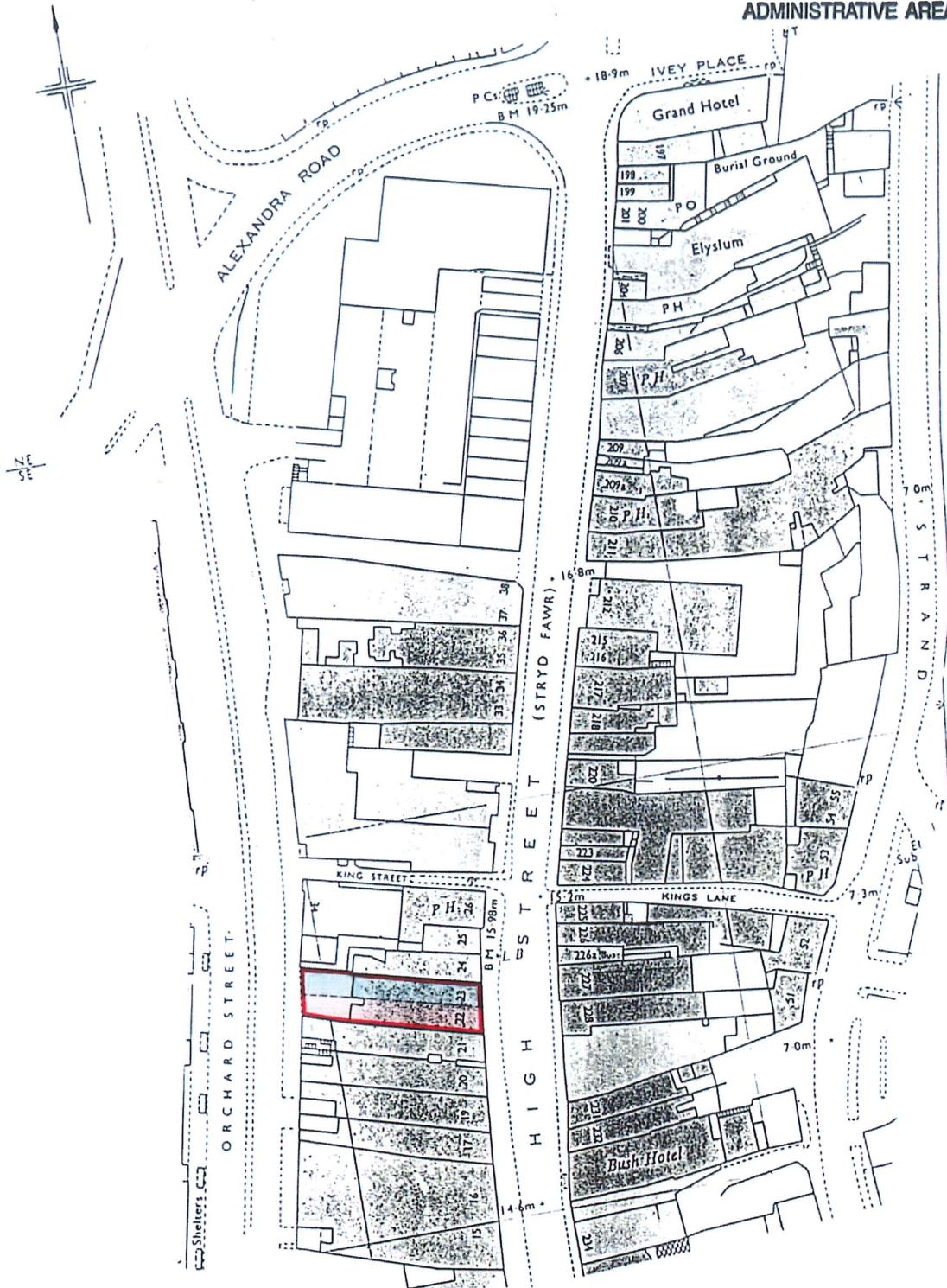
Scale
1/1250

COUNTY WEST GLAMORGAN

DISTRICT SWANSEA

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ADMINISTRATIVE AREA SWANSEA
ABERTAWE



LETTINGS REPORT

To: Proplend Security Limited
Customer(s): The Swansea Hostel Company Limited
Property: 22-23 High Street Swansea SA1 1LG

1.	Landlord's name and address: Cornelius Jeremiah Moloney of L&T Goytre Port Talbot SA13 2YP
2.	Tenant's name and address: Celtic Hospitality Limited 66a Wind Street Swansea SA1 1EQ (CRN: 10596542)
3.	Guarantor of Tenant (if applicable): N/A
4.	Term and Commencement Date: 5 years from 1 September 2018 to 31 August 2023
5.	Rent Provisions Current Rent: £22,500 per annum (payable monthly on the 1 st of every month) Premium/inducements: None Value Added Tax liability: No VAT is payable as no election has been made. Rent Review Dates and Cycle/Breakage Clause: There are no rent review provisions in the lease There is no break clause in the lease. Rent Review, Basis of Valuation: N/A Service Charges (if applicable): The Tenant is to pay a fair proportion of costs the Landlord incurs in respect of keeping the structure of the building insured, maintaining the state and condition including decoration of the structure, roof, foundations, etc and external parts, rates for the common parts, repair and maintenance of common services, cleaning, lighting and heating of the common parts, lift maintenance, provision of hot and cold water in the common parts, fire prevention, heating, window cleaning etc. See clause 13 and 18 for a full list of services. The Tenant is to make interim payments (not more than once every three months) within 21 days or receiving a written demand. The Landlord is to keep records of the service costs and at least once a year is required to send the Tenant an account setting out the total service cost for that year and the payments received from the Tenant. Within 21 days of receiving the account the Tenant is to pay any shortfall. Any overpayment can be retained by the Landlord and used towards future interim payments due from the Tenant.
6.	Use of premises: As commercial units and a backpackers hostel Restrictions on change of use: The Property can be used for any other use to which the Landlord consent, and the Landlord cannot unreasonably withhold consent.
7.	Repairing/Maintaining Obligations: The Tenant to keep the interior parts of the Property in good repair and condition but is not required to alter or improve it in any way. Internal decoration in every fifth year, and in the last 3 months of the term. The Landlord maintains the structure under the service charge.

8. **Alienation (i.e. right to assign, sub-let):** The Tenant is not to share occupation or transfer part of the Property.

The Tenant can transfer or sub-let the whole with Landlord's consent, not to be unreasonably withheld. There are limited provisions. On any underletting, the terms are to be similar to those within the Headlease but not to permit further underlettings.

If the financial standing of the proposed assignee is lower than that of the current tenant or the transferee is resident abroad and the Landlord reasonably requires it, then the Tenant is to provide an authorised guarantee agreement.

9. **Insurance Provisions:** The Landlord is to insure the building against fire, lightning, explosion, earthquake, landslip, subsidence, heave, riot, civil commotion, aircraft, aerial devices, storm, flood water, etc. A full list of the insured risks can be found in clause 12.

Rent is to be suspended during any damage up to a maximum period of 3 years.

If it is unlikely that the Property will be fully repaired within 3 years from the date of damage, the Landlord, provided he has not wilfully delayed the restoration, or the Tenant may end the Lease by giving one month's notice. The insurance monies then belong to the Landlord.

10. **Landlord's obligations:**

- Quiet enjoyment
- Insurance
- To provide the services

11. **Effect of Bank enforcing security:** There are no restrictions on the Bank enforcing its security under the Lease but this will be subject to the terms of the Lease.

12. **Forfeiture and re-entry:**

- Rent is unpaid for 14 days
- Tenant has not complied with any terms of the Lease
- If a company, if it goes into liquidation or has an administrative receiver appointed or if an individual, is judged bankrupt

13. Please advise/comment in respect of the following:

Assumptions and Disregards Summary: Not applicable.

Unusual/Onerous Provisions (including any mentioned above): The Lease is not considered to be an institutional lease.

Effect of matters reported above and recommended steps the Bank should take to protect its position: None. The Lease is now in place.

Part II Landlord and Tenant Act 1954: The Lease is protected by the Landlord and Tenant Act.

14. We confirm that subject to the above:

The Lease is based on a Law Society precedent so while it is a full repairing and insuring lease it is not an institutional type lease, but subject to the Tenant's compliance with the undertakings and obligations on the part of the Tenant contained in the Lease, the Landlord should be able to recover all expenditure incurred by it in respect of the Property;

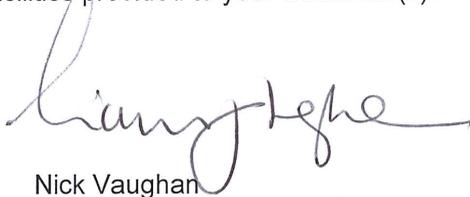
Your Customer has advised us that the Tenant (i) is not in breach of any of its obligations under the lease and (ii) all rent or other sums due have been paid

Subject to 13 above, the Lease is satisfactory for secured lending but is not considered to be an institutional full repairing and insuring lease and that any matters referred to above should be referred to the valuer.

We acknowledge that you are relying on this Report and are entitled so to rely in connection with security for facilities provided to your Customer(s).

Signed by:

Signature:



Name:

Nick Vaughan

Position:

Senior LLP Partner

authorised to sign for and on behalf of **PARIS SMITH LLP**

Date:

5 October 2018

Address of Firm:

Number 1 London Road
Southampton
Hampshire SO15 2AE

Notes: (1)

When space is insufficient please continue on a separate sheet of paper referring to the relevant paragraph.

LETTINGS REPORT

To: Proplend Security Limited
Customer(s): The Swansea Hostel Company Limited
Property: Unit 1 Ground Floor 22-23 High Street Swansea SA1 1LG

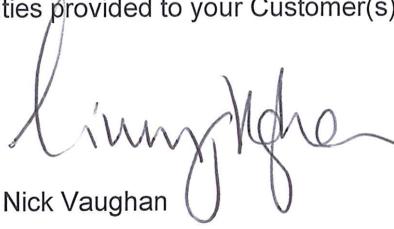
1.	Landlord's name and address: Cornelius Jeremiah Moloney of L&T Goytre Port Talbot SA13 2YP
2.	Tenant's name and address: E G W Leisure Limited 7a Caer Street Swansea Wales SA1 3PP CRN: 11310570)
3.	Guarantor of Tenant (if applicable): Brian Wayne Parton of 14 Trewyddfa Road Plasmarl Swansea SA6 8NL
4.	Term and Commencement Date: 1 years from 1 June 2018 to 31 May 2019
5.	Rent Provisions Current Rent: £7,800 per annum (payable monthly on the 1 st of every month) Premium/inducements: None Value Added Tax liability: No VAT is payable as no election has been made. Rent Review Dates and Cycle/Breakage Clause: There are no rent review provisions in the lease There is no break clause in the lease. Rent Review, Basis of Valuation: N/A Service Charges (if applicable): The Tenant is to pay a fair proportion of costs the Landlord incurs in respect of keeping the structure of the building insured, maintaining the state and condition including decoration of the structure, roof, foundations, etc and external parts, rates for the common parts, repair and maintenance of common services, cleaning, lighting and heating of the common parts, lift maintenance, provision of hot and cold water in the common parts, fire prevention, heating, window cleaning etc. See clause 13 and 18 for a full list of services. The Tenant is to make interim payments (not more than once every three months) within 21 days or receiving a written demand. The Landlord is to keep records of the service costs and at least once a year is required to send the Tenant an account setting out the total service cost for that year and the payments received from the Tenant. Within 21 days of receiving the account the Tenant is to pay any shortfall. Any overpayment can be retained by the Landlord and used towards future interim payments due from the Tenant.
6.	Use of premises: A1. <i>Please note that the current use of the Property as a Virtual Golf Centre is not an A1 use, however, please see the below regarding the ability to change the use. In addition we have seen a planning permission (reference: 2018/1097/FUL) which permits the current D2 use</i> Restrictions on change of use: The Property can be used for any other use to which the Landlord consent, and the Landlord cannot unreasonably withhold consent.
7.	Repairing/Maintaining Obligations: The Tenant to keep the interior parts of the Property in good repair and condition but is not required to alter or improve it in any way. Internal decoration in every fifth year, and in the last 3 months of the term. The Landlord maintains the structure under the service charge.

<p>8. Alienation (i.e. right to assign, sub-let): The Tenant is not to share occupation or transfer part of the Property.</p> <p>The Tenant can transfer or sub-let the whole with Landlord's consent, not to be unreasonably withheld. There are limited provisions. On any underletting, the terms are to be similar to those within the Headlease but not to permit further underlettings.</p> <p>If the financial standing of the proposed assignee is lower than that of the current tenant or the transferee is resident abroad and the Landlord reasonably requires it, then the Tenant is to provide an authorised guarantee agreement.</p>
<p>9. Insurance Provisions: The Landlord is to insure the building against fire, lightning, explosion, earthquake, landslip, subsidence, heave, riot, civil commotion, aircraft, aerial devices, storm, flood water, etc. A full list of the insured risks can be found in clause 12.</p> <p>Rent is to be suspended during any damage up to a maximum period of 3 years.</p> <p>If it is unlikely that the Property will be fully repaired within 3 years from the date of damage, the Landlord, provided he has not wilfully delayed the restoration, or the Tenant may end the Lease by giving one month's notice. The insurance monies then belong to the Landlord.</p>
<p>10. Landlord's obligations:</p> <ul style="list-style-type: none"> • Quiet enjoyment • Insurance • To provide the services
<p>11. Effect of Bank enforcing security: There are no restrictions on the Bank enforcing its security under the Lease but this will be subject to the terms of the Lease.</p>
<p>12. Forfeiture and re-entry:</p> <ul style="list-style-type: none"> • Rent is unpaid for 14 days • Tenant has not complied with any terms of the Lease • If a company, if it goes into liquidation or has an administrative receiver appointed or if an individual, is judged bankrupt
<p>13. Please advise/comment in respect of the following:</p> <p>Assumptions and Disregards Summary: Not applicable.</p> <p>Unusual/Onerous Provisions (including any mentioned above): The Lease is not considered to be an institutional lease.</p> <p>Effect of matters reported above and recommended steps the Bank should take to protect its position: None. The Lease is now in place.</p> <p>Part II Landlord and Tenant Act 1954: The Lease is protected by the Landlord and Tenant Act.</p>
<p>14. We confirm that subject to the above:</p> <p>The Lease is based on a Law Society precedent so while it is a full repairing and insuring lease it is not an institutional type lease, but subject to the Tenant's compliance with the undertakings and obligations on the part of the Tenant contained in the Lease, the Landlord should be able to recovery all expenditure incurred by it in respect of the Property;</p> <p>Your Customer has advised us that the Tenant (i) is not in breach of any of its obligations under the lease and (ii) all rent or other sums due have been paid</p> <p>Subject to 13 above, the Lease is satisfactory for secured lending but is not considered to be an institutional full repairing and insuring lease and that any matters referred to above should be referred to the valuer.</p>

We acknowledge that you are relying on this Report and are entitled so to rely in connection with security for facilities provided to your Customer(s).

Signed by:

Signature:



Name:

Nick Vaughan

Position:

Senior LLP Partner

authorised to sign for and on behalf of **PARIS SMITH LLP**

Date:

5 October 2018

Address of Firm:

Number 1 London Road
Southampton
Hampshire SO15 2AE

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