



Proplend Loan Request

Date	August 6 th , 2015
Property Name	Aberystwyth Marina
Property Description (Short)	A marina with 147 berths plus boatyard.



Loan Request Summary

Borrower	A Limited Company	Valuation	£ 1,800,000
Loan Type	Commercial Investment	Total Loan Required	£ 1,350,000
Purchase/Refinance	Purchase	Loan to value (LTV)	75%
Property Asset Class	Leisure	Whole loan blended interest rate p/a	8.5%
Proposed Income	£145,000 p.a.		

Borrowers Loan Requirement

Tranche	Risk	LTV	Loan Amount	Gross Interest Rate p.a.	Loan Term
C	High	66-75%	£ 180,000	11.00%	
B	Med	51-65%	£ 270,000	9.80%	
A	Low	0-50%	£ 900,000	7.61%	24 months
Total			£ 1,350,000	8.50%	

OVERVIEW

Borrower

The Borrower is a Limited Company formed specifically for the purpose of purchasing the Property.

Property

- The Property is a marina that has 147 berths plus a boatyard. The Property includes a marina office with adjacent berth holders' facilities, which have recently been refurbished to a high standard. Planning has been granted, in principle, for an additional 40 berths.
- The majority off the Property comprises 3.6 acres of riverbed over which the moorings are located which is held on a 99 year lease expiring in 2106.
- The Property also includes a facilities block and marina office, totalling 4,100 sq ft, which is held freehold. The freehold element of the site also includes 0.45 acres incorporating the slipway and dry-store area to the north of the site.
- The Marina will be operated by the Parent company to the Borrower which has a proven, successful track-record in the industry. The Parent company will enter into a 10 year management agreement in consideration of which it will pay the Borrower a minimum of £145,000 per annum. The Parent company will also guarantee the proposed Loan.
- Vail Williams valued the Property in June 2015 at a Market Value of £1,800,000.

Loan Request

- The proposed gearing level, based on the Market Value, will be 75%.
- Tranche C, comprising £ 180,000, will attract gross interest of 11.00%.
- Tranche B, comprising £ 270,000, will attract gross interest of 9.80%.
- Tranche A, comprising £ 900,000, will attract gross interest of 7.61%.
- Lenders are offered the opportunity to lend with minimum loan amounts of £5,000 on a 'first come, first lend' basis.
- This loan investment is SIPP eligible.

Security

- The Loan will be supported by a first legal charge over the Property.
- Corporate Debenture between the Borrower and Proplend Security Limited.
- Personal Joint and Several Guarantees from two Directors of the Borrower, limited to the sum of £ 350,000.
- The corporate guarantee of the Borrower's parent company.
- Deed of Priority between the Borrower and Funding Knight Services Limited (see Security section for further information).
- Six months interest to be retained from the gross loan amount and held by Proplend on account, to be used in the event that the Borrower fails to pay interest when it falls due.

PROPERTY

Location

The town of Aberystwyth lies on the west of coast of Wales, fronting Cardigan Bay. The marina lies at the mouth of the River Rhiedol. It is a sheltered location, with a sea wall and esplanade providing protection from the seaward side.

Aberystwyth is located towards the centre of Cardigan Bay. There are a number of small harbours and inlets along the bay from Fishguard in the south to Abersoch at the north, but there are no other full service marinas within the Bay. The nearest marinas are at Pwllheli and Anglesey to the north or at Milford Haven to the south.

Asset Description

Aberystwyth Marina is located in an area of former commercial docks which have now been largely redeveloped for housing and other non-harbour related uses. The land ownership of the Marina includes a small parcel of land opposite the main marina bridge head, where the marina office and facilities buildings are located.

The boatyard area is largely a hard surface with a mix of tarmac, concrete, and block paving. As common with most marina yards, this will be used predominantly for parking in the summer and for boat storage during the winter.

The marina facilities building is a single storey structure comprising 4,100 sq ft and constructed of rendered masonry elevations beneath a pitch slated roof. The reception office includes 2 small offices, sales area, and a store. The remainder of the building contains the berth holders' facilities which have been recently refurbished to a high standard. There are four, fully tiled and fitted out rooms which include a shower, WC, and wash basin.

The marina pontoons, which provide 147 berths, are accessed from a bridge head opposite the marina facilities building. The access bridge leads down to the pontoons, which are standard floating type held in place by steel piles. At present, there are 4 berths that are not used for annual or seasonal berth holders. 2 of the berths are occupied by the fuel pontoon and the remaining 2 are unusable because of a restricted fairway.

Planning has been granted, in principle, for an additional 40 new berths.

Tenure

The Property has part Freehold and part Leasehold title. The main part of the site, comprising the marina pontoons and the boat yard, are leasehold. The small area of land upon which the facilities building sits is freehold.

The leasehold title is held on a 99 year lease from 2007, and the landlord is Ceredigion Council. The passing rent is £7,500 per annum. There are 2 outstanding rent reviews (April 2010 and April 2015) that have been discussed with the Council. We are advised that the Council has indicated that there are no plans to increase the rent at this stage, but if they were to do so, it would be by a maximum of 10%. This would increase rent to £8,250 p.a.

We are informed that there have been positive discussions between the Borrower and Ceredigion Council regarding the expansion of the Marina, which would include incorporating the Council pontoons and possibly managing the entire harbour basin including the commercial port. The Borrower has been given a £300,000 grant from the Coastal Communities Fund, which will be used to fund physical works, (most importantly the much needed dredging of the harbour) and staff employment.

Valuation

A valuation of the Property was carried out by Vail Williams on 4 June 2015, a copy of which can be viewed in the supporting documents. The valuation concludes the following:

Market Value: £ 1,800,000

The Valuer was also asked to provide a valuation figure which assumed vacant possession and a market rental figure. Whilst the Valuer provided a vacant possession figure in the sum of £1,300,000, he commented that this reflected an extremely unlikely scenario as, in all likelihood, the marina would be sold, even in a forced sale situation, with most of the berth licensees in place and paying fees.

The Valuer was also unable to provide a Market Rental Value as there has been very little marina activity in the previous few years and as such there are no recent comparables.

Certificate of Title

A draft Certificate of Title will be supplied by the Borrower's Solicitors. This will be reported on by Keystone Law, acting on behalf of Proplend Security Ltd, and their comments thereon can be viewed under documents.

TENANTS & LEASE

Tenant and Leases

The ultimate Title to the Subject Property lies with The Crown which prohibits subletting. It is therefore proposed that the Marina will be operated, under a 10 year management agreement, by Cardiff Marine Group Ltd ("CMGL"). CMGL is the parent company of the proposed Borrower. In consideration of its right to run the Marina and collect revenue from it, CMGL will pay the Borrower an annual consideration of £145,000. This will be paid in quarterly instalments. CMGL will also provide a corporate guarantee in support of the proposed loan facility.

CMGL was formed in 2007 by Chris Odling-Smee and Drew McDonald to acquire and run Cardiff Marina. At the time, the Property comprised only 35 berths and little ancillary business. Over the last 8 years, capacity has been increased to 400 berths plus 10 other profit centres. The Group operates from two locations; the first being the Marina and the second comprising Cardiff Marine Village, which provide dry stacking, boat repair, engine servicing, chandlery, boat sales and engine sales. The Village provides employment for over 50 persons.

In the year ended December 2014, the Cardiff operation produced aggregate sales of just over £2.1 Million, a gross profit of £1.1 Million and an EBITDA of £929,000. Respective projected figures for 2015 are sales at £3.0 Million, gross profit £1.37 Million, and EBITDA £1.16 Million. In November 2014 valuers, Colliers International, provided an aggregate value for both sites of £13.5 Million.

Included with the supporting documents is a profile of the Cardiff Marine Group prepared in February 2014.

BORROWER

Borrower

The proposed Borrower is a newco, single asset vehicle by the name of Aberystwyth Marina Limited ("AML"). It will be purchasing both the leasehold and freehold interests to Aberystwyth Marina.

AML is 100% owned by CMGL. The Directors are Chris Odling-Smee and Drew McDonald. In addition to CMGL providing a commercial guarantee in support of the proposed loan, the two Directors will also provide personal guarantees, each limited to £350,000. We have been provided with asset and liability statements on both Directors which indicate that as of Jan 2015 both are capable of honouring any liabilities arising from the guarantees.

Business Plan

The Directors propose to run and rebuild the Marina, echoing the success they have created at Cardiff Marina. The dredging of the harbour is paramount to attracting back the larger vessels that have had to berth elsewhere in recent years. The Coastal Communities Fund have agreed a grant of £300,000 primarily for this dredging.

CMGL enjoys the support of Lloyds Bank, which has just agreed a facility of £4.5 Million to refinance Santander Bank's loan on the Cardiff operation. The finance of the purchase of Aberystwyth Marina was thought to be too much for Lloyds to consider so soon after agreeing the £4.5 Million facility. Lloyds have, however, indicated that it would be keen to review the refinance of the proposed Loan in eighteen to twenty four months' time.

SECURITY & SERVICEABILITY

Security

The Security for the Borrower's performance under the loans will be documented by Keystone Law and held in trust on behalf of all the lenders by Proplend Security Limited. Such security will include:

- A first legal charge over the properties known as Aberystwyth Marina, Aberystwyth, SY23 1AS
- Corporate Debenture between Aberystwyth Marina Limited and Proplend Security Limited.
- Personal Joint and Several Guarantee from the Directors of the Borrower, limited to the sum of £ 350,000.
- The corporate guarantee of CMGL.
- Deed of Priority between Aberystwyth Marina Limited and Funding Knight Services Limited*.
- A deposit of £ 57,375 will be retained from the loan and will be used to pay interest in the event that the Borrower defaults.

*Please note: The Borrower's parent company, CMGL, has a loan from Funding Knight Services Limited in which they are taking a comfort charge over Aberystwyth Marina Limited. This comfort charge is 100% subordinated to Proplend Security Limited's first legal charge via a Deed of Priority.

Interest Reserve

Proplend will retain £ 57,375 (6 months interest) from the gross loan amount which will be held on account should the Borrower fail to meet the interest payments as they fall due.

Serviceability

CMGL will be paying AML a fee of £145,000 per annum as the consideration for the 10 year management agreement. The interest servicing cost on the proposed loan will be £114,750 per annum.

The Interest Cover Ratio is 1.26x, which indicates that rental income is sufficient to cover interest expense.

Covenants

- Asset Cover (LTV) minimum 80%
- Interest Cover (Rent to Interest Ratio) minimum 1.20:1

RISKS

Loan Risks and Mitigation

- **Loss of CMGL as the managing agent.** It is felt that CMGL has sufficient experience and track record in the marina industry to mitigate this risk. In addition to the 10 year management agreement, CMGL and its Directors will be guaranteeing all and part of the loan respectively. In addition, there is the added benefit of holding 6 months interest as security.
- **Decrease in property values.** The Subject property is being purchased at a price which reflects the fact that it has been run whilst in Receivership. The previous owner was a property developer who had no prior experience in running a marina. The economic recovery has seen an increase in demand for luxury goods and services, which includes the luxury boat and yacht market. It is therefore felt that the demand and revenue for good quality berths will continue to grow for the foreseeable future.

Loan Rationale / Conclusion

The proposed loan will be serviced and guaranteed by a successful marine operator and its Directors. The Subject Property and the business operated from the Property will complement and echo Cardiff Marina, which has seen substantial growth and increase revenue over the past 8 years. The purchase of Aberystwyth Marina from the Receiver is timely given the current increase in demand for marine services and an exit route is anticipated within two years from the Group's clearing Bank.

DOCUMENTS

Additional Documents

The following documents are available to download via the Loan Request screen:

1. A Draft Standard Loan Contract
2. The Legal Report & Property Summary
3. A copy of the Valuation Report dated 4 June 2015.
4. A profile of Cardiff Marine Group prepared in February 2014.

NEXT STEPS

If you are **interested in participating in this Loan Request** and are already fully registered with Proplend then:

1. log-in your *Proplend Lenders Account*, go to *Loan Requests* and select the Loan
2. If the *Loan Request* is still *Pending* you can register your interest via the *Pre-Offer* facility
3. If the *Loan Request* is *Active* and your Proplend account has sufficient funds to cover your Loan Offer then pick the Tranche you wish to lend into and click *Lend Now*. You will be required to enter the loan amount twice and then *Lend Now*. You then have the option to Lend again into a different Tranche if you wish. A copy of the Loan contract signed by you will appear in the *Waiting to Close* screen in your *Lender Dashboard*. When all the Loan Tranches are 100% filled, the Borrower will be invited to sign the Loan Contracts and the final Security documentation will be completed by Proplend Security Limited before drawing down the loan. This may take up to 10 days from 100% funding and you will be kept informed.
4. If you need to transfer funds to your Lender Account in order to make an Offer to Lend then go to the *Lender Dashboard* and *Transfer Funds* Screen. Here you will find our *Barclays Client Money Account details*, ensure to include your unique *Lender Reference* when you make the transfer or this may delay the transfer. Please let us know you are transferring funds via the *quick email facility*.
5. Once your funds have cleared in your Lender Account you will be able to make an *Offer to Lend*.
6. If you have any questions, please call us on 0203 379 8290

PROPLEND DISCLAIMER - PLEASE NOTE:

The information provided in this Loan Request is provided solely by the applicant borrower and not Proplend Ltd ("Proplend") or Proplend Security Limited ("PSL"). Neither Proplend nor PSL has verified or audited the information in the Loan Request or the Loan Request itself; and the publication of the Loan Request by the applicant on the Service Website does not constitute any approval, endorsement or representation by Proplend or PSL in relation to the Loan Request. Neither Proplend nor PSL provides any warranty, representation or undertaking as to the accuracy, timeliness or reliability of the information in the Loan Request or that the Loan Request or any Due Diligence Material accurately reflects the risks associated with the Loan Request; nor does Proplend or PSL make any recommendation or give any advice of any kind in relation to the Loan Request. Expected bad debt estimates are estimates for general guidance only and neither Proplend nor PSL warrant their accuracy or reliability. Lenders should seek their own independent legal, financial, tax or other advice before lending.