



Proplend Loan Request

Date	26 th May 2017
Properties	Swansea & Milford Haven – Mixed Use
Property Description (Short)	Swansea: 3 storey end of terrace Pub & Office upper floors Milford Haven: Bank with 4 flats above



Subject Properties

Street views



Loan Request Summary

Borrower	An SPV Limited Company	Valuation	£605,000
Type	Commercial Investment	Total Loan Required	£400,00
Purchase/Refinance	Refinance	Loan to value (LTV)	66%
Property Asset Class	Mixed Use	Whole loan blended interest rate p/a	9.05%
Current Property Income	£45,100	OM Rental Value	£50,000
Loan Term	18 Months		

Borrowers Loan Requirement						
Tranche	Risk	LTV	Loan Amount	Gross Interest Rate p.a.	Interest Cover	Loan Term
C	Higher	66-75%	£ 6,750	14%	1.25x	18 Months
B	Medium	51-65%	£ 90,750	10.5%	1.28x	18 Months
A	Lower	0-50%	£ 302,500	8.5%	1.75x	18 Months
Total			£ 400,000	9.05%	1.25x	18 Months

OVERVIEW

The Borrower

The proposed Borrower is an SPV which has been nominated by the Applicant to hold 100% of the shares in the two companies which own the two properties offered as security. The two subsidiary companies will guarantee the liabilities of the proposed Borrower in support of the first legal charges on the Subject Properties.

The Applicant is an experienced Irish property investor and developer. He is an Irish National but he lives and works in Swansea.

The Properties

The security comprises two commercial investment properties with the first being being a three-storey building in Milford Haven let, in part, to Nat West Bank for £10,900 p.a. There is scope to let the upper floors of 4 flats producing a further £20,000 p.a. The property is valued at £270,000.

The second property is a 3 storey end of terrace Pub and Offices in the heart of Swansea's restaurant/leisure area. Valued at £335,000, it produces a rental income of £34,200 p.a.

The Loan Request

The loan is required for 18 months to assist with the part refinance of a separate development loan to a company in Ireland where these properties were charged as collateral security. The development lender is releasing their charges in return for a payment of £375,000.

The proposed loan of £400,000 (net £369,907) includes a provision for the retention of six month's interest and the payment of Proplend fees.

The proposed gearing level will be 66% against open market value and 67% against the vacant possession value.

The annual interest expense will be £36,186, giving an interest cover of 1.25x against current rental income.

The business plan is to refurbish the properties, lease up and refinance or sell. Please note an early repayment fee of 2% is payable if the loan is repaid in the first 12 months

The Security

The Loan will be supported by a first legal charge over the Properties with debentures on the Borrower and subsidiary companies.

Proplend Security Limited will retain 6 month's interest from the Loan.

Personal Guarantee from Mr Cornelius Moloney limited to the sum of £400,000.

The Loan Tranches

- Tranche C, comprising £6,750, will attract gross interest at 14% p.a.
- Tranche B, comprising £90,750, will attract gross interest of 10.5% p.a.
- Tranche A, comprising £302,500, will attract gross interest of 8.5% p.a.
- Lenders are offered the opportunity to lend with minimum loan amounts of £1,000 on a 'first come first lend' basis

THE BORROWER

The Borrower

The proposed Borrower is a special purpose vehicle company by the name of L&A Outdoor Centre Limited ("L&AOCL") which has been nominated by the Applicant to hold 100% of the shares in the two companies which own the two properties offered as security. The two subsidiary companies are called Trallwyn Limited and Milford Flats Limited, both of which will guarantee the liabilities of the proposed Borrower in support of the first legal charges on the Subject Properties.

The Applicant and proposed Guarantor is a Mr Cornelius Moloney, an experienced Irish property investor and developer. He is an Irish National but he lives and works in Swansea. Mr Moloney owns other commercial property in the UK (via other SPV companies) and has a stated net worth in the order of £3.8m.

Credit checks on the proposed Borrower, subsidiary companies and the guarantor have not revealed any negative credit history. Mr Moloney has advised us, however, that a Hotel in Swansea, controlled by him through another company was placed into receivership in 2017.

Proplend has thoroughly investigated the background of this receivership and is satisfied with the conduct of Mr Moloney during the process. Proplend has received confirmation that the Hotel has now been sold, and we are advised there was no loss of principal to any of its

creditors, and we are advised that it continues to trade profitably.

Business Plan

The purpose of the proposed loan is to refinance the two Subject Properties and thereby remove them as collateral security on a development site. The refinance also achieves a more attractive pricing than the existing development funding cost.

Upon completion of the proposed loan, the Applicant's plan is to maximise the rental income by refurbishing and letting the upper floors at both properties. There is an opportunity to increase the rent on the Milford Haven property from £10,900 p.a. to circa £35,000 p.a.

Following this proposed optimisation of income, the Applicant intends to sell one or both properties to realise a profit. Refinance on better terms against the background of an enhanced income is another option.

THE PROPERTIES

Swansea

Location

The Property is located in Swansea, an industrial and retail town on the sandy South West Wales coast. It is situated in a prominent and conveniently located position on Wind Street, which is the most popular area for restaurants and bars in Swansea.

The Property benefits from excellent transport links for road and rail.



Asset Description

The Property comprises three storey end of terrace Pub with offices above.

The First and Second floors are self-contained and are accessed by means of a separate entrance off of Wind Street.

The upper floors are in reasonable condition (but would benefit from modernisation) and have the potential to be let as additional offices or converted to residential accommodation (subject to planning).

The Property has a total 4,776 sq ft.

Tenure

The Property is freehold.

Valuations

A valuation of the Property was carried out by Rees Richards & Partners in March 2017, a copy of which can be viewed in the supporting documents. The valuation concludes the following:

Market Value: £335,000
Vacant Possession Value: £335,000
Open Market Rent: £35,000 p.a.

Certificate of Title

A Certificate of Title has been 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

Tenants and Leases

The Pub is let to a single tenant, CMR (Swansea) Ltd, with the lease expiring 31 August 2021. Rental income is £30,000 p.a.

The tenant does not have an Equifax score, as there is not enough information to produce one given the incorporation date of 17/08/15. The Equifax reports lists no derogatory information.

The first-floor office is let under licence to a Mr Suliman for £4,200 p.a.

The combined rental income on this property is therefore £34,200 p.a.

Proplend is in receipt of Borrower bank statements for October 2016 to December 2016, which show that that the tenant is paying rent on time as agreed.

Although the commercial property market in South West Wales suffered during the credit crisis, in the past 18 months, the area has seen an increase in market activity due to the well-publicised economic recovery and credit improvements. The location of the property on Wind Street is a desirable destination for nightlife in Swansea, and it compares favourably to secondary and tertiary towns, such as Bridgend and Port Talbot. In addition, because of its prominent position on Wind Street, the Property offers itself for a number of other diversified uses, such as hotel, restaurant, retail, or even residential, thus re-let ability and demand is seen as favourable in the current market if the tenant were to vacate the property.

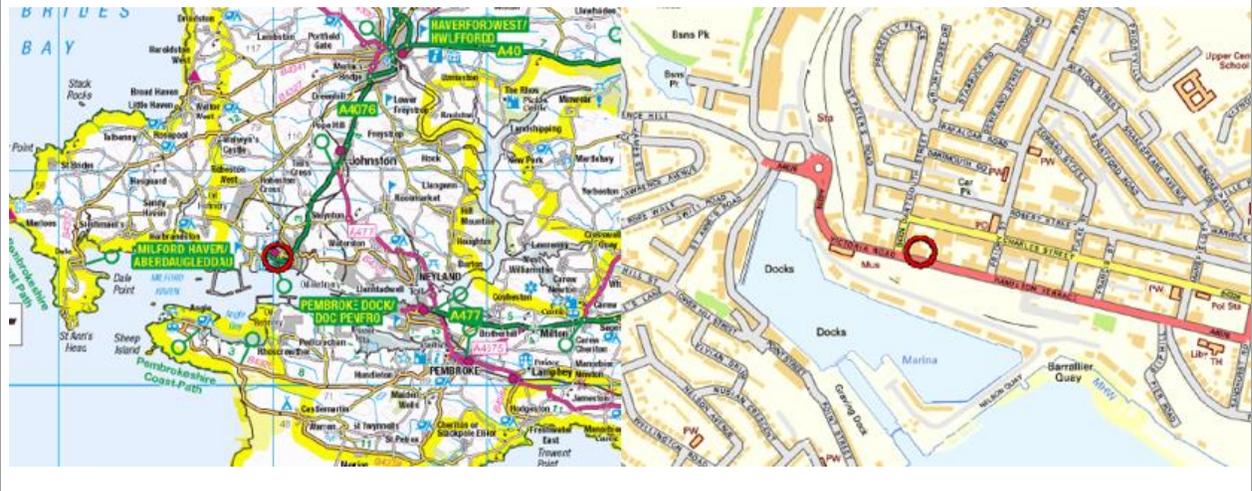
Milford Haven

Location

The property is located in the industrial coastal town of Milford Haven, Pembrokeshire, west Wales, being some 103 miles west of the capital city Cardiff and 52 miles from the M4 at junction 49.

The property fronts directly onto Hamilton Terrace, being one of the main highways which travels through the town and home to a number of professional and financial institutions, including Nat West and Barclays along with a number of solicitors and public taverns. In the main the area is of mixed use and is generally considered to be one of the main professional districts within the town whilst being within easy walking distance to the renowned marina along with the retail park, which is home to a Tesco Supermarket.

The current ground floor use is suitable and in keeping with the character of the area, whilst the first and second floors represent an opportunity of providing living accommodation which would benefit from vast views over the coastline.



Asset Description

The property is an end of terraced three storey building, dating back to the early 1900's.

The property is divided into two separate units, namely the ground floor being occupied by Nat West Bank and the first and second floor being currently vacant but set to be redeveloped for residential use.

The property is of a traditional brick and block construction being under a pitched interlocking concrete tiled roof, it has been extended to the rear in 'bit part' over a number of years.

The majority of the glazed units at the rear of the property are timber framed single glazed units and would benefit from being replaced by UPVC double glazing.

The property sits on a site of 0.085 acres and comprises, 1,720 sq ft on the ground floor and

2 upper floors of 1,216 sq ft.

Tenure

The Property is freehold.

Valuations

A valuation of the Property was carried out by Rees Richards & Partners in March 2017, a copy of which can be viewed in the supporting documents. The valuation concludes the following:

Market Value: £270,000
Vacant Possession Value: £260,000
Open Market Rent: £15,000 p.a. (excluding upper floors)

Certificate of Title

A Certificate of Title has been 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

Tenants and Leases

The ground floor is let to Nat West Bank on a 20-year lease ending Feb 2019 with a 6 month rolling break clause.

The passing rent from the Bank is £10,900 p.a. but the Valuer has indicated that the open market rental value is £15,000 p.a. and the Bank has not indicated its wish to vacate on expiry of its lease. The tenant has recently had the exterior of the property refurbished.

The upper floors are currently vacant flats but it is the borrower's intention to refurbish and let these units over the next six months.

The valuer has indicated that, upon completion, the flats could produce a further £20,000 p.a. increasing the overall rental value to £35,000 p.a. The proposed loan does not take into account any possible income from the flats and the interest cover ratio is based on the passing rent alone.

The Valuer has indicated a value for this investment of £270,000 and the proposed loan is based on this sum. The Valuer has, however, indicated that once the upper floors are refurbished the Property should be worth £550,000.

It should also be noted that the valuation provides a value, assuming, vacant possession, at £260,000 which indicates a good prospect of sale or re-let.

Combined Valuations

Valuation of both Properties were carried out by Rees Richards and Partners, a Swansea based firm, in March 2017. Copies of these reports can be viewed in the supporting documents. The valuations conclude the following:

Aggregate Market Value: £605,000

Aggregate Vacant Possession Value: £595,000

Aggregate Market Rental Value: £50,000

Aggregate Market Rental Value after refurbishment: £70,000

SECURITY & SERVICEABILITY

Security

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

- First legal charges on both Subject Properties.
- Debentures from the Borrower and the two subsidiary, property owning Companies
- 6 month's interest will be retained from the Loan and held on account.
- The personal guarantee of the sole Director for a sum of £400,000.

Serviceability

The Interest Cover Ratio is 1.25x, indicating that the current rental income is more than sufficient to cover the interest expense.

Interest Reserve

Proplend will retain £18,093 (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.

When the loan has only 3 monthly payments remaining, subject to the loan contract not being in breach and there having been no arrears, costs, or fees owing, Proplend will distribute the Lenders' interest from the Interest Reserve as each remaining repayment falls due. The balance of the Interest Reserve will be applied to the repayment of the principal at the end of the term of the loan.

Covenants

- Asset Cover (loan to value): maximum 75%

LENDER RISKS:

RISK	LEVEL	MITIGANT
Risk that the management of the Borrower is not able to execute their business plan.	HIGHER RISK	<ul style="list-style-type: none"> • The Valuer has confirmed the opportunity to enhance the rental income • The prospect of increasing the income and realising capital gain is good • Experienced property developer
	MEDIUM RISK	
	LOWER RISK	
Risk that the Borrower stops making monthly interest payments to Lenders due to loss of lease income and or tenants whose leases had ended, had exercised a lease break or have gone into receivership.	HIGHER RISK	<ul style="list-style-type: none"> • Nat West as a tenant should provide a good covenant for rental income, they are currently paying below market value but are on a 6 month rolling break • The Director and Guarantor has the means to service any rental shortfall.
	MEDIUM RISK	
	LOWER RISK	
Risk that the Borrower is unable to repay the loan principal at the end of the loan term because they have not been able to sell or re-finance the property.	HIGHER RISK	<ul style="list-style-type: none"> • The vacant possession value is only £10,000 less than the open market valuation across both properties assuming the current leases. This indicates good demand for the properties and a good prospect of selling either property should the need arise. • Combination of two Properties as security provides options to the Borrower in optimizing the rent, selling or refinancing.
	MEDIUM RISK	
	LOWER RISK	
Risk that the Property falls in value due to either macro-economic or property-specific reasons.	HIGHER RISK TRANCHE C	<ul style="list-style-type: none"> • Both Properties are considered to be in good locations where demand will remain strong • At combined 66% LTV, the properties would

	65-75% LTV	<p>need to decrease in value by 34% before the LTV would exceed 100%</p> <ul style="list-style-type: none"> Given the opportunity to increase rental value in both properties this should add value to both properties Proplend Security Limited maintains a panel of experienced valuers who must have adequate professional indemnity insurance to provide property valuations
	MEDIUM RISK TRANCHE B 51-64% LTV	
	LOWER RISK TRANCHE A 0-50% LTV	

DOCUMENTS

Additional Documents

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

1. A Draft Standard Loan Contract
2. The Report on Title and Lettings Report produced by Keystone Law
3. Copy Valuation Reports dated 13th March 2017

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 Investments*, and select the Loan.
2. If the *Loan Request* is *Active* on the Proplend Loan Exchange (PLE) and your Proplend account has sufficient funds to cover your investment, pick the Tranche you wish to lend into and click *View Loan*. The next screen will show the amount of the Loan Tranche available and the key details. Click *Invest* to continue. Select the amount you wish to invest using the drop down menu and click *Invest*. Check the Loan Contract and click *Accept*. A copy of the Loan contract signed by you will appear in your *Lender Dashboard*. Follow the same process to invest into another Tranche.
3. If the Loan Investment is *In Funding*, 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 the *Loan Request* is still *Pending* you can register your interest via the *Pre-Offer* facility.

5. If you need to transfer funds to your Lender Account in order to make an investment or an Offer to Lend then go to the *Lender Dashboard Banking* 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*.
6. Once your funds have cleared in your Lender Account you will be able to make an investment through the PLE or an *Offer to Lend*.

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.

Proplend Limited is Authorised and Regulated by the Financial Conduct Authority and entered on the Financial Services Register under firm registration number 726646. Proplend Limited is not covered by the Financial Services Compensation Scheme. Your capital is at risk and interest payments are not guaranteed if the borrower defaults.