



Proplend Loan Request

Date	3 rd November 2017
Property Name	Site in Swansea
Property Description (Short)	A 0.84 acre site with planning permission for the development of 32 apartments.



Loan Request Summary

Borrower	A single asset Limited Company	Valuation	£1,000,000
Loan Type	Development Site	Total Loan Required	£600,000
Purchase/Refinance	Refinance	Loan to value (LTV)	60%
Property Asset Class	Planning Permission for C3 use – Residential	Whole loan blended interest rate p/a	12%
SIPP	Suitable for a SIPP		
Current Property Income	N/A	Rental Value	N/A

<u>Borrowers Loan Requirement</u>						
Tranche	Risk	LTV	Loan Amount	Gross Interest Rate p.a.	Interest Cover	Loan Term
C	Higher	66-75%	£ ---	---		
B	Medium	51-65%	£ 100,000	17%	n/a	
A	Lower	0-50%	£ 500.000	11%	n/a	12 months
Total			£ 600,000	12%	n/a	12 Months

OVERVIEW

Borrower

- The proposed borrower is a single asset Limited Company controlled by the Applicant.
- The Applicant declares his net worth (based on UK property investments) at £3.3 Million
- He will provide a personal guarantee for £500,000.

Property

- The Subject Property 0.84-acre development site located in an established residential area with the Swansea City Boundary. It has extant planning permission for 32 apartments

Loan Request

- The proposed Borrower is currently borrowing £500,000 from another Lender (Alternative Bridging Corporation) having recently reduced the loan by some £350,000.
- The Applicant has decided to sell the site, with the benefit of planning permission, rather than develop it, as originally planned. It is being marketed for £1.25 Million although it has been valued at £1 Million.
- The Applicant is seeking a period of up to 12 months so it can fully market the Property and achieve the optimum sales price.
- The proposed loan of £600,000 includes a provision for the retention of 18 months interest and the payment of fees. Two-thirds of this provision (i.e. 12 months provision) will be utilized in servicing interest during the loan period. The remaining 6 months provision will be retained as a contingency.
- The net loan, after the deduction of the interest provision and fees, will be £474,000
- The proposed gross gearing is 60%, with net gearing at 47.4%.
- Annual interest expense is £72,000, and will be covered by the retained interest reserve.

Security

- The Loan will be supported by a first legal charge over the Subject Property.
- Proplend Security Limited will hold a floating charge over the Assets & Undertaking of the Borrower.
- Director's personal Guarantee from the Director for £500,000 (Proplend Security Ltd already holds a director's guarantee from this Director in the sum of £400,000 in respect to an existing loan to another company).
- Proplend Security Limited will retain 18 months interest from the Loan.
- The loan interest will be serviced from the retained interest account, with a further 6 months interest held in reserve.
- A second charge will sit behind our first charge, providing additional security for a separate loan to be financed by Proplend, primarily secured on another property.

Loan Tranches

- Tranche A, comprising £500,000 will attract gross interest of 11% p.a.
- Tranche B, comprising £100,000 will attract gross interest of 17% 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 Ffynone Developments Ltd ("FDL"). This is a new SPV formed to bring together two adjoining Titles previously owned by different parties. The sole Director of FDL is to be Mr Cornelius Moloney, aged 59. Companies House currently shows a Michael Thompson as the sole Director as he was asked by the Applicant to form the SPV. Prior to completion of the loan we shall require confirmation that Mr Moloney has been appointed as a director. Mr Moloney is providing a personal guarantee for the loan sum. His stated net-worth from UK properties is in the order of £3.3 Million.

FDL is owned by a UK holding company by the name of Isola Bella Group Ltd which, in turn, is owned by the Moloney Family Trust called Connaught Capital Ltd, registered in Belize (not to be confused with a UK registered company by the same name).

The beneficiaries of this Trust are Cornelius Moloney, his wife, and their three children.

THE PRINCIPAL PROPERTY

Location

The Subject Property is situated in Ffynone Road which is desirable residential location in an affluent part of Swansea known as Uplands.

Swansea is the second largest city in Wales and has a resident population of 240,300, with a further 580,000 people (estimate) living within a 30-minute radius drive time. It is located 42 miles west of Cardiff and has good access to the national motorway network via Junction 42 through to Junction 47 of the M4. There is a good railway link to Cardiff and London which takes approx. 3 hours. Employers within the city include the Inland Revenue, DVLA, NHS Trust, Land Registry and private companies such as NTL, EDS, HSBC and Admiral Insurance. Swansea University has around 12,600 undergraduates and 2,200 postgraduates. Swansea Metropolitan University merged with University of Wales Trinity St David in 2013 and has around 6,000 students.

A transformative masterplan proposes new retail, leisure and residential developments to the central, civic and seafront districts, Swansea University's new Bay Campus was completed last year and UoWTSD's new campus building is currently under construction. Swansea Bay is also proposed for a £1.3bn tidal lagoon that would generate 320MW of renewable energy and around 200 jobs. The scheme is currently awaiting UK government approval.



Asset Description

The address of the Subject Property is The Former RAFA Club and Nursing Home, Ffynone Road, Swansea SA1 6DE. As its name implies, it was previously an institutional building of granite stone construction which is now derelict. The property has been the subject of various planning applications but in 2016 permission was granted for the construction of 24 apartments utilising the envelope and façade of the existing buildings plus a further 8 apartments in two newly-built 'coach houses' on the level ground within the Site area. Significantly, the planning permission is not conditional on any Sect 106 or CIL (community infrastructure levy).



The proposed development will comprise a gross internal floor area of 34,725 sq.ft. with the 32 units ranging in size from 667 sq.ft to £1,335 sq.ft. In arriving at a projected gross development value for the proposed scheme, Savills have assumed sale values which reflect between £225 and £325 p.s.f. Savills have provided evidence of comparable sales figures which support these assumptions. The Valuer's investigations produce a gross development value of £7.75 Million upon which the current valuation of the site is based. The valuation assumes a 40-month development phase and a gross profit return on cost of 25%. The valuation report also concludes that there is scope for further improving the planning permission and thereby enhancing the Site value. The proposed loan is, however, based on the value provided by Savills based on the current planning permission.

Tenure

The Property comprises two Titles both of which are freehold

Valuations

A valuation of the Property was carried out by Savills in October 2017, a copy of which can be viewed in the supporting documents. The valuation concludes the following:

Open Market Value: £1,000,000
Restricted Sale Value: £ 700,000
Open Market Rental Value: £ 261,000 p.a. (on assumption that the development is completed)

TENANT & LEASE

Tenants and Leases

The Site is not tenanted. Interest for the loan period is covered within the gross loan sum.

Interest on current borrowings is currently being serviced by the Applicants other business which is a 53-bed freehold/long-leasehold hotel in Swansea which has recently been valued by Pinders at £2.75 Million. Pinders reports that in the year ended 28/2/17 the Hotel achieved a turnover of £1,446,077 and a net profit of £398,821. Its projected turnover for the year to 28-2-18 is £1,600,000. The Proplend is also providing a loan against this Hotel in the sum of £1,450,000.

SECURITY & SERVICEABILITY

Security

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

- The Loan will be supported by a Debenture and Mortgage including first ranking legal charge over the Site in Ffynone Road.
- 18 months interest will be retained from the Loan and held on account. See Interest Reserve section for further details.
- A Personal Guarantee from the Director and sole Shareholder of the Borrower for £500,000 (Proplend Security Ltd already holds a director's guarantee from Mr Moloney in the sum of £400,000 in respect to an existing loan to another company).
- A second legal charge also will be taken on the Property by Proplend Security Limited to compliment the primary security for another facility to be provided by Proplend. The Primary Security for this other loan is owned by another company controlled Mr Moloney. It has been valued at £2.75 Million and the facility to be provided against it will be £1,450,000. The gearing against the primary security will therefore be 53%.
- The proposed second charge on the Site in Ffynone Road will not fetter the first legal charge or any of the rights and remedies available to the Lenders on this facility.

The drawdown of the Loan will be subject to receipt of a satisfactory report on title.

Serviceability

- The loan will be serviced out of the retained interest account for the life of the facility. A further 6 months interest will be held on account.

Interest Reserve

Proplend will retain £72,000 (12 months interest) from the gross loan amount which will be held on account to meet the interest payments as they fall due.

Proplend will retain £36,000 (6 months interest) from the gross loan amount which will be held on account as a reserve to cover interest should the borrower fail to secure a sale or refinance within the loan term.

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 65%

Business Plan

The proposed Borrower is currently borrowing £500,000 from another Lender (Alternative Bridging Corporation) having recently reduced the loan by some £350,000. The Applicant has decided to sell the site, with the benefit of planning permission, rather than develop it, as originally planned. It is being marketed for £1.25 Million although it has been valued at £1 Million. The Applicant is seeking a period of up to 12 months so it can fully market the Property and achieve the optimum sales price.

Relevant background information

As already mentioned, the Applicant owns and controls a sister company by the name of The Abertawe Grand Ltd. This Company owns a Hotel in the centre of Swansea known as The Abertawe Grand. The Hotel was previously run by Ivy Place Hotels Ltd ("IPHL") under the control of Mr Moloney. In September 2016, IPHL was put into Receivership.

We have conducted full due diligence into the background surrounding the Receivership, and are comfortable with the circumstances, and we have received confirmation that none of the lenders suffered any loss as a result of the Receivership.

In June of this year, Proplend provided a loan of £400,000 to another company owned by IBGL which is secured on two freehold properties with an aggregate value of £605,000. Mr Moloney is a guarantor on this facility. The Directors of IBGL are Cornelius Moloney and his Son Colin Moloney. The shares in IBGL are held in a Trust the Beneficiaries of which are the Moloney family.

LENDER RISKS:

RISK	LEVEL	MITIGANT
Risk that the management of the Borrower vehicle is not able to execute their business plan.	HIGHER RISK	The Applicant has given himself a 12-month period to sell the Site at an optimum price that can be achieved. He will need to drop his asking price by 20% to attain the valuation figure of £1 Million. He will need to drop the asking price by over 52% before he is unable to cover the proposed loan from sale proceeds.
	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	- The property is non-income producing so a full interest reserve has been included to cover all require interest payments due to Lenders throughout the term of the facility. - Proplend Security Limited holds a further 6 months interest reserve to provide additional cover in the unlikely even the facility overruns.
	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	- Holding a first legal charge secured over the property which is registered with the Land Registry and Companies House, enables Proplend Security Limited to appoint solicitors and/or a receiver to repossess the property and sell it and execute any other security held from the borrower. - Default interest is charged during the period of default.
	MEDIUM RISK	
	LOWER RISK	
Risk that the Property falls in value due to either macro-economic or property-specific reasons.	HIGHER RISK TRANCHE C 65-75% LTV	- The property is well located in a stable UK city. - Proplend limits the maximum loan to value against a property to 75%. This means the borrower has to have a minimum of 25% equity in the property to borrow on Proplend. - So a property would have to fall in value by more than 25% for lenders in Tranche C to be affected, fall 35% for lenders in Tranche B
	MEDIUM RISK TRANCHE B 51-64% LTV	

	LOWER RISK TRANCHE A 0-50% LTV	to be affected or fall by more than 50% for lenders in Tranche A to be affected. • Proplend Security Limited maintains a panel of experienced valuers who must have adequate professional indemnity insurance to provide property valuations.
--	---	--

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 Paris Smith
3. Copy Valuation Report dated Oct 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