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Investor Update: Swansea Hotel Loan

Main Site:	Ivey Place & No's 197-201 High Street Swansea Abertawe SA1 1NG
Borrower:	The Abertawe Grand Limited
Loan Number:	PLL0786
Report Date:	27/2/2019



Loan Update

The Borrower is in the throes of arranging the planned refinance with a High Street Lender. In readiness, a fresh valuation report has been received advising;

- the Market Value has increased from £2.75m as at October 2017, to £3.2m.
- the Market Value with 6 months to sell, has increased from £2.3m to £2.7m.
- the Vacant Possession Value has increased from £1.8m to £2.1m.

The Subject Property is let to connected party, Celtic Hospitality Limited. Since October 2017, the rent payable has increased from £161,500 p.a. to £169,396 p.a.

Financial accounts to year end 28/2/2018 show turnover increased from £1.446m to £1.659m, Gross Profit increased from £1.235m to £1.412m, and Net Profit increased from £398.8k to £448.9k.

Covenant Compliance

The LTV Covenant is 60%. In light of the fresh valuation, the LTV has improved from 52.73% as at October 2017, to 45.31%.

The ICR Covenant is 1.23x. This has now improved to 1.30x.

Interest Payments

All interest payments are up-to-date and have been made in good time.

A 6-month interest reserve is still held on account (£65,406).

Exit Strategy

As above, the Borrower is in the throes of arranging the refinance to a High Street Lender, as per the original Business Plan.

Property Summary

Market Value	£3,200,000	Property Income	£169,396
Vacant Possession Value	£2,100,000	Market Rental Value	£180,000
Tenure	Long-leasehold	Asset Class	Hotel
EPC Rating (min. E)	D		

Loan Summary

Total Loan Required	£1,450,000	Loan to Value (LTV)	45.31%
Blended Interest Rate	9.00%	Interest Cover	1.30x
Loan Term	18 months	Interest Expense (p.a.)	£130,500

Tranche	Risk	LTV	Loan Amount	Interest Rate	Interest Cover
B	Medium	51-65%	£75,000	10.90%	1.30x
A	Low	0-50%	£1,375,000	8.90%	1.38x

Covenants

LTV Covenant	60%	ICR Covenant	1.23x
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Security

Main Site	First Legal Charge	Debenture	Debenture Not Required
Share Charge	Share Charge Not Required	Property Insurance	PSL Interest Noted and Current Docs held

Personal Guarantee Individual Guarantee from the Director of The Abertawe Grand Limited for the sum of £145,000.
The same Guarantor has also provided Personal Guarantees for the Swansea & Milford Haven Mixed Use loan (being refinanced by Proplend in March 2019), the Swansea Land loan, and the Swansea Commercial Mixed Use loan (limited to the sums of £400k, £500k, & £200k respectively).

Valuation

A valuation of the property was carried out by Pinders on 21/2/2019, a copy of which can be seen in the supporting documents. The valuation concludes the following:

Market Value: £3,200,000
Vacant Possession Value: £2,100,000
Open Market Rental Value: £180,000