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Investor Update: Flintshire - Logik WTE - Waste Plant

| | |
|--------------------------|---|
| Main Site: | Land Off Weighbridge Road, Deeside Industrial Estate, CH5 2LF |
| Borrower: | Logik WTE Limited |
| Loan Number: | PLL0854 |
| Report Date: | 23/8/2019 |
| Next Review Date: | 23/11/2019 |



Loan Update

The loan continues to perform, with monthly interest payments being made out of the interest reserve.

Covenant Compliance

Fully compliant throughout the loan term.

Interest Payments

All interest payments have been made, as above, from the interest reserve. With three months until maturity, there is still a 6-month reserve held on account, equating to £153,623-38.

Exit Strategy

By way of a reminder, prior to completion of this loan, a deal had previously been agreed with a large international Waste-to-Energy

(W2E) company to acquire the site for £4.6m from the borrower once the legal title had been acquired from the local authority.

The acquirer sought to reduce the purchase price at the last moment with the borrower resisting on the basis that they knew of several other interested parties who would likely match or pay more than the price agreed with the original acquirer.

The loan period has provided the Borrower with the time needed to negotiate further with the original purchaser and consider the offers from several other international W2E operators.

The borrowing vehicle, Logik WTE Limited, is a joint venture SPV of which Logik Developments is a 50% shareholder. Logik WTE is currently evaluating two offers for the site - one an unconditional offer from a credible W2E operator, the other from an industrial user with close ties to the area.

The Borrower expects that our loan will be redeemed in full prior to the maturity date of 23/11/2019.

Property Summary

| | | | |
|--------------------------------|------------|----------------------------|--------------------|
| Market Value | £4,600,000 | Property Income | £0 |
| Vacant Possession Value | £4,600,000 | Market Rental Value | £0 |
| Purchase Price | £1,890,000 | Purchase Type | Option |
| Tenure | Freehold | Asset Class | Land with Planning |

Loan Summary

| | | | |
|------------------------------|------------|--------------------------------|----------|
| Total Loan Required | £2,450,000 | Loan to Value (LTV) | 53.26% |
| Blended Interest Rate | 12.50% | Interest Cover | 0x |
| Loan Term | 12 months | Interest Expense (p.a.) | £306,250 |

| Tranche | Risk | LTV | Loan Amount | Interest Rate | Interest Cover |
|---------|--------|--------|-------------|---------------|----------------|
| B | Medium | 51-65% | £150,000 | 14.80% | 0x |
| A | Low | 0-50% | £2,300,000 | 12.35% | 0x |

Covenants

| | | | |
|---------------------|-----|---------------------|---|
| LTV Covenant | 60% | ICR Covenant | 0 |
|---------------------|-----|---------------------|---|

Security

| | | | |
|---------------------------|--|---------------------------|--------------------------------------|
| Main Site | First Legal Charge | Debenture | Debenture Required |
| Share Charge | Share Charge Not Required | Property Insurance | PSL Interest Requirement Outstanding |
| Personal Guarantee | Joint and Several Guarantee from the Directors and Shareholders of Logik WTE Limited for the sum of £460,000 | | |

Valuation

A valuation of the property was carried out by GVA on 7/11/2018, a copy of which can be seen in the supporting documents. The valuation concludes the following:

Market Value: £4,600,000
Vacant Possession Value: £4,600,000
Open Market Rental Value: £0