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Full Loan Request: Milford Haven - Moloney - Mixed Use

Main Site:	4 Hamilton Terrace, Milford Haven, SA73 3AN
Date:	21/2/2019
Asset Description:	An end of terrace three storey mixed use property. The ground floor has just been vacated by Natwest Bank, and the upper floors are also currently vacant and set to be converted to 4 residential apartments.



Deal Summary

Loan Type	Commercial Bridge	Borrower Profile	Property investor
SIPP Classification	SIPP Ineligible	Loan Purpose	Refinance

Property Summary

Market Value	£230,000	Property Income	£10,000
Vacant Possession Value	£230,000	Market Rental Value	£32,400
Tenure	Freehold	Asset Class	Mixed Use (Residential)
EPC Rating (min. E)	n/a		

Loan Summary

Total Loan Required	£169,500	Loan to Value (LTV)	73.70%
Rate of Interest	12.00%	Interest Cover	0x
Loan Term	9 months	Interest Expense (p.a.)	£20,340

Tranche	Risk	LTV	Loan Amount	Gross Interest	Net Interest	Interest Cover
C	High	66-75%	£20,000	20.05%	18.045%	0x
B	Medium	51-65%	£34,500	14.00%	12.60%	0x
A	Low	0-50%	£115,000	10.00%	9.00%	0x

Borrower Details	
Name	Milford Flats Limited
Registration	UK Registered Limited Company
Main Business Activity	The proposed Borrower is a special purpose Limited Company, registered in the UK. It has no assets other than the Subject Properties.
Ownership Structure	<p>The proposed Borrower is a special purpose vehicle company by the name of Trallwyn Limited. This Company is owned 100% by Wind Street Holdings Limited (formerly known as The L & A Outdoor Centre Limited).</p> <p>Wind Street holdings Limited is owned 100% by Connaught Capital Limited, which is a non-UK registered company.</p>

Applicant Details	
Name	Cornelius Moloney
Age	60
Experience	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 History	Clear.
Net Worth	£3.8m.
Other	Please see the Personal Guarantee part of the Security section below, regarding the Applicant's other loans with Proplend.

Loan Details	
Loan Purpose	Refinance
Gross Loan Amount	£169,500
LTV	73.70%
ICR	0x
Serviceability	Monthly interest payments will be made from the interest reserve.
Interest reserve	Proplend will retain £20,340 (12 months interest) from the gross loan amount which will be held on account. The balance of the Interest Reserve will be applied to the repayment of principal at the end of the loan term.
Early Repayment	2% first 3 months

Existing Facility

Lender	Proplend	Expiry	13/12/2018
Value	£177,742	Status	Up to Date
Rate	9.05%		

Existing Facility Description Repaying part of an existing facility in the name of L & A Outdoor Centre Ltd

Strategy During Loan Term

The Borrower will be refurbishing the four residential apartments on the upper floors, and applying for change of use on the ground floor to convert to a further two apartments.

The refurbishment has commenced on the two apartments on the first floor, but cannot really begin in earnest until Natwest fully vacate the ground floor in February 2019 and access becomes easier.

Property Details

The property is an end of terrace three storey, traditional concrete brick and block building with rear extension, being under a pitched interlocking concrete tiled roof, dating back to the early 1900s. The ground floor (2,050ft²) was let subject to a 20-year tenancy held by Natwest Bank - this expired earlier this month, whilst the upper floors are also currently vacant and set to be converted to 4 residential apartments.

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, we would comment that these extended areas appear to be of a cavity brick and block construction under part interlocking concrete tile/ part felt roof. 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 ground floor of the property is to be converted to two 2 bed apartments upon obtaining vacant possession in February 2019.

To the ground floor is the main retail/banking area, two offices and two storage/filing rooms, the valuer was not granted access to the first and second floors but were informed by the Borrower that there are a number of offices/flats in need of refurbishment and it is proposed to undertake a complete redevelopment of these floors.



Location Report

The property is located in the heart of the industrial town of Milford Haven, Pembrokeshire, West Wales, some 103 miles from the capital city Cardiff and 52 miles west of the M4.

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 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.



Security

Main Site	First Legal Charge	Debenture	Debenture Required
Share Charge	Share Charge Not Required	Property Insurance	PSL Interest to be Noted on Completion

Personal Guarantee	<p>Joint and Several Guarantee from the Directors and Shareholders of Milford Flats Limited for the sum of £169,500.</p> <p>The same Guarantor has also provided PGs for the Swansea & Milford Haven Mixed Use loan (being refinanced here), the Swansea Hotel loan, the Swansea Land loan, and the Swansea Commercial Mixed Use loan (£400k, £145k, £500k, & £200k).</p> <p>Please note that the Swansea Land loan was due to have been repaid in full on 17th November 2018, and therefore ran past the 90-day delinquency period on 15th February.</p> <p>The Borrower has been in regular contact with the Proplend Credit Team, and following protracted negotiations, the Proplend Credit Committee has agreed a 60-day extension with a hard default date of 15th April, on the basis that the Borrower deposits a further £100,000 cash into their Proplend Borrower account.</p> <p>These funds have now been received will be used to;</p> <ul style="list-style-type: none"> - add to the current interest reserve which will be used to pay monthly interest to all Lenders - offset the total outstanding loan amount thereby reducing the LTV and making a refinance to another lender more viable <p>During the 60-day extension the Borrower will seek to redeem the outstanding loan facility by sale of the site, refinance via another lender or out of private funds.</p> <p>Should the Proplend facility not be redeemed in full by April 15th the Borrower understands that Proplend will have no option but to place the loan into default and instruct an LPA receiver to recover the outstanding Lender funds, this will be done at the Borrower's expense.</p>
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Exit Strategy

The Borrower will be selling the property. This will either be upon refurbishment of the four flats on the first and second floors, and consent to change of use for the ground floor, or will be after the ground floor has been converted to two further flats.

Covenants

LTV Covenant 75% **ICR Covenant** 0x

Fees

Arrangement Fee 1% **Broker Fee** 1%

Valuation

A valuation of the property was carried out by Rees Richards & Partners on 6/12/2018, a copy of which can be seen in the supporting documents. The valuation concludes the following:

Market Value: £230,000
Vacant Possession Value: £230,000
Open Market Rental Value: £32,400

Report on Title

A Report on Title will be supplied by Enact acting on behalf of Proplend Security Ltd, and it's comments thereon can be viewed under documents.

Lender Risks	Mitigant	Risk Level
Risk that the management of the Borrower is not able to execute their business plan.	External market factors may ultimately affect the sale value, however the Valuer has confirmed the opportunity to enhance the rental income, and realise capital gain, and the Borrower is an experienced property developer.	High
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.	The loan is for a 9 month term, and a 12 month Interest Reserve will be held on account, from where the monthly interest payments will be made.	Medium
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.	External factors may go against the Borrower however local demand for properties of this size and nature is believed to be good.	Medium
Risk that the Property falls in value due to either macroeconomic or property specific reasons	<p>The Property is considered to be in a good location where demand will remain strong.</p> <p>At 74% LTV, the property would need to decrease in value by 26% before lenders in Tranche C would be affected.</p> <p>The opportunity to increase rental value in the property should add value, relative to market conditions.</p>	Medium

Conditions Precedent

The following actions have been completed prior to credit approval:

- Satisfactory AML/KYC checks in respect of the Borrowers / Directors / Shareholders
- Clear credit searches against the Directors / Shareholders
- Formal, independent valuation addressed to Proplend Security Limited by a RICS qualified valuer confirming market value of the property.
- Satisfactory completion of all stated security requirements / Report on Title.
- Adequate insurance cover with Proplend Security Limited named as First Loss Payee
- Proplend Ltd diligence to be satisfied that interest payments can be serviced
- Loan to value not to exceed 75% on draw down

Documents

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

- A Draft Standard Loan Contract
- The Report On Title and Lettings Report produced by Enact
- A copy of the Valuation Report

Next Steps

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

Log in to your Proplend Lenders Account, go to Loan Investments

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.

If you have any questions, please call us on 0203 397 8290

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