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Full Loan Request: Swansea - Mixed Bar and Offices

Main Site:	66 Wind Street, Swansea, SA1 1EQ
Date:	18/12/2018
Asset Description:	The property comprises a three storey end of terrace building, with ground floor bar and offices on the first and second floors. The property benefits from a basement, which was formerly utilised as part of an Italian Restaurant.



Deal Summary

Loan Type	Commercial Mortgage	Borrower Profile	Property investment SPV
SIPP Classification	SIPP Eligible	Loan Purpose	Refinance

Property Summary

Market Value	£335,000	Property Income	£42,600
Vacant Possession Value	£335,000	Market Rental Value	£35,000
Tenure	Freehold	Asset Class	Mixed Use (Commercial)
EPC Rating (min. E)	tbc		

Loan Summary

Total Loan Required	£250,000	Loan to Value (LTV)	74.63%
Rate of Interest	8.00%	Interest Cover	2.13x
Loan Term	12 months	Interest Expense (p.a.)	£20,000

Tranche	Risk	LTV	Loan Amount	Gross Interest	Net Interest	Interest Cover
C	High	66-75%	£32,250	14.24%	12.816%	2.13x
B	Medium	51-65%	£50,250	9.00%	8.10%	2.76x
A	Low	0-50%	£167,500	6.50%	5.85%	3.91x

Borrower Details	
Name	Trallwyn 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	£3,800,000-00.
Other	Please see the Personal Guarantee part of the Security section below, for more information regarding the Applicant's other loans with Proplend.

Loan Details	
Loan Purpose	<p>Refinance.</p> <p>The Borrower had expected Natwest to have vacated the Milford Haven property, in order for the refurbishment to have taken place. Natwest have served notice and vacated but not granted access, meaning the refurbishment has been delayed.</p> <p>Proplend as above are happy to grant a new loan facility, though for obvious reasons, would have preferred to have been able to do so, in time for the existing loan to be redeemed by the maturity date of 13/12/2018,</p>
Gross Loan Amount	£250,000
LTV	74.63%
ICR	2.13x
Serviceability	Annual rental income is being received of £42,600-00, with interest payments of £20,000 p.a.
Interest reserve	<p>Proplend will retain £5,000 (3 months interest) from the gross loan amount which will be held on account.</p> <p>The balance of the Interest Reserve will be applied to the repayment of principal at the end of the loan term.</p>
Early Repayment	2% first 6 months

Existing Facility

Lender	Proplend	Expiry	13/12/2018
Value	£208,474	Status	Up to Date
Rate	9.05%		

Existing Facility Description

Part of facility provided previously to L & A Outdoor Centre

This existing loan facility was secured by first legal charges over the above Swansea property, and also a mixed use property in Milford Haven.

As the Borrower's strategy is to retain this Wind Street, Swansea property, but to sell the Milford Haven property, it makes sense to split the loan into two accordingly. As above, we previously lent to L & A Outdoor Centre, which is the parent of the two subsidiaries that own the respective properties.

Going forwards, as we split the loan, we will be providing a loan facility to each of the subsidiaries that directly own each property - Trallwyn Limited and Milford Flats Limited.

Strategy During Loan Term

Proplend are happy to offer the Borrower a longer term facility, not least as the rental income has increased for this property, since the original loan was taken out in May 2017, from £34,200 p.a. to £42,600 p.a. however, the Borrower has requested just a 12-month term, as he is selling another property in Swansea, part of the net proceeds of which will repay this loan in full.

Property Details

The property is currently being run as an evening bar and comprises three floors with the Ground and first floor being utilised for trade. The first and second floors are in reasonable condition and currently utilised as storage.

The property also comprises a basement which is currently used as a cellar/cooler room. The property is of a traditional brick construction and stone construction, being under a pitched slate roof, with single glazed timber sash windows.

The ground floor comprises the bar with a standing area of wood flooring along with seating areas to the right hand side as you walk in. To the side of the bar is access to a kitchen, currently being used as a washing and food preparation area. The Main Bar area has a single pane wooden frame glass frontage with the main access located right of centre.

The First and second floors are self-contained and are accessed by means of a separate entrance off Wind Street itself. The first and second floor areas are in reasonable condition and are currently let on a license.

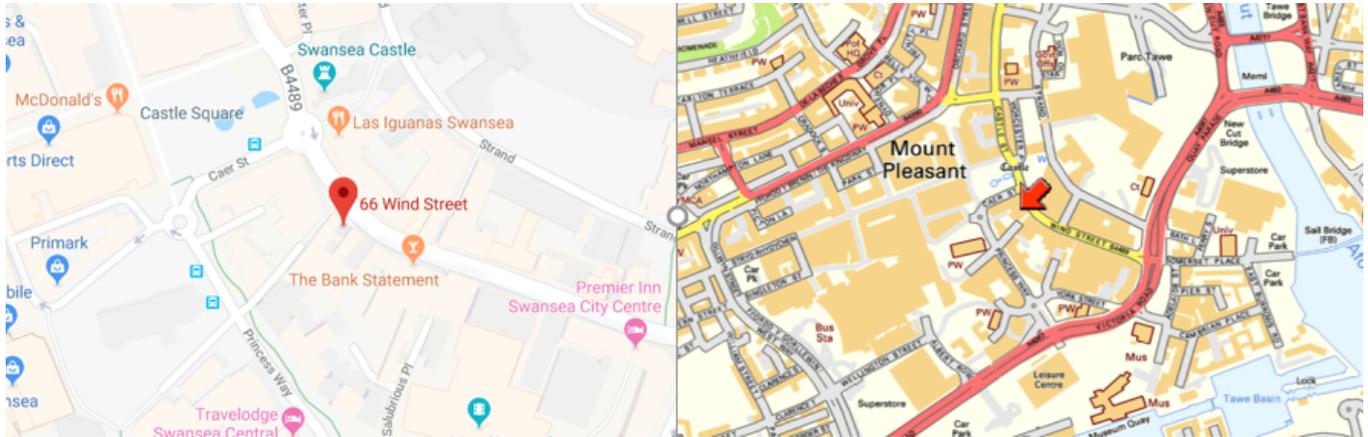
The basement comprises the Beer Cellar in two sections and has a cooler facility. Access to the basement is made through a door located to the right of the bar.



Location Report

The property is 66 Wind Street, situated in Swansea, an industrial and retail town on the sandy South West Wales coast being 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 great transport links and is situated 4 miles from the M4 and approximately 40 miles from Cardiff.



Tenant Details

Tenant	CMR (Swansea) Limited	Activity	Bar
Lease Type	FRI	Lease Start Date	31 August
Months to Lease Break	32	Months to Lease End	32
Contracted Rent (£ p.a.)	42,600	Occupation Level (%)	100

Lease arrangement £30,000 p.a. being received from the above tenant, and £12,600 p.a. being received for the offices on the upper floors.

Tenant strength Weak local covenants.

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 Joint and Several Guarantee from the Directors and Shareholders of Trallwyn Limited for the sum of £250,000

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).

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.

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.

These funds have now been received will be used to;

- 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

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.

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.

Exit Strategy

The Applicant intends to sell one of his other properties to redeem this loan in full. Refinance on better terms against the background of enhanced income is another option.

Covenants

LTV Covenant	75%	ICR Covenant	1.25x
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Fees

Arrangement Fee	1%	Broker Fee	1%
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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: £335,000
Vacant Possession Value: £335,000
Open Market Rental Value: £35,000

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 have had a detrimental effect, however the Borrower is an experienced property developer, and has already agreed the sale price of the property in question.

Medium

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 Director and Guarantor has demonstrated a good track record with Proplend in this regard, with other loans held in the name of separate SPVs, and further has the means to service any rental shortfall, should the need arise.

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 stated as being good.

Medium

The vacant possession value is noted as the same as the open market valuation assuming the current leases. This indicates good demand for the subject property, and a good prospect of selling the property should the need arise.

Risk that the Property falls in value due to either macroeconomic or property specific reasons

The Property is considered to be in a good location where demand will remain strong.

Medium

At 74% LTV, the property would need to decrease in value by 26% before lenders in Tranche C would be affected.

For the purposes of speed, the valuer did not enhance the value from his last inspection in March 2017, despite the increase in rental income, so we have the additional comfort of knowing there is hidden reserve.

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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