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## Full Loan Request: Aberystwyth Offices

<b>Date:</b>	22/10/2021
<b>Main Site:</b>	1) Land at Y Lanfa, Trefechan, Aberystwyth, SY23 1AS 2) Land at Harbour Crescent, Aberystwyth, SY23 1AS
<b>Property Description:</b>	A 'Harbour House', converted to 24 office suites, overlooking Aberystwyth Marina.
<b>Loan Summary:</b>	We are asked to provide a 70% LTV gross loan facility in order to assist with the purchase of the Subject Property (two titles).



### HIGHLIGHTS

<b>Loan Type</b>	Commercial Term Loan	<b>SIPP Eligible</b>	Yes
<b>Property Value</b>	£1,310,000	<b>Passing Income</b>	£113,626
<b>Gross Loan</b>	£917,000	<b>Loan to Value (LTV)</b>	70%
<b>Blended Interest Rate</b>	6.99%	<b>Loan Term</b>	36 months

Tranche	Risk	LTV	Loan Amount	Gross Interest	Net Interest	Interest Cover
C	High	66-75%	£65,500	9.21%	8.29%	1.77x
B	Medium	51-65%	£196,500	8.25%	7.43%	1.96x
A	Low	0-50%	£655,000	6.39%	5.75%	2.71x

PROPERTY			
<b>Market Value</b>	£1,310,000	<b>Passing Income</b>	£113,626
<b>Vacant Possession Value</b>	£1,120,000	<b>Estimated Rental Value</b>	£139,626
<b>Purchase Price</b>	££825,000	<b>Purchase Type</b>	Option
<b>Tenure</b>	Freehold	<b>Asset Class</b>	Offices
<b>EPC Rating (min. E)</b>	C & D	<b>Planning Use</b>	E

Property Details
<p>The Subject Property is a three storey office building constructed in circa 1998 by the Welsh Development Agency (now Welsh Government).</p> <p>The property is semi-detached and is comprised circa three fifths by footprint of the Harbour House building. The remaining part, not included in the ownership, is occupied by the County Court.</p> <p>The property is of steel frame construction with rendered masonry and feature stonework elevations with a slate covered pitched roof and dormer and Velux windows at roof level.</p> <p>The ownership includes a car park which provides parking for up to 30 vehicles.</p>



## Location Report

The property is at Aberystwyth Harbour and overlooks the marina. The harbour is around 500m to the south of the centre of Aberystwyth.

The property is in an attractive location for office use.

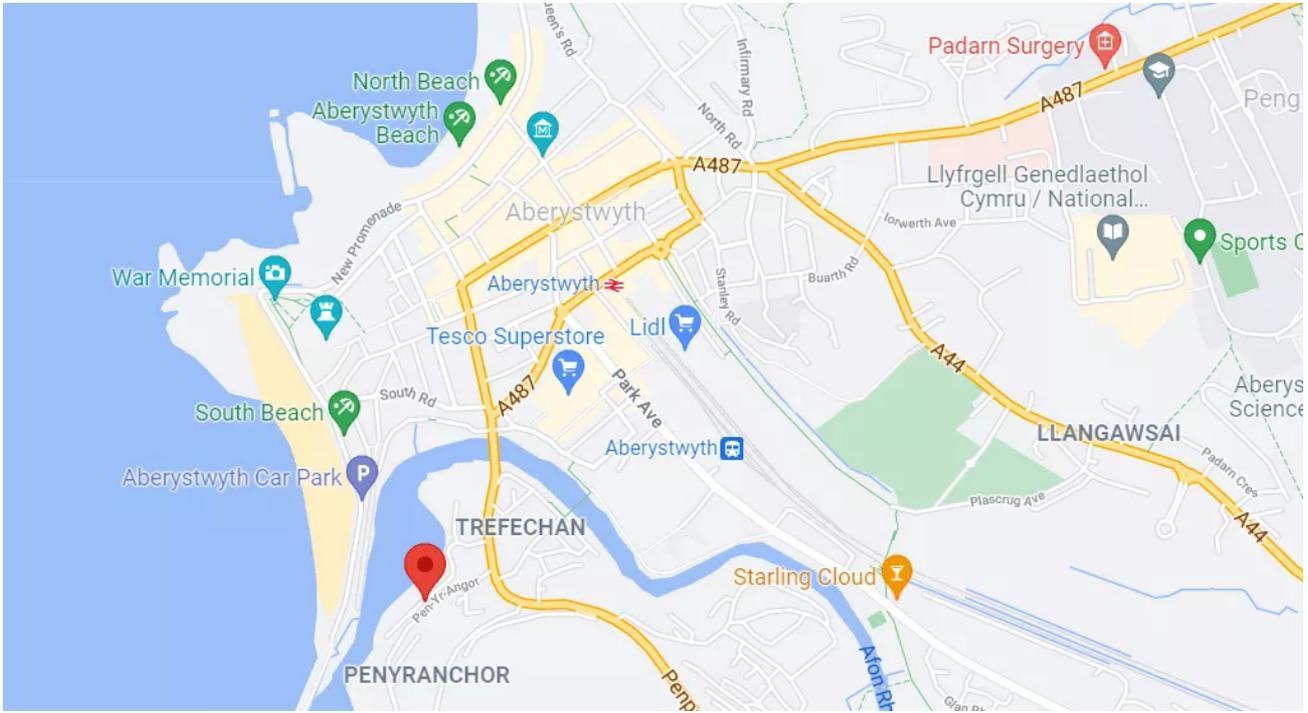
The property is situated at Aberystwyth Harbour which is circa 500m to the south of Aberystwyth town centre.

Aberystwyth is a coastal mid-Wales university town which is circa 50 miles north west of Carmarthen.

It is a popular summer tourist destination and a relatively affluent town. Employment is dominated by Aberystwyth University and the Welsh Government.

Aberystwyth has a train station which links across to Shrewsbury to the east. The main roads leading into the town are the A487 from the north and south and the A44 from the east.

The property overlooks Aberystwyth Harbour and the marina, which combines a small commercial fishing harbour and a boating marina. The marina was acquired by the Borrower in 2015.



## Tenant Commentary

Please see the attached tenancy schedule

The net rental income as stated below, is £113,626 p.a. and this net figure has been used in this instance to calculate the ICR.

The leases with a mix of tenants, ranging from local plumbers and architects, to NFU Mutual and the Samaritans have been recently renegotiated.

Floor	Type	Unit Ref	Status	Sq. Ft	%	Tenant	Agreed Rent (Annual)	Agreed Rent (SqFt)	Agreed Service Charge	Rent Start	Term (Yrs)	Rental Details
Ground	Office	1	Occupied	1046	8.9%	F & B	£ -	£ -	£ -	tbc		Proposed tenant Medina Rees. Rent to be agreed but estimated at 26k
Ground	Office	2	Occupied	211	1.8%	F & B	£ 26,000.00	£ 17.16	£ -	tbc	15	MEDINA
Ground	Office	3	Occupied	258	2.2%	F & B	£ -	£ -	£ -	tbc		MEDINA
Ground	Office	4	Occupied	263	2.2%	TMG Crew rm/managers office	£ 4,513.08	£ 17.16	£ -			
Ground	Office	5, 7, 8, 9	Occupied	1587	13.5%	NFU Mutual Insurance	£ 15,870.00	£ 10.00	£ 7,728.00	07/05/2015	10	
Ground	Reception	6	Occupied	496	4.2%	TMG reception	£ 8,511.37	£ 17.16	£ -			
Ground	Chandlery	10	Occupied	256	2.2%	TMG chandlery	£ 4,392.96	£ 17.16	£ -			
First	Office	101	Occupied	1048	8.9%	Natural Power Consultants Ltd	£ 20,209.00	£ 16.05	£ -	tbc	5	5 yr lease with break both ways at 3yrs (this is for 101 & 102)
First	Office	102	Occupied	211	1.8%	Natural Power awaiting complete	£ 3,386.55	£ 16.05	£ -	tbc	5	still waiting on final agreement for 102
First	Office	103	Occupied	253	2.1%	New Directions Education Ltd	£ 4,174.50	£ 16.50	£ -	20/11/2020	5	break at 3yrs both ways Exp 19/11/25
First	Office	104	Occupied	266	2.3%	AA International Ltd	£ 5,409.00	£ 20.33	£ -	tbc	3	3 yr agreement with tenants 6 monthly rolling break
First	Office	105	Occupied	258	2.2%	Banner Plumbing	£ 4,400.00	£ 17.05	£ -	08/03/2018	3	5 yr term break passed
First	meeting room	106	Occupied	463	3.9%	P/E Accountants	£ 7,871.00	£ 17.00	£ -		5	5 yr term, rent review and break both ways at 3yrs
First	Office	107	Occupied	411	3.5%	Hughes Architects	£ 5,959.50	£ 14.50	£ -	Apr-21	5	5 yr term with break both ways at 3yrs. 2mths foc.
First	Office	108	Occupied	440	3.7%	P/E Accountants	£ 7,828.00	£ 17.79	£ -	09/05/2017	5	3yr lease with rent review and break at 3yrs. (5yr from renewal date tbc).
First	Office	109	Occupied	339	2.9%	Sian Rees	£ 6,000.00	£ 17.70	£ -	01/04/2019	3	incepted 21/8/20 exp 25/4/22 ( took occupancy 25/4/19)
First	Office	110	Vacant	178	1.5%		£ 3,054.48	£ 17.16	£ -			Vacant but full of stored furniture etc
First	Store	111	unuseable	30	0.3%	small store no windows	£ -	£ -	£ -			
Second	Office	201	hot desks	238		Hot Desks	£ 1,440.00	£ 6.05	£ -			Ylanfa res management currently hotdesking but into 203 1/5/21
Second	Office	202	Occupied	234	2.0%	Owain Bebb Accountants	£ 4,400.00	£ 18.80	£ -	tbc		moved from 03. 1st 2 mths foc.
Second	Office	203	Occupied	214	1.8%	Y Lanfa Residential Management	£ 2,999.00	£ 14.01	£ -	01/05/2021		PLUS VAT to take up tenancy 1/5/21
Second	Office	204	unuseable	198	1.7%	store no windows	£ 1,500.00	£ 7.58	£ -			
Second	Office	205	Occupied	408	3.5%	Samaritans	£ 6,732.00	£ 16.50	£ -	01/08/2020	5yrs	5yrs break at 3yrs
Second	Office	206	Occupied	366	3.1%	SmartData Ltd	£ 6,271.67	£ 17.14	£ -	tbc	5	Tenants rolling break on 1 months notice includes small store
Second	meeting room	207	Vacant	449	3.8%	meeting room	£ 2,000.00	£ 4.45	£ -			
Second	Office	208	Occupied	528	4.5%	Cambrian Printers	£ 8,976.00	£ 17.00	£ -	01/01/2021	5yrs	break both ways and rent review at 3yrs PLUS VAT
Second	Plant Room	209	unuseable	779	6.6%		£ -	£ -	£ -			
Second	Server rm	210	unuseable	225	1.9%		£ -	£ -	£ -			
Second	Switch rm	211	unuseable	133	1.1%		£ -	£ -	£ -			
	Sub Totals			11,786			£ 161,898.11		£ 7,728.00			
	NIA			10,421			£ 169,626.11					
							Net Income					£ 139,626.11
							Net Income pre Medina					£ 113,626.11

## Valuation Commentary

## Valuation Commentary

A valuation of the property was carried out by JLL on 14 July 2021, a copy of which can be seen in the supporting documents. The valuation concludes the following:

## Valuation Numbers

<b>Market Value</b>	£1,310,000	<b>Vacant Possession Value</b>	£1,120,000
<b>Passing Rent</b>	£113,626	<b>Estimated Rental Value</b>	£139,626

## Report on Title

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

## LOAN

<b>Gross Loan</b>	£917,000	<b>Loan Purpose</b>	Purchase
<b>Loan Term</b>	36 months		
<b>Loan to Value (LTV)</b>	70%	<b>LTV Covenant</b>	75%
<b>Interest Cover Ratio (ICR)</b>	1.77x	<b>ICR Covenant</b>	1.25x
<b>Rate of Interest</b>	6.99%	<b>Interest Expense (p.a.)</b>	£64,098

**Serviceability** The net rental income being received is £113,626 p.a. with interest payments due of £64,098 p.a.

**Interest Reserve** Proplend will retain £32,049 (6 months interest) from the gross loan amount which will be held on account.

<b>Fees</b>			
<b>Arrangement Fee</b>	2%	<b>Broker Fee</b>	0%
<b>Early Repayment</b>	2% year 1, 1% year 2, no fee thereafter.	<b>Exit Fee</b>	0

## Business Plan During Loan Term

The Borrower is exercising their option to purchase the freehold for Harbour House at Aberystwyth Marina with the Welsh Government. They have been leasing it for nearly three years.

Aside from SDLT and other associated fees, the remainder will be spent on refurbishment to the subject property, and also planning costs (change of use at unit 001 on the ground floor level to a restaurant).

Otherwise it is a long-term hold as an investment. New development will be commencing in the vicinity with Harbour House being at a centre piece of the marina.

## Exit Strategy

The Borrower intends to refinance at more preferential terms ideally with their high street bank, or alternatively with a challenger bank.

## Security

Charge	First Legal Charge	Debenture	Debenture Required
<b>Property Insurance</b>	PSL Interest to be Noted on Completion		
<b>Personal Guarantee</b>	Joint and Several Guarantee from the Directors and Shareholders of Aberystwyth Marina Limited for the sum of £229,250		

## BORROWER

<b>Name</b>	Aberystwyth Marina Limited
<b>Registration</b>	UK Registered Limited Company
<b>Main Business Activity</b>	The proposed Borrower is a property investment company with other assets and liabilities.

## BORROWER

### Ownership Structure

The Company is 100% owned by The Marine & Property Group Limited.

The Marine & Property Group Limited is owned as follows;

- Christopher Odling-Smee, 49.6%
- Drew McDonald, 19.5%
- Kerry McDonald, 10.6%
- Andrew Armour, 13.3%
- Alan Mitchell, 2.7%
- John Taylor, 1.8%
- James Burrell, 1.8%
- Michael Odling-Smee, 0.9%.

## Sponsor

### Name

Christopher Odling-Smee

### Age

50

### Relevant Experience

Chris is a founder member and principal shareholder of The Marine & Property Group Ltd (TMPG). An experienced financier with a Masters in Economics, he is responsible for the financial stewardship and strategic direction of the business.

The Marine & Property Group Ltd (TMPG) is the leading owner and operator of marinas on the Welsh coast – a unique platform of 1,225 berths and c61,000 sq ft of property, with an attractive geographical advantage and significant opportunities for growth.

The Group's flagship marina offers 350 berths in the heart of a vibrant Capital City and forms part of a world class waterfront. Situated on the River Ely within Cardiff Bay, the marina is perfectly positioned to provide safe, secure and sheltered moorings for motor boats and yachts. Upriver at Cardiff Marine Village is Cardiff Dry Stack, a launch on demand service for up to 110 ribs and motorboats of up to 30ft in length and 5 tons in weight.

Harbour House, Aberystwyth (the Subject Property).

- the acquisition of c16,000 sq ft pf prime marina side commercial space
- relocation of Aberystwyth Marina's reception and expansion of chandlery
- conversion of the ground floor for food and beverage use
- plans to develop an entrepreneurs' start up space (working closely with Aberystwyth University).

## Sponsor

### Credit History

We are unable to conduct CreditSafe checks for Chris Odling-Smee as he is ordinarily resident in Switzerland, however Lexis Nexis checks Passed (has a UK passport).

Co-Director Drew McDonald is CreditSafe risk band 9 an Lexis Nexis checks Passed.

Additionally, the Applicant was also behind the 'Aberystwyth Marina' loan of £1.75m, which has been fully repaid.

Lender Risks	Mitigant	Risk Level
<b>The Borrower is not able to successfully execute their business plan.</b>	The Borrower has successfully redeemed a loan (of £1.75m) from us previously, and has also successfully executed their business plan at this and other marina assets across the group.	Medium
<b>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.</b>	The ICR is a relatively healthy 1.77x and when calculated against the net rents.  Further comfort may be gained in our holding of a 6-month Interest Reserve.	Medium/Low
<b>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.</b>	As above, the Borrower has a proven track record in the sector, and has successfully redeemed a Proplend loan provided previously for the Marina itself in Aberystwyth.  The proposed refinance is not unrealistic provided the tenants perform and rental obligations are met.	Medium

Lender Risks	Mitigant	Risk Level
<b>The Property falls in value due to either macroeconomic or property specific reasons</b>	<p>The Property will have to fall by 30%/£393k before lenders in tranche C would be affected.</p> <p>We have reduced our gross loan advance throughout the due diligence process, from the original £1,160,000 to the final £917,000.</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 the interest of Proplend Security Limited noted
- Proplend Ltd diligence to be satisfied that interest payments can be serviced
- Loan to value not to exceed 70% on draw down

## Documents

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

- A Draft Standard Loan Contract
- A copy of the Valuation Report

The Report On Title and Lettings Report produced by Paris Smith LLP will be made available as soon as it is received.

## PROPLEND DISCLAIMER - PLEASE NOTE:

The information provided in this Loan Request is provided solely by the applicant 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 publication of the Loan Request by the applicant on the Platform does not constitute any approval, endorsement or representation by Proplend or PSL in relation to the Loan Request. Neither Proplend nor PSL provides any warranty, representation or undertaking as to the accuracy, timeliness or reliability of the information in the Loan Request or that the Loan Request or any Due Diligence Material accurately reflects the risks associated with the Loan Request; nor does Proplend or PSL make any recommendation or give any advice of any kind in relation to the Loan Request. Expected bad debt estimates are estimates for general guidance only and neither Proplend nor PSL warrant their accuracy or reliability. Lenders should seek their own independent legal, financial, tax or other advice before lending. Capital at risk.