

Private and Confidential.

The information contained in this document is solely for the reader and is not to be disclosed to any third parties or in any way republished on any third party forums. Any Lender doing so will be in breach of clause 19.2 of the Proplend Members Agreement.

Full Loan Request: Weymouth Hotel

Date:	24/11/2022
Main Site:	The Fairhaven Hotel, 37 The Esplanade, Weymouth, Dorset, DT4 8DH
Property Description:	A fully licensed 48-room hotel and bar, situated on the beachfront, with GIA of just over 27,000 sq ft.
Loan Summary:	We are asked to provide a 59% LTV gross loan facility in order to refinance the current lender.



HIGHLIGHTS			
Loan Type	Commercial Term Loan	SIPP Eligible	Yes
Property Value	£2,250,000	Passing Income	£145,000
Gross Loan	£1,327,500	Loan to Value (LTV)	59%
Blended Interest Rate	7.95%	Loan Term	36 months

Tranche	Risk	LTV	Loan Amount	Gross Interest	Net Interest	Interest Cover
B	Medium	51-65%	£202,500	8.89%	8.00%	1.37x
A	Low	0-50%	£1,125,000	7.78%	7.00%	1.66x

PROPERTY			
Market Value	£2,250,000	Passing Income	£145,000
Vacant Possession Value	£1,645,000	Estimated Rental Value	£154,000
Tenure	Freehold	Asset Class	Hotel
EPC Rating (min. E)	N/A	Planning Use	C1

Property Details

The Subject Property comprises of a Grade II listed fully licensed 48-room hotel and bar, situated on the beachfront, with a Gross Internal Area of just over 27,000 sq ft.

The Property is believed to have been constructed in the late 18th Century, and was refurbished by the Borrower in 2021/2022.

It is of traditional solid brick construction with exposed Flemish bond brickwork and period decorated features below a timber framed slate covered roof.

There are areas of flat roof within the central courtyard with a modern roof finish.

The main hotel letting rooms are either single, twin, double or family rooms, each having an ensuite shower room or bathroom.

The letting rooms all have a locking door and are specified with a carpeted floor covering with painted plastered walls and ceilings.

Lighting is generally by way of a ceiling mounted unit.

The majority of the rooms have air conditioning, and we understand the infrastructure is in place for all to be such when the refurbishment is complete for all the rooms.

All of the guest bedrooms are en-suite with adjoining bathroom specified with tiled floor covering and walls, painted ceilings and fitted with shower units or baths, low level flush WCs and pedestal sinks/wash hand basins.



Location Report

Weymouth is a seaside town in Dorset, on the south coast of England. It is situated on a sheltered bay at the mouth of the River Wey, 11 kilometres south of the county town of Dorchester.

It is the third largest settlement in Dorset after Bournemouth and Poole, and the town and its economy depend on tourism.

Visitors are attracted by the town's harbour and position, halfway along the Jurassic Coast, a World Heritage Site, important for its geology and landforms.

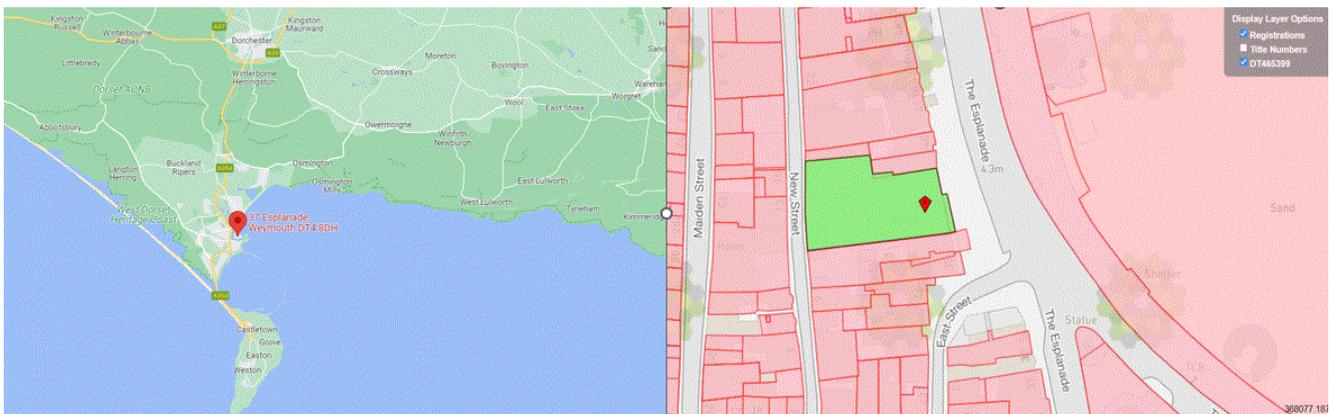
Once a port for cross-channel ferries, Weymouth Harbour is now home to a commercial fishing fleet, pleasure boats and private yachts.

Road communications are reasonable with Weymouth Way (A354) being the major route into the town leading to the A35 and the remainder of the road network.

The town has a mainline railway station approximately 650 metres to the north of the subject the property with direct travel to London taking approximately 2 hours and 40 minutes.

The Subject Property lies on the western side of The Esplanade 50 metres south of its junction with Bond Street and 40 metres north west of the junction with East street.

The Property over looks the beach and is close to the harbour and pavilion.



Tenant Commentary

A new 5-year FRI lease will be signed between the Borrower's Operating Company, Wild Oak Group Ltd and the borrowing entity at a rental of £145,000 per annum.

Wild Oak Group Ltd was formed in 2008, and is the Sponsor's trading account for both this hotel (the Fairhaven), and also his two other Properties in Weymouth - The Alexandra Hotel (27-28 The Esplanade), and a holiday let at 72 The Esplanade.

It's turnover increased to year end 5/1/2022, from £266.0k (as at 5/1/2021) to £707.2k. NPBT decreased from £30.1k to £15.8k, and NW increased from £190.3k, to £206.1k.

Tenant Details

Tenant	Wild Oak Group Ltd	Business Activity	Hotels
Lease Type	FRI	Lease Start	December 2022
Months to Lease Break	60	Lease Expiry	December 2027
Passing Rent	£145,000 p.a.	Occupancy Level	100%

Valuation Commentary

A valuation of the property was carried out by Eightfold Professional Limited on 7th November 2022, a copy of which can be seen in the supporting documents. The valuation concludes the following:

- the Subject Property is suitable security for the proposed lending
- the Property comprises an attractive beach front hotel
- good location close to retail facilities, beach and town centre
- sea views
- potential alternative use as Residential
- strong leisure demand generated by its location
- lower running costs due to the limited services offered by the hotel
- the hotel offers scope for improvement with appropriate CapEx on unrefurbished rooms
- externally the Property appeared to be in reasonable condition
- internally the Property appeared to be in good condition where it had been refurbished
- the Property is currently being put to its best use.

Valuation Numbers			
Market Value	£2,250,000	Vacant Possession Value	£1,645,000
Passing Rent	£145,000	Estimated Rental Value	£154,000
Rent psf	£5.37	Re Instatement Value	£3,375,000

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			
Gross Loan	£1,327,500	Loan Purpose	Refinance
Loan Term	36 months		
Loan to Value (LTV)	59%	LTV Covenant	65%
Interest Cover Ratio (ICR)	1.37x	ICR Covenant	1.25x
Rate of Interest	7.95%	Interest Expense (p.a.)	£105,536

Serviceability	Rental income of £145,000 per annum will be received, with interest payments due of £105,536 p.a.
Interest Reserve	Proplend will retain £52,768 (6 months interest) from the gross loan amount which will be held on account.

Fees			
Arrangement Fee	2%	Broker Fee	1%
Early Repayment	N/A	Exit Fee	1% - only incurred if the loan is not fully redeemed within the agreed 36-month loan term.

Existing Facility			
Lender	Westcoast Developments	Expiry	30/11/2022
Amount Outstanding	£1,530,000	Status	Up-to-Date

Business Plan During Loan Term
<p>The Property is a long-term investment for the Borrower.</p> <p>Since purchasing the Subject Property last year, the Borrower has spent c£600k on the hotel, having completely re-wired throughout, put in a new gas supply, new boilers, insulated the building, air conditioning, heat pumps, and has also refurbished 18 of the bedrooms and 18 bathrooms.</p> <p>The Sponsor will continue to refurbish the remainder of the rooms, on a room by room basis.</p> <p>Longer-term, the Sponsor intends to provide a more substantial dining area that being used at present, as well as install a spa facility at the rear of the Property. The valuer states that this will increase the attractiveness of the hotel throughout the year, including 'off season,' and will have an enhancing affect on valuation in the future.</p>

Exit Strategy
<p>Being a long-term hold strategy, the Sponsor will seek to refinance on or before maturity at more competitive terms.</p>

Security			
Charge	First Legal Charge	Debenture	Debenture Required
Property Insurance	PSL Interest to be Noted on Completion	Other	

Personal Guarantee	Joint and Several Guarantee from the Directors and Shareholders of Wild Oak Property Ltd for the sum of £331,875
---------------------------	--

BORROWER	
Name	Wild Oak Property Ltd
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	The borrowing entity is 100% owned by Wild Oak Group Ltd. Wild Oak Group Ltd is 100% owned by Stephen Dorman.

Sponsor	
Name	Stephen Dorman
Age	42
Relevant Experience	<p>The Sponsor is a CIMA qualified accountant and has sat at board level in a number of firms in various industries.</p> <p>He has been in hospitality for over 12 years, and previously worked at Hall & Woodhouse heading up their Insight team (which looked after the accounts and analysis of their pub and hotel businesses), and also sat on their Hospitality board.</p> <p>He is an experienced hotelier, having purchased his first hotel in Weymouth almost 6 years ago.</p> <p>He is married with no dependants and his wife has a separate income stream. He does not draw from this business, as he also has a small portfolio of personally-owned investment properties which provide sufficient income from the net rents.</p>
Credit History	Clear

Term Loan Risk Rating	
Risk Category	Rating
Financial Ratios	HIGH
Asset Class Outlook	HIGH
Property Risk	MEDIUM
Tenants Leases	MEDIUM
Borrower Sponsor	MEDIUM
Risk Rating [3.5 to 10.02]	7.25
Risk Level	MEDIUM

Lender Risks	Mitigant	Risk Level
<p>The Borrower is not able to successfully execute their business plan.</p>	<p>The Sponsor has demonstrated his commitment to the Subject Property, and has a good knowledge and understanding of the local hotel market, knowing that none of his competitors have a 'premium' hotel offering including a spa, that he is working towards.</p>	<p>Medium</p>
<p>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.</p>	<p>The Borrower's associated trading company is an established hotel-operating business.</p> <p>Further comfort may be found in our holding of a 6-month Interest Reserve.</p>	<p>Medium</p>
<p>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.</p>	<p>We can see from Companies House that the Borrower has successfully borrowed from Santander (pertaining to the two other Properties in Weymouth), and we are further aware of their waning appetite in this and other sectors generally.</p> <p>If the Borrower performs as expected, we may wish to pitch for the proposed refinance on or before maturity.</p>	<p>Medium</p>
<p>The Property falls in value due to either macroeconomic or property specific reasons</p>	<p>The Sponsors own plans lead us to believe that they will only enhance the value of the Property once completed, other things being equal.</p> <p>Obviously other macro-economic factors may indeed not be equal, between now and the maturity of this loan.</p>	<p>High</p>

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 59% 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.