

# Commons Bond

## 7% 2020

Closing Date 18th of December



**BlackBee**  
INVESTMENTS



**5 Year Term**

**Annual Coupon  
of 7%**

**First legal charge  
over the property**

### Commons Bond 7% 2020

BlackBee Investments is launching a unique opportunity to invest in the financing of the Commons Inn Hotel, Cork. The Investment Term is 5 years, and investors will receive an annual coupon of 7% which can be taken as annual income or alternatively returns can be held to maturity where 35% will be paid out at maturity at CGT. This investment opportunity provides investors with controlled risk as investors will have a first legal charge over the property and business of the Commons Express Inn.

### Key Terms

<b>The Investment:</b>	Commons Bond 7% 2020
<b>Term:</b>	5 years
<b>Security:</b>	First ranking legal charge over the property and business of the Commons Express Inn, Cork
<b>Borrower:</b>	Speardale Limited
<b>Loan Amount:</b>	€1,855,000
<b>Total Investment:</b>	€2,305,000
<b>Loan-to-Value:</b>	80.0%
<b>Interest:</b>	7% Annual Return
<b>Coupon Payment Options</b>	Option a) Coupon payable half-yearly in arrears Option b) Annual coupons are accrued and paid out at maturity
<b>Currency:</b>	Euro
<b>Minimum Investment:</b>	€50,000
<b>Listing:</b>	Irish Stock Exchange
<b>Availability:</b>	Private; Corporate; Family Trust; Pension, ARF
<b>Distribution Fee:</b>	3%
<b>Structuring Fee:</b>	3%
<b>Expected Tax Treatment:</b>	Capital Gains Tax if coupons are accrued

**Warning: The value of your investment can go down as well as up.**

BlackBee Investments Limited is regulated by the Central Bank of Ireland

## Key Features

### Commons Express Inn

- The property is a 3-star hotel consisting of 40 bedrooms with extensive food, beverage, conference and banqueting facilities. The property occupies a high profile site and has 350 metres of frontage to the busy Commons Road which is part of the N20 Cork / Limerick Road. The site extends to approximately 8 acres and has further development potential, subject to planning permission.

### GN Asset Management

- Great National Hotels and Resorts Group is a substantial and growing Hotel Operator representing 46 hotels and 3,800 hotel bedrooms. GN Asset Management is widely recognised as a results oriented/performance driven Hotel Operator with clients including hotel owners, hotel developers alongside asset management for all the main financial institutions in Britain and Ireland such as KBC Bank, Grant Thornton, PriceWaterhouseCoopers, Allied Irish Banks, Bank of Ireland, the National Asset Management Agency, Certus, (Formerly Bank of Scotland Ireland) and Ernst & Young.

### Commons Bond 7% 2020 (Senior Loan)

- €1.855m senior loan for a term of 5 years (with a borrower repayment option after year 3) with an annual coupon of 7% pa. The bond (senior loan) will be secured by a first legal charge over the property and business undertaking of the hotel.

### Loan-to-value

- Based on an acquisition price of €2.305m for the Commons Inn Hotel and a bond (senior loan) of €1.855m this results in a Loan-To-Value of 80%, excluding costs. This provides a 20% equity cushion at inception. At the acquisition price of €2.305m, this equates to a cost per room of €57,625 based on 40 rooms. Further €300,000 of CapEx will be invested by the new owners of the hotel.

### Coupon (Interest) Cover

- Under the three key interest cover measures (a) NOP (net operating profit), b) EBITDA and c) Free Cash Flow, the forecast cover ratios are more than a minimum of 2.15 times (2016) cost of the coupon (interest). These forecast cover ratios are based on the trend improvement that the Hotel has already experienced and the benefit of further investment in the Hotel.

Forecast EBIT/Interest Cover Ratios

	2016	2017	2018	2019	2020
Interest Cover (based on NOP)	2.23	2.31	2.47	2.71	2.96
Debt Service Ratio - based on EBITDA	2.25	2.32	2.48	2.72	2.98
Debt Service Ratio - based on Free Cash Flow	2.15	2.22	2.30	2.08	2.27

Source: Forecasts based on GN Asset Management budgeted numbers

### Investor Exit and Capital Repayment

- In the normal course of events Investors will be repaid their capital on or after the third year or at maturity of the Bond in 2020. There are a number of options for the Borrower to repay investors their initial capital invested. The operator may choose to refinance the loan or sell the hotel over the term and pay the Bond investors with the proceeds.

## Key Risks - The following is the summary of the key risks and not a comprehensive list of risks. Investors should consult the supporting brochure prior to investing.

- Future growth in the Hotel is linked to the continued improvement in the Irish economy and continued recovery in Ireland's key tourism markets. Slower than expected growth could impact on profitability and the Hotel's ability to repay or refinance the Investors.
- The returns and forecasts outlined are based on GN Asset Management's best estimates, made in good faith, of the trading and commercial conditions to be encountered. Increased competition and the opening of new hotels may impact on the profitability of the Commons Inn Hotel.
- The borrower might default on the interest and capital payments and may result in BlackBee Investments Ltd or a subsidiary repossessing the Hotel. This may entail further legal costs. There is no guarantee at that time the value of the Hotel will be sufficient to repay the original bond (senior loan) balance and/or any accrued interest.
- While the term of the Commons Inn Hotel Bond 7% 2020 is expected to be 5-years there is no guarantee that the bond (senior loan) will be repaid at that date.
- See information memorandum for list of additional risks.

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**Warning: The value of your investment can go down as well as up. You may get back less than you invest.**