

Private & Confidential

The Directors
Three Cranes Pub Ltd
Repton Manor, Repton Avenue
Ashford, Kent
England
TN23 3GP

28 January 2022

Dear Sirs

This letter is important and requires immediate attention.

RE: Secured Commercial Term Loan, Facility Letter dated 6th October 2017 and signed 10th October 2017, on account number ending 416 ("The Loan") relating to Three Cranes, 28 Garlick Hill, London, EC4V 2BA ("The Property"), between Three Cranes Pub Ltd (09584570) ("the Borrower") and Metro Bank (the "Bank").

Secured by:

- A first ranking debenture from Three Cranes Pub Ltd; and
- A first ranking legal charge over the freehold property known as Three Cranes, 28 Garlick Hill, London, EC4V 2BA (Title No: 231905).

Background

It is our responsibility to alert you in writing when we have concerns regarding your business and / or our relationship with you.

We have previously highlighted concerns to you by Letter of Concern dated 16th November 2020, during our virtual Microsoft Teams meetings, and most recently on the 17th January 2022 by Microsoft Teams meeting with Mr John Francis Soden, Mr Frank Dowling and Mr Donald Murrell.

As such I am now writing to formally express our concerns.

Bank's Concerns

Our concerns are (but are not restricted to) as follows:

1. The Borrower has failed to meet its commitment of providing Quarterly Management Information that incorporates a profit and loss account and balance sheet of the Borrower within 45 days of the financial period end, thus being for financial periods ending 31st December 2020, 31st March 2021 and 30th June 2021.
2. As such, the following Financial Covenant has not been met for the aforementioned financial periods – 'EBITDA to Finance Costs expressed as a percentage shall be at least 200%. This is to be tested quarterly on a rolling 12 months basis. (EBITDA to be calculated less dividends/drawings and adding back exceptional Costs'.

3. The financial performance of the business for the period ending 30th September 2021 does not meet the Financial Covenant: 'EBITDA to Finance Costs expressed as a percentage shall be at least 200%. This is to be tested quarterly on a rolling 12 months basis. (EBITDA to be calculated less dividends/drawings and adding back exceptional Costs'.

The above matters are Events of Default as detailed in the Standard Terms relating to the Loan.

The Way Forward

The Bank is prepared to not take any further action at this stage in respect of the Events of Default, based on the Borrower progressing towards voluntarily repaying the Bank in full via a) the sale of the property or b) refinancing the loan, which in either event will see the Bank fully repaid. As discussed on the Microsoft Teams call held on the 17th January 2022, it was agreed that the Bank would be fully repaid by no later than 30th June 2022, during which period updates would be provided on a three-weekly basis by the Borrower.

The key conditions under which the Bank is prepared to not take any action are:-

- As soon as possible but no later than 30th June 2022 to voluntarily repay all of your borrowing with us.
- Three-weekly updates as a minimum until repayment has been made in full with evidence (e.g. if the plan is to sell, marketing updates, details of viewings and any offers received whether accepted or declined or credit backed offer of facilities, copies of valuation instructions etc. if the plan is to repay via a refinance) regarding progress made towards the repayment.

Should these conditions not be met, the Bank reserves the right to take action in respect of the Events of Default.

Please can you supply Jack Robinson in writing by email to Jack.Robinson@metrobank.plc.uk as soon as possible (**latest by close of business on the 8th February 2022**) your acknowledgement of the Bank's requirements, specifically:-

1. Receipt of quarterly Management Information that incorporates a profit and loss account and balance sheet of the Borrower within 45 days of the financial period end.
2. Receipt of the three-weekly updates as set out above.
3. Your acknowledgment and agreement that you will progress either a sale or refinance to fully repay the Bank by 30th June 2022.

This letter does not constitute any change in the terms of the agreements in place between you and the Bank and the rights of the Bank thereunder are unaffected.

For the avoidance of doubt, interest will continue to accrue on the principal sums pursuant to the terms of your loan.

This letter of concern is made without prejudice to, and shall not constitute a waiver of any other rights or remedies which Metro Bank plc may have including without limitation the right to make demands in respect of sums payable by you ('The Borrower') on any account held.

The FCA (Financial Conduct Authority) publishes an information leaflet 'Default', which is available from the FCA website. Further information, including contact details for a number of advice agencies that may be able to provide assistance to you, is available from <https://www.fca.org.uk/publication/information-sheets/information-sheet-default.pdf>. The information leaflet content is attached as an appendix to this letter.

Given the content of this letter, if you are in any way unsure as to your position we strongly advise that you take independent advice from your existing professional advisers.

Likewise, if there is anything that you are not clear about regarding the requirements in this letter then please contact me by return.

I look forward to hearing from you.

Yours faithfully

Jack Robinson

Commercial Relationship Manager

Large Trading Businesses – Hospitality, Leisure & Healthcare

Jack.Robinson@metrobank.plc.uk

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Financial Conduct Authority



Information sheet

No.002

Default

If you have been sent a default notice warning of potential action against you here is some important information to help.

Don't ignore the problem. There are things you can do and people who can help.

But you need to act NOW!

- **Read the default notice carefully.** It explains what you need to do, and what could happen if you don't respond. If you are not sure what it means, ask the lender or a debt adviser.
- **Get free help and advice.** Your rights and options depend on the type of agreement, and the law can be complex. You can get free independent help and advice from a number of organisations – see over for details.
- **A debt adviser may be able to negotiate on your behalf.** They can suggest ways to deal with the problem and to make sure the most important debts are paid first.
- **You may be able to ask a court for more time to repay a debt** – but only in some circumstances. Speak to a debt adviser before considering court action. Keep copies of letters and emails in case these are needed by the court.

If you don't do something quickly, the lender can take action against you. For example, by demanding payment of money owed, or repossessing goods on hire-purchase. If the debt is secured against your home, you could lose your home. The default could stay on your credit file for six years, making it more difficult to get credit.

See over for details of where to get help and advice.

Financial Conduct Authority

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Help and advice

You can contact the following not-for-profit organisations for free, confidential and impartial debt advice, or for details of where to get such advice in your area.

Money Advice Service

For free, unbiased and easy-to-access money tools, information and advice, visit www.moneyadviceservice.org.uk or phone 0300 500 5000 to speak to a Money Adviser

Money Advice Scotland

If you live in Scotland, phone 0141 572 0237 or visit www.moneyadvicescotland.org.uk to find contact details for debt advice in your local area

Advice NI – Debt Action NI service

If you live in Northern Ireland, phone 0800 917 4607, email debt@adviceni.net or visit www.debtaction-ni.net for debt advice

AdviceUK

Member centres offer debt advice including specialist advice for minority communities and people with disabilities – www.adviceuk.org.uk or phone 0300 777 0107

Christians Against Poverty (CAP)

For free debt advice in your home, check post code coverage at www.capuk.org then call 0800 328 0006

Citizens Advice

For advice and information on debt and other topics, visit your local Citizens Advice Bureau (address in the phone book) or go to www.adviceguide.org.uk

National Debtline

If you live in England, Wales or Scotland phone 0808 808 4000 or visit www.nationaldebtline.org for debt advice and information

StepChange Debt Charity

For debt advice throughout the UK phone 0800 138 1111 or visit www.stepchange.org

Other useful organisations

Civil Legal Advice

You may get legal aid if your home is at risk. Check at www.gov.uk/legal-aid or phone 0345 345 4345

Financial Ombudsman Service

If you have a complaint that you can't resolve with your lender, the Financial Ombudsman Service may be able to help – phone 0300 123 9123 or 0800 023 4567 or visit www.financial-ombudsman.org.uk