



# Proplend Loan Request

<b>Date</b>	12 <sup>th</sup> August 2014
<b>Property Name</b>	Portland Light Industrial
<b>Property Description (Short)</b>	4 adjacent newly constructed light industrial units totaling 8,434 sq ft, leased to a single tenant on a new 7 yr lease (July 2014). The tenant also has an option to purchase the property for £725,000 until July 2020.



## Loan Request Summary

<b>Borrower</b>	Pension Scheme	<b>Valuation</b>	£675,000
<b>Loan Type</b>	Commercial Investment Loan	<b>Total Loan Required</b>	£310,000
<b>Purchase/Refinance</b>	Refinance	<b>Loan to value (LTV)</b>	46%
<b>Property Asset Class</b>	Light Industrial	<b>Whole loan blended interest rate p/a</b>	6%
<b>Property Income</b>	£50,000 pa		

## Borrowers Loan Requirement

Tranche	Risk	LTV	Loan Amount	Gross Interest Rate p.a.	Loan Term
C	High	66-75%	£		
B	Med	51-65%	£		
A	Low	0-50%	£ 310,000	6%	36 months
<b>Total</b>			<b>£ 310,000</b>	<b>6%</b>	

## Overview

### THIS LOAN REQUEST IS NOW ACTIVE

#### Borrower

- The Pension Scheme of an experienced commercial property developer and investor

#### Property

- Four adjacent, newly constructed light industrial units totalling 8,434 sq ft. in Portland, Dorset
- All four units have been let, prior to completion, to a single tenant on a new 7 year FR&I lease at a commencing rent of £50,000 p.a.
- The Tenant will also have an option to purchase the Property until 2020, for £725,000 + VAT

#### Loan Request

- The borrower is looking to raise a loan of £310,000 for a period of 3 years
- The proposed loan is to be on an interest only basis and will be redeemed as a bullet payment at the end of the loan term
- Low LTV – loan requirement only occupies Tranche A, at 46% LTV
- Tranche A interest paid 6% p.a. gross to lenders (subject to a Proplend Fee of 10% of the interest amount that lenders actually receive and paid when interest is paid)
- Lenders are offered the opportunity to lend in 10 loan multiples of £31,000 on a **‘first come first lend’** basis

#### Security

- The Loans will be supported by a first legal charge over the long leasehold in the Site
- Proplend will retain £9,300 (6 months interest) from the gross loan amount which will be held on account should the borrower fail to meet a monthly repayment

**Lenders will have the opportunity to make an Offer to Lend with minimum loan amounts of £31,000**

## Property

### **Location**

The Isle of Portland is 5 miles south of the resort of Weymouth, forming the southernmost point of the county of Dorset, England. A barrier beach over which runs the A354 road connects it to Chesil Beach and the mainland. Portland and Weymouth together form the borough of Weymouth and Portland. The population of Portland is 12,400.

The A354 road is the only land access to the peninsula, connecting to Weymouth and to the wider road network at the A35 trunk road in Dorchester.

Trains run from Weymouth to London, Southampton and Bristol, and ferries to the French port of St Malo and the Channel Islands of Guernsey and Jersey.<sup>[57]</sup>

There is a short airstrip and heliport in Osprey Quay, just north of Fortuneswell.

### **Situation**

The units are located in the Castletown Area of Portland. Previously part of the site of the formal navy base, HMS Osprey, Osprey Quay, as it is now known, has been transferred to the Homes and Communities Agency ("HCA"). It has been identified as a priority for regeneration in the Local Investment Plan for Dorset. Developing a legacy from the Olympics has been an imperative for the Local Enterprise Partnership ("LEP"). The area is scheduled for redevelopment to provide up to 500,000 sq ft of light industrial space, a new marina and a leisure complex.

Sunseeker Yachts have developed a new production facility immediately adjacent to the Subject Properties and the Maritime Coastguard Agency operates its rescue helicopter from a nearby site.

### **Asset Description**

The Subject Properties comprise four adjacent, light industrial units totalling 8,434 sq ft, which are newly completed, having been built by borrower under licence from the HCA.

Each unit provides in internal floor area of approx. 2,100 sq.ft., and are fitted to shell finish with a floor to ceiling height of 6-7.5 Metres, making the installation of a mezzanine floor an option. The units are constructed of a steel frame clad in profiled steel "Kingspan" style cladding.

The contractor that built the Properties is Mildren Construction Ltd and it has completed a number of other similar properties in the area on behalf of the Borrower.

#### Tenure

A 999 head-lease has been granted to the Borrower by the HCA subject to the payment of a single premium in the sum of £119,000 and a nominal ground rent thereafter of £1 per annum

#### Valuation

Valuations as advised to Proplend Security Limited by Humphreys and Dancer Limited, Members of the Royal Institution of Chartered Surveyors and registered valuers under the RICS Valuer Registration Scheme.

**Current market Valuation:**

With the benefit of the lease the valuer has provided a value for the whole investment of £675,000.

**Vacant possession Value:**

The valuer has reported if each of the four units were sold individually, subject to having vacant possession, they could be expected to sell for an aggregate sum of £763,000.

**Open Market Rental Value:**

The valuer reports that the combined rental value of the four properties is £52,500 p.a.

**Valuation Commentary:**

The borrower recently sold unit 21 Mereside for £164,800 which equates to £95 p.s.f.

This unit is nearly identical the Subject Properties. If the same rate p.s.f. is applied to each of the Subject Properties it suggests a value for each of the four units of £200,000.

#### Certificate of Title

Keystone Law have provided to Proplend Security Limited a report which is based on their review of the Certificate of Title relating to the transaction supplied by the Borrowers Solicitor.

## Tenants and Lease

### Lease

All four units have been let to a single tenant on a new 7 year FR&I lease commencing July 2014. There is a RPI linked rent review provision (upwards & downwards) on the third anniversary and also a tenant's option to break within 6 months of that date by giving 3 months' notice.

The Tenant will also have an option to purchase the Property, until July 2020 for £725,000 + VAT.

The commencing rental is £50,000 per annum equating to £5.93 per sq.ft. The recent valuation places an overall rental value of £52,500 p.a. on the investment.

### Tenant & Covenant

The Lessee is an individual by the name of Vincent Bootes. Mr Bootes controls various companies located in the area including the proposed occupier, PGT Ceerite Ltd, a precision engineering company previously known as Portland Aerospace Ltd. The Company was assessed to have good creditworthiness by reference agency Creditsafe.

As the shares in PGT Ceerite are owned by an offshore holding company, the Borrower preferred to enter into a lease with the UK based beneficiary, Mr Bootes. A formal sub-lease will then be granted to PGT Ceerite Ltd on similar terms.

### Tenancy Schedule

Floor / Unit	Tenant	Area sq ft	Lease start	Lease expiry	Rent pa	Next rent review/ break	Comments
29	Vincent Bootes	2,108	10 July 14	10 July 21		10 July 2017	The four units have been leased on a single lease
31	Vincent Bootes	2,108	10 July 14	10 July 21		10 July 2017	RPI linked upwards or downwards
33	Vincent Bootes	2,108	10 July 14	10 July 21		10 July 2017	
35	Vincent Bootes	2,108	10 July 14	10 July 21		10 July 2017	
		<b>8,434</b>			<b>£50,000</b>		

## Borrower

### **Borrower**

The proposed Borrower is the Tidebank Pension Scheme, the beneficiaries of whom are Kevin Jones and his wife, Vanessa Jones. They are both Trustees along with Solicitors, Denton and Co Trustees Ltd acting as a third Trustee.

Proplend Ltd has completed a satisfactory KYC check.

### **Borrower Information**

Mr and Mrs Jones own Tidebank UK Ltd which is a commercial property developer based on the South Coast. The Company's main focus is on providing bespoke and shell-scheme light industrial units and offices to small and medium sized owner-managed businesses who want the option to design and buy their own work space.

Ongoing developments include bespoke industrial Units in Portland Dorset, offices in Portsmouth Hampshire, offices with development potential in Southampton and industrial Units in Farnham Surrey.

See [www.tidebank.co.uk](http://www.tidebank.co.uk)

Proplend Ltd has completed a satisfactory KYC check.

### **Business Plan**

A loan in the sum of £310,000 is being sought to recover some of the costs incurred in purchasing the long leasehold interest and the cost of constructing the Subject Properties, which the borrower has confirmed will be wholly used for business purposes.

The Properties have been recently valued at £675,000 so the proposed gearing will be 46%. The loan would be for a three year term on an interest only basis.

All four units have been let, prior to completion, to a single tenant on a new 7 year FR&I lease. The Tenant will also have an option to purchase the Property, until July 2020 for £725,000 + VAT.

The borrower expects to either refinance the property or complete the sale to the tenant under the option agreement in order to redeem the loan.

### **Security**

The Security for the Borrower's performance under the loans will be documented by Keystone Law and held in trust on behalf of all the lenders by Proplend Security Limited. The security will include:

- a first legal charge over long leasehold interest in the Subject Properties.

#### Interest Reserve

Proplend will retain £9,300 (6 months interest) from the gross loan amount which will be held on account should the borrower fail to meet their interest payments as they fall due.

#### Serviceability

The Borrower is offering to pay interest on the proposed facility of 6% per annum.

This equates to an annual servicing cost of £18,600 p.a. With an income of £50,000 p.a., the interest is covered 2.3 times

#### Additional Documents

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

1. Draft Standard Loan Contract
2. Legal Report & Property Summary
3. Valuation

#### NEXT STEPS

If you are **interested in participating in this Loan Request** and are already fully registered with Proplend then:

1. log-in your *Proplend Lenders Account*, go to *Loan Requests* and select the Loan
2. If the *Loan Request* is still *Pending* you can register your interest via the *Pre-Offer* facility
3. If the *Loan Request* is *Active* and your Proplend account has sufficient funds to cover your Loan Offer then 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 we will complete the final Security documentation before drawing down the loan. This may take up to 10 days from 100% funding and you will be kept informed.
4. If you need to transfer funds to your Lender Account in order to make an Offer to Lend then go to the *Lender Dashboard* and *Transfer Funds* Screen. Here you will find our *Barclays Client Money Account details*, ensure to include your unique *Lender Reference* when you make the transfer or this may delay the transfer. Please let us know you are transferring funds via the *quick email facility*.
5. Once your funds have cleared in your Lender Account you will be able to make an *Offer to Lend*.
6. If you have any questions, please call us on 0203 379 8290