



Proplend Loan Request

Date	20 th May 2015
Property Name	A. Unit 10, Lion Yard, Tremadoc Road, Clapham SW4 7NQ B. Unit 2, Witham House, Osiers Gate, 1-20 Enterprise Way, Wandsworth, SW18 1EJ
Property Description (Short)	A. A three storey commercial office building comprising 2,048 sq.ft. B. A self-contained ground floor office unit comprising 1405 sq.ft.



Loan Request Summary

Borrower	An Individual	Valuation	£ 1,276,800
Loan Type	Commercial Investment Loan	Total Loan Required	£ 700,000
Purchase/Refinance	Capital Raising for further investment	Loan to value (LTV)	55%
Property Asset Class	Office	Whole loan blended interest rate p/a	6.18%
Property Income	£96,600		

Borrowers Loan Requirement					
Tranche	Risk	LTV	Loan Amount	Gross Interest Rate p.a.	Loan Term
C	High	66-75%	£		
B	Med	51-65%	£ 61,600	8.00%	24 Months
A	Low	0-50%	£ 638,400	6.00%	24 months
Total			£ 700,000	6.18%	24 Months

Overview

Borrower

The proposed Borrower is an experienced individual who has built up, owns and manages a portfolio of commercial and residential investment properties.

Properties

- A. A three storey office building totalling 2,048 sq ft. in Clapham, London.
 - The entire property is currently let to three tenants on individual, 5 year FR&I leases producing a total rental income of £60,600 per annum. Leases expire in August 2018, July 2019 and December 2019 (10%, 55% and 35% of income respectively).
 - The property was valued by HNG on 6th November 2014 with a Market Value of £900,000.
- B. An end ground floor office unit totalling 1,405 sq.ft. in Wandsworth, London.
 - The entire property is currently let to one tenant on a 5 year FR&I lease producing a total rental income of £36,000 p.a. The lease expires in April 2020.
 - The property was valued by Kinleigh, Folkard, and Hayward on 23rd March 2015 with a Market Value of £376,800.

Loan Request

- The Borrower is looking to raise a loan of £700,000 for a period of 2 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.
- The overall LTV, based on the Market Value, will be 55%.
- Tranche A, comprising £638,400, will pay a gross interest rate of 6.00%
- Tranche B, comprising £61,600, will pay a gross interest rate of 8.00%

Security

- The Loan will be supported by a first legal charge over the Properties.
- Proplend will retain £ 21,616 (6 months interest) from the Loan, which will be held on account and used to service interest, 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 £25,001 in Tranche A and £25,001 in Tranche B, on a 'first come, first lend basis'.

Property

Location

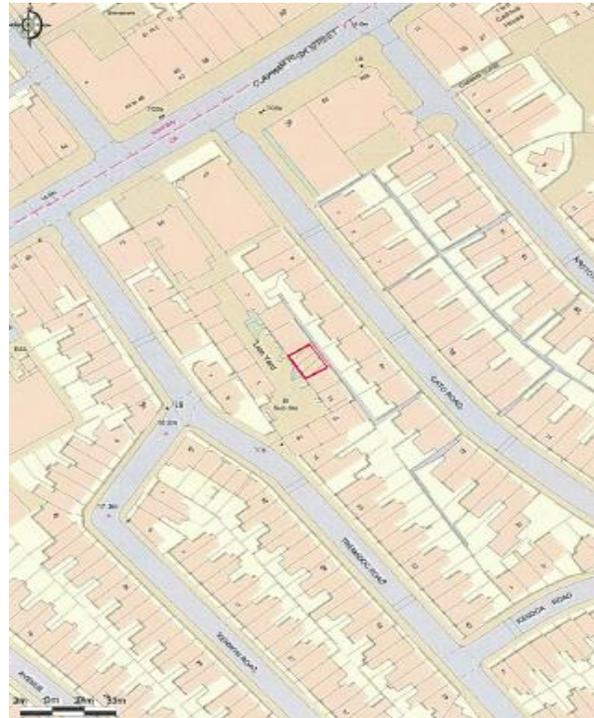
Lion Yard, Clapham

The property is located in Clapham, which is located in South London, and is known for Clapham Common - one of the largest green open spaces measuring approximately 220 acres - in London and shared by the parishes of Clapham and Battersea. The area is populated with 12,852 residents, according to Census UK 2011, and listed as 'Prospering Metropolitan' by the Office of National Statistics.

The local authority for Clapham is split between London Borough of Wandsworth and London Borough of Lambeth. The area of the subject property is governed by the London Borough of Lambeth.

The subject property is located on Tremadoc Road, approximately 0.1 miles from Clapham High Street, to the east of Clapham Common and Clapham Old Town. The office units are located at the border of the Clapham Business Improvement District (BID). The Clapham BID is set to unlock the full potential of Clapham for business, oversee by the Clapham Business Community.

The immediate area outside Lion Yard is predominately residential and local shops and restaurants are located nearby on Clapham High Street.

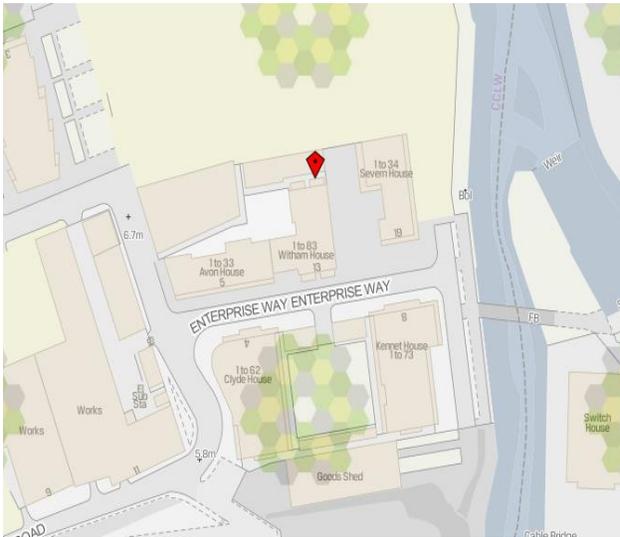


Witham House, Wandsworth

The property is located in Wandsworth, which is located in South West London near the towns of Wimbledon, Putney, and Battersea.

Wandsworth has in recent year's undergone redevelopment in terms of refurbishment of the shopping centre and a number of major residential developments. Wandsworth is a growing town and prospects should be further enhanced with continuing expected redevelopment within the town centre. The continual improvement can only enhance Wandsworth as a commercial location.

The subject property forms part of the Osiers development, which includes 275 flats and 25,000 sq.ft. of commercial accommodation. It is located on the outskirts of the town centre in a more residential environment.



Asset Description

Lion Yard, Clapham

A three storey mid terrace commercial office building which, with the inclusion of a mezzanine floor, provides 2,048 sq.ft of accommodation. The property is a multi-let building that has been arranged to provide individual office suites with shared facilities.

This space is broken down into the following net internal areas:

Ground floor: 610 sq.ft.

Mezzanine floor: 342 sq.ft

First floor: 575 sq.ft

Second floor: 521 sq.ft

The building is neither listed nor is it in a conservation area.



Witham House, Wandsworth

The subject property is a self-contained, end ground floor unit to Witham House, fronting directly onto Enterprise Way. The unit provides 1,405 sq.ft. of accommodation.

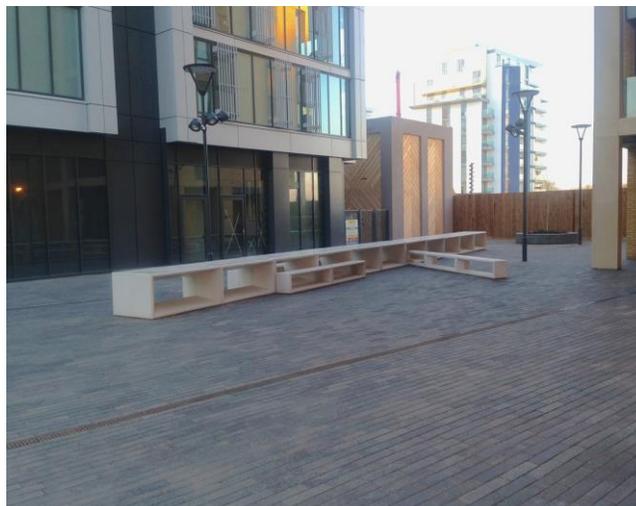
The original unit was provided as ground floor space offered in a shell condition. The premises are currently being fitted out to the proposed tenant's specification, which includes the installation of a mezzanine floor and a series of ground floor rooms created by demountable partitioning. There will also be a fitted kitchen, two wcs and a shower.

The space is broken down into the following net internal areas:

Ground Floor: 875 sq.ft.

Mezzanine Floor: 530 sq.ft.

There is no car parking on the premises.



Tenure

Lion Yard, Clapham

The tenure of the property is Freehold with a share of the common areas, such as the yard to the front of the property.

Witham House, Wandsworth

The tenure of the property is Leasehold with approximately 993 years left to run on the lease. Annual ground rent is £150 and the annual service charge is £950.

Valuation

Lion Yard, Clapham

A valuation of the property was produced by HNG on 6th November 2014 on behalf of Proplend Security Ltd, a copy of which can be viewed in the supporting documents. The valuation concludes with a Market Value (subject to current tenancies) of £900,000, a Vacant Possession value of £950,000, and a Market Rental Value of £58,000 per annum. Prior to completion, the Valuer will be required to confirm that its valuation may still be relied upon for mortgage purposes.

Witham House, Wandsworth

A valuation of the property was produced by Kinleigh, Folkard, and Hayward on 23rd March 2015 on behalf of Proplend Security Ltd, a copy of which can be viewed in the supporting documents. The valuation concludes with a Market Value (subject to current tenancies) of £376,800, a Vacant Possession value of £456,000, and a Market Rental Value of £36,000 per annum.

Certificate of Title

A satisfactory Certificate of Title has been supplied by the Borrower's Solicitor. This has been reported on by Keystone Law, acting on behalf of Proplend Security Ltd, and their comments thereon can be viewed under documents.

Tenants and Leases

Tenant & Covenant

Lion Yard, Clapham

Part of the ground floor is let to Active Letting London Ltd (“Active”) at a rental of £12,000 per annum for a term of five years from the 1st August 2013. Both Parties may break the lease on giving ninety days’ notice. Active Letting London is a specialist property Letting and Management company established in 2012, with offices in London, Hyde and Birmingham. The lease does not provide the security of tenure to the Tenant afforded by the Landlord & Tenant Act 1954.

From 10th December 2014, Active vacated part of its accommodation to facilitate occupation by a new tenant, Perfect 10 Mobile Beauty. Active are continuing its tenancy at a reduced rental of £6,000 per annum. The remaining ground floor and the mezzanine level is let to Perfect 10 Mobile Beauty, a mobile beauty service offering a wide range of beauty services at home, office, yacht, jet etc., at a rental of £21,600 per annum for a term of 5 years commencing 10th December 2014. The lease is also outside the L&T Act 1954. The lease contains a provision that on 10th June 2015, it may assume occupation of all of the ground floor, as well as the mezzanine floor, whereupon its rent shall increase to £27,000 per annum.

The first and second floors are let to Scala Publishers Ltd at a rental of £33,000 per annum. The lease is for 5 years commencing 1st July 2014 and is outside the L&T Act 1954. Scala Publishing specialise in producing books for museums, galleries, libraries, heritage organisations, cathedrals and other religious sites. The lease contains an option to break in July 2017.

With effect from the 15th June 2015, the aggregate passing rent will be £60,000 p.a. which compares favourably with the Market Rental Value provided by the Valuer of £58,000 per annum.

Witham House, Wandsworth

The property is let to Tillman Domotics LLP at a rental of £36,000 per annum for a term of five years from 1st April 2015. Tillman Domotics is an innovative home technology and automation specialist that was established in 2010. They are currently in the process of fitting out the property to their specifications. The lease does not provide the security of tenure to the Tenant afforded by the Landlord & Tenant Act 1954.

At the time of the valuation, the lease was in draft form but has now commenced.

The Borrower

Borrower

The proposed Borrower is Mr Amandeep Singh Kainth.

Mr Kainth has been actively developing and investing in property for over 17 years and has extensive experience of asset management, debt management and client / tenant management. His portfolio across the UK has a capital value in excess of £6m with associated borrowings of £2.5m and aggregate income of £211,000 per annum.

Mr Kainth has a corporate background in commercial marketing and business finance and has worked for a number of multinational blue chip organisations both in the UK and the Middle East. In 2009 Mr Kainth co-founded a London based property investment and development company specialising in developing high yielding residential and commercial property, including retail units, B1 office units, land development and planning for student accommodation sites. Mr Kainth also specialises in sourcing bespoke investment opportunities for high net worth clients which include prime London residential off market investments and prestigious London hotels.

Development and Investment Projects include :

Thornton Heath: Conversion of 2 adjoining freehold buildings, one of which was completely derelict and untouched for 30 years. Mixed use development comprising 6 residential units and 2 retail units. Asset acquired using own funds and refinanced post works. Purchase price £650,000, GDV £1.3 million.

Lion Yard, Clapham: Complete overhaul and redevelopment of a disused 3 storey office building off Clapham High Street. Extended, remodelled and redesigned original office space to create an additional 20% prime office space resulting in a 40% rental income uplift and 70% GDV uplift. Project financed through private development finance.

Residential Conversion, Haringey: 95% net capital value appreciation uplift achieved through the redevelopment of upper floors in a commercial building in North London to provide self-contained residential units.

A1/ B1 Commercial Units, Putney: recently acquired selection of commercial units in a concrete shell condition for complete fit out and conversion into high yielding retail and office units. Pipeline cash acquisition £1 million with projected GDV £1.4 million.

Student Accommodation Site, Leicester: JV Planning gain investment opportunity for 85 residential dwellings plus A1 ground floor units. Freehold site secured in prime city centre location in a high density university location with design and planning for a generous mixed use development combining energy efficient residential dwellings, ground floor retail units and further recreational space.

Proplend Ltd has completed satisfactory KYC and credit checks on the Borrower.

Business Plan

The Borrower purchased the Clapham property without recourse to any borrowings in 2013 and funded the refurbishment from his own resources. He is raising the required loan to contribute to the purchase of a further commercial property in Putney plus other investments.

Upon expiry of the proposed loan term, the Borrower intends to refinance both Properties on a longer term basis. Given the low gearing and the timescale provided by the proposed facility, The Borrower does not anticipate any difficulty in refinancing.

SECURITY & SERVICEABILITY

Security

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

- A first legal charge over the properties known as Unit 10, Lion Yard, Tremadoc Road, Clapham SW4 7NQ and Unit 2, Witham House, Osiers Gate, 1-20 Enterprise Way, Wandsworth, SW18 1EJ
- A deposit of £21,616 will be retained from the loan and will be used to pay interest in the event that the Borrower defaults.

Interest Reserve

Proplend will retain £21,616 (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 at 6.18% per annum, which equates to an annual servicing cost of £43,232. The properties are currently producing a rental income of £96,600 per annum.

The proposed loan will be fully serviced from current rental income generated from the Properties (2.23x Interest Cover).

Covenants

- Asset Cover (LTV) minimum 65%
- Interest Cover (rent to interest ratio) minimum 1.25:1

RISKS

Loan Risks and Mitigation

- **Loss of tenant(s).** Interest expense is currently covered 2.23 times. Rental income would have to decrease by 55% before interest expense could not be met. Given a 6 month interest reserve against a 24 month lending period, in addition to multiple tenants with leases extending beyond the lending period, the risk is deemed to be low.
- **Decrease in property values.** The Loan to Value, as provided by recent valuations, is 55%. The properties would need to decrease in value by more than 45% before the LTV would reach 100%. Given the locations of the properties and the low gearing ratio, the risk is deemed to be low.

Loan Rationale / Conclusion

The Borrower is an experienced investor and property developer who has a proven track record of success. He is offering two properties as security on this loan, which results in a low LTV. In addition the rental income can service the interest expense more than 2 times over.

DOCUMENTS

Additional Documents

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

1. A Draft Standard Loan Contract
2. The Legal Report & Property Summary
3. A copy of the Valuation Reports dated 6th November 2014 and 23rd March 2015

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 the final Security documentation will be completed by Proplend Security Limited 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*.
If you have any questions, please call us on 0203 379 8290

PROPLEND DISCLAIMER - PLEASE NOTE:

The information provided in this Loan Request is provided solely by the applicant borrower 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 Service Website 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.