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Annual Review: Newcastle - Oceana - Business Park

Main Site:	Oceana Business Park, Davy Bank, Wallsend, Tyne & Wear, NE28 6UZ
Borrower:	Oceana Business Park Limited
Loan Number:	PLL0327
Report Date:	27/2/2019
Next Review Date:	4/9/2019 (3 months to maturity)



Loan Update

Rental income has increased by £64,777 over the previous year due to the borrower negotiating a £75,000 p.a. licence agreement with ITV Studios for use of The Technology Centre for the filming of the British drama series Vera. A few smaller tenants have vacated their premises or renegotiated their agreements but this has not had a significant impact on void levels or passing rent. Interest cover has improved significantly from last year (2.17x) and is now stronger than at origination. £383,617 rent/£146,849 interest = 2.61x interest cover.

Whilst the valuation was completed in July 2015, there is no indication that the property will have fallen in value. Indeed, if we were to take the initial yield (11.8%) and apply it to the increased rental value, the market value would increase to £3,250,991 representing an LTV of 67.5%. On this basis, I do not find it necessary to request a revaluation at this time. Proplend are in frequent contact with the borrower, should the passing rent fall significantly we reserve our right to request a revaluation at any time.

Covenant Compliance

LTV Covenant 75%, LTV at origination 74.5%, LTV currently 74.5%.

ICR Covenant 1.5x, ICR at origination 2.37x, ICR currently 2.61x.

Interest Payments

All interest payments are up-to-date, and have been made in a timely manner.

Exit Strategy

The exit strategy remains the same which is that the Borrower will continue to develop the site to produce additional income.

The Property (or a portion of the Property) will then be sold before the end of the term to repay the loan, or the Proplend loan will be refinanced.

Property Summary

Market Value	£2,950,000	Property Income	£347,978
Vacant Possession Value	£1,450,000	Market Rental Value	£271,845
Tenure	Freehold	Asset Class	Business Park

Loan Summary

Total Loan Required	£2,197,500	Loan to Value (LTV)	74.49%
Blended Interest Rate	6.683%	Interest Cover	2.14x
Loan Term	48 months	Interest Expense (p.a.)	£146,858.92

Tranche	Risk	LTV	Loan Amount	Interest Rate	Interest Cover
C	High	66-75%	£280,000	9.75%	2.14x
B	Medium	51-65%	£442,500	7.25%	2.63x
A	Low	0-50%	£1,475,000	5.93%	3.59x

Covenants

LTV Covenant	75%	ICR Covenant	1.5x
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Security

Main Site	First Legal Charge	Debenture	Debenture Required
Share Charge	Share Charge Not Required	Property Insurance	PSL Interest Noted and Current Documents held

Personal Guarantee Individual Guarantee from the Director and Shareholder of Oceana Business Park Limited for the sum of £250,000-00.
The same Guarantor has also now provided a PG in support of the County Durham Land With Planning loan, limited to the sum of £148,000. This loan is for a 9-month term, and is due to be redeemed on 22/10/2019.

Valuation

A valuation of the property was carried out by DTZ on 13/7/2015, a copy of which can be seen in the supporting documents. The valuation concludes the following:

Market Value: £2,950,000
Vacant Possession Value: £1,450,000
Open Market Rental Value: £271,845