



Proplend Loan Request

Date	17 th November 2015
Property Name	Oceana Business Park
Property Description (Short)	Mixed use industrial / office business park

Loan Request Summary

Borrower	A Limited Company	Valuation	£2,950,000
Loan Type	Commercial Investment	Total Loan Required	£2,197,500
Purchase/Refinance	Refinance	Loan to value (LTV)	74.5%
Property Asset Class	Mixed Use	Whole loan blended interest rate p/a	6.683%
Current Property Income	£347,978 per annum	Rental Value	£271,845

Borrowers Loan Requirement

Tranche	Risk	LTV	Loan Amount	Gross Interest Rate p.a.	Loan Term
C	High	66-75%	£ 280,000	9.75%	
B	Med	51-65%	£ 442,500	7.25%	
A	Low	0-50%	£ 1,475,000	5.93%	48 months
Total			£ 2,197,500	6.683%	

OVERVIEW

Borrower

The proposed Borrower is a Limited Company.

Property

- This is an 11.4 acre mixed use industrial / Business Park containing 11 industrial / office buildings, with direct frontage onto the north bank of the River Tyne.
- Annual rental income of £347,978 is derived from 11 tenants, including Soil Machine Dynamics (“SMD”), ITV Studios, and Lime Pictures.
 - 57% (£196,821) of annual income is derived from a 25 year lease to SMD (break: 1/7/28).

- SMD is one of the world's leading manufacturers of remote intervention equipment and has recently been purchased by CSR Corporation, headquartered in Beijing. In 2014, CSR had turnover of ¥117.9 billion (£12.5 billion), profit of ¥6.6 billion (£702.8 million), and equity of ¥51.5 billion (£5.5 billion).
- The 11 tenants are spread over 15 leases / licenses, the majority of which are short term licenses.
- Annual interest expense of £146,849 giving an interest cover of 2.37x against current rental income.
- DTZ valued the property on 13 July 2015 with the following values:
 - Market Value: £2,950,000
 - Vacant Possession: £1,450,000
 - Estimated Rental Value: £ 271,845

Loan Request

- With the development complete and the new tenant in place, the Borrower has requested £2,197,500 to repay their existing development facility.
- The proposed gearing level, based on the Market Value, will be 74.5%.
- Tranche C, comprising £280,000, will attract a gross interest rate of 9.75%.
- Tranche B, comprising £442,500, will attract gross interest of 7.25%.
- Tranche A, comprising £1,475,000, will attract gross interest of 5.93%.
- Lenders are offered the opportunity to lend on a whole loan or part loan with minimum loan amounts of £5,000 on a **'first come first lend'** basis.

Security

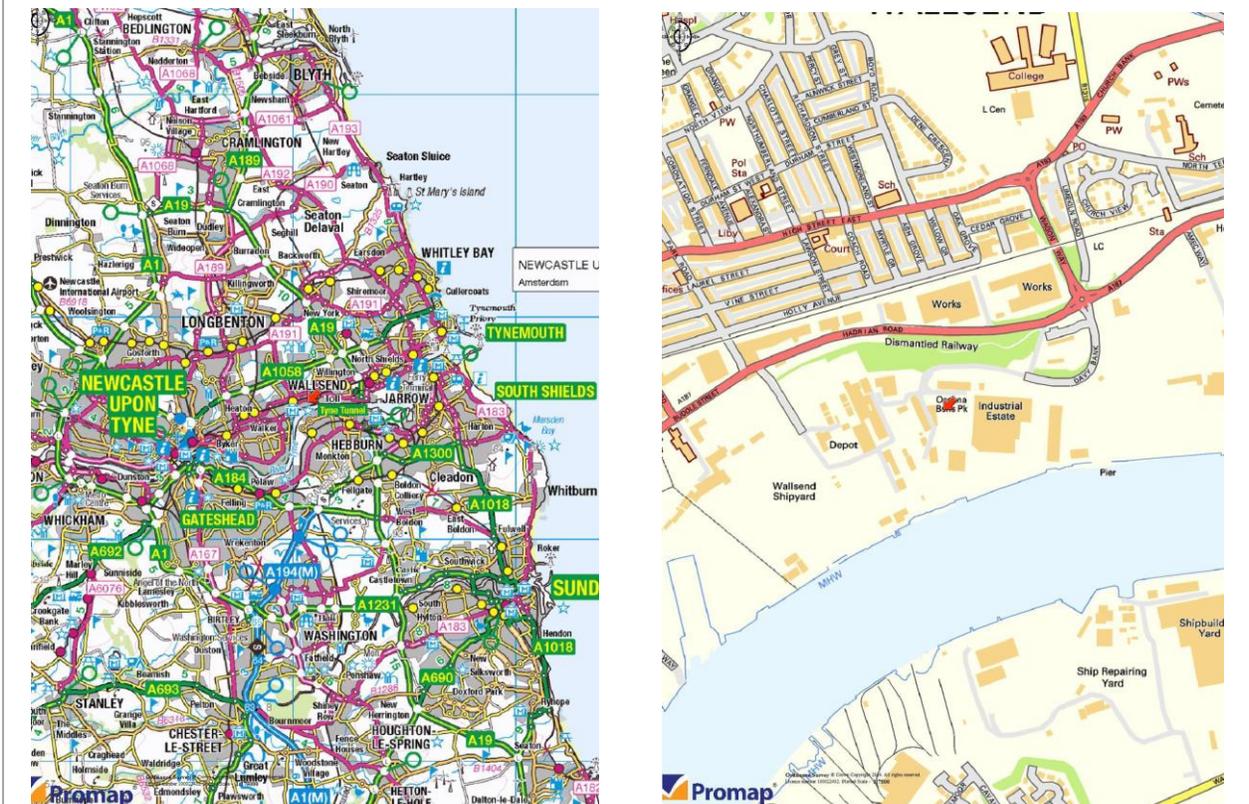
- The Loan will be supported by a first legal charge over the Property;
- Corporate Debenture;
- A Personal Guarantee from the Director and sole Shareholder, limited to the amount of £250,000;
- Proplend will retain 6 months interest (£73,424) from the Loan, which will be held on account and used to service interest, should the borrower fail to meet a monthly repayment.

PROPERTY

Location

The Property is located in Wallsend, which is in the Metropolitan Borough of North Tyneside approximately 3.5 miles east of Newcastle upon Tyne and 3.5 miles west of North Shields. Wallsend benefits from good road and train access.

The Property is located on the north bank of the River Tyne. It is situated to the south of Wallsend town centre and access is provided from the A187 via Davy Bank. The immediate surrounding area is characterised by industrial and employment uses.



Asset Description

The Property has eleven buildings varying in age, use, and specification. There is a mix of office and industrial buildings together with development land. The condition of the Property varies throughout having regard to age and use.

The valuation states that due to the age of some of the buildings on site, there may be deleterious materials present. The Borrower has provided a Ground Conditions Health and Safety Plan dated 18 March 2014 and prepared by BT Bell Consulting Engineers. Whilst the report identifies some contamination, the conclusion was that the contamination was of little

significance and was to be expected of any site of this location. The recommendation was to leave undisturbed.

The valuer has confirmed that the SMD freehold property with the current lease in place, and ignoring all other aspects of the estate, has an approximate value of £2.3m. This section equates to 95.5% LTV against the entire loan.

Total floor area is 84,430 sq ft, and total site area is 11.4 acres.

SMD Unit



This detached industrial unit was constructed in 2013 and is of steel portal frame construction. The loading access is provided from 2 automatically operated steel roller shutter doors.

To the front of the property, there is a site utilised by SMD which provides a rough gravel hardstanding fronting the River Tyne, with gated access from the estate road.

Nelson House



Nelson House dates from the 1950's and comprises a detached two-storey building which provides a terrace of industrial accommodation. There is loading access, which is provided by 5

steel roller shutter doors.

Laurel House



Laurel House is centrally located within the Oceana Business Park and comprises a detached, two story industrial unit built in the 1950's. There is a timber loading entrance door at ground floor level, together with a steel roller shutter door.

Northumbria House



Northumbria House dates from the 1960's and comprises a detached three-storey office building. The office accommodation has a central core, which provides a stairwell and life to the upper floors together with the staff and WC facilities.

Neptune House



Neptune House dates from the 1960's and comprises a detached industrial unit of steel frame construction.

Riverside Workshop



The Riverside Workshop dates from the 1960's and is of steel frame construction and brickwork. The accommodation is arranged over ground and first floor level. There is loading access to the ground floor is provided from a timber slicing entrance door.

SMD Temporary Building



The SMD temporary building dates from 2010 and is a detached, small industrial unit of steel frame construction with timber supports. Loading access is provided from a steel roller shutter door. There are no staff facilities within the property.

The Studios



The Studios provide temporary porta-cabin type office accommodation. It is a pre-fabricated building of modular construction. Internally, the property provides office accommodation arranged around a central corridor.

The Technology Centre



The technology centre is a standalone office/light industrial unit of portal frame construction. There is parking to the front and southern side of the building. Internally, the accommodation provides a large, open plan atrium down the centre of the building. Partitioned offices and lab accommodation are positioned off either side and to the rear of the footplate. Staff facilities are also provided with WCs and staff areas.

Ceres House



Ceres House is a detached building dating from the 1960's. It is arranged over three floors, but it is currently in a dilapidated state of repair. This property is vacant, and refurbishment will need to be undertaken prior to letting the property.

Development Land



A number of buildings have been cleared on site to create a flat development site with rough hardstanding. It is understood that the site has the benefit of all main services.

Tenure

The Property has Freehold title.

Valuations

A valuation of the Property was carried out by DTZ on 13 July 2015, a copy of which can be viewed in the supporting documents. The valuation concludes the following:

Market Value: £2,950,000
Vacant Possession Value: £1,450,000
Market Rent: £ 271,845 p.a.

An update from the valuer in October 2015 confirmed that although 3-4 months have passed since the valuation, he would consider the Market Value of £2.9 million to remain accurate.

Certificate of Title

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

TENANTS & LEASE

Tenants and Leases

Floor / Unit	Tenant	Lease start	Lease Expiry	Rent Review	Break	Annual Rent (inc. Service Charge)	Comments
SMD Unit (Big Shed)							
1st - Unit 33	Soil Machine Dynamics Limited	09.06.2014	08.06.2039	every 5 yrs	2029 & 2034	£196,821	
Total						£196,821	
Nelson House							
Units 1-6	Soil Machine Dynamics Limited	22.11.2013	22.11.2015	N/A	N/A	£41,890	
Office 1	Core Tech Training Limited	13.11.2015	12.11.2016	N/A	N/A	£3,120	
Total						£45,010	
Laurel House							
Unit 1 A	East Coast Car Sales	01.07.2013	08.10.15	N/A	N/A	£7,250	
Ground Floor (Part)	Lime Pictures Ltd					£23,020	
Part Upper Floor	Waves Fashion Limited	09.10.2014	08.10.15	N/A	N/A	£8,464	Includes £2600 for the Lodge
Unit 6C Ground Floor	Stephen Hale Windows Limited	13.11.2015	12.11.2016	N/A	N/A	£4,206	Includes Service Charge of £1,136
Total						£42,940	
Northumbria House							
Part 1st Floor	ITV Studios Limited	30.04.2015	13.11.2015			£15,878.61	
Office 2, 1st Floor	Safer Asbestos Solutions Limited	01.07.2013	08.10.2015			£7,822.03	
Office 2a, 1st Floor	Safer Asbestos Solutions Limited	01.07.2013	08.10.2015			£4,733.61	
Unit 6a, Ground Floor	A1 Window Cleaning Limited	13.11.2015	12.11.2016			£2,725.50	
Office, 1st Floor	Vacant						
Office, 1st Floor	Vacant						
Total						£31,160	
Neptune House							
Workshop	Eclipse Cutting Machines Limited	13.11.2015	12.11.2016	N/A	N/A	£6,339	
Total						£6,339	
Riverside Workshop							
Unit 1	Steel Style	01.07.2013	08.10.2015			£4,073	
1st Floor	Vacant						
Total						£4,073	
SMD Temporary Building							
Ground - Unit 1	Vacant						Being Marketed for Rent
Total						£0	
The Studios							
	Vacant						
Total						£0	
The Technology Centre							
	Vacant						
Total						£0	
Ceres House							
	Vacant						
Total						£0	
Land / Parking							
1	ITV Studios	10.04.2015	13/04/2016			£16,942	
2	Safer Asbestos Removal Limited	01.07.2015	08.10.2016			£4,693	
Total						£21,635	
Total Portfolio Income:						£347,978	

There are currently 11 tenants over 15+ leases/licenses. All expired licences will be renewed within 6 months of drawdown of the loan.

SMD Unit

The new SMD Unit is let to Soil Machine Dynamics Ltd (“SMD”) at a passing rent of £196,821 p.a. The lease expires 08/06/39, and there is a tenant break in 2029 and 2034. SMD has an Equifax credit score of A- (Excellent). The most recent accounts, dated 31/12/14, show Turnover of £79.7 million, Profit Before Tax of £7.1 million, Total Assets of £77.96 million, (of which, £5.4 million is in cash) and Total Net Worth of £48.4 million.

SMD is one of the world’s leading manufacturers of remote intervention equipment and has recently been purchased by CSR Corporation, headquartered in Beijing. In 2014, CSR had turnover of ¥117.9 billion (£12.5 billion), profit of ¥6.6 billion (£702.8 million), and equity of ¥51.5 billion (£5.5 billion).

The strength of this loan request is centered on the SMD lease, which provides enough income alone to cover the interest expense. The passing rent of £196,821 against the interest expense of £146,849 gives an interest cover of 1.34x. SMD has its Head Office and other manufacturing facilities on a Site which is adjacent to the Subject Property. The Site is fully utilized and there are no other options to expand on to other surrounding land. The availability to build and expand on the Subject Property is an important element of SMDs future plans.

Nelson House

Nelson House Units 1-6 is also let to SMD at a rent of £41,890 p.a. on a short term license agreement. The current license expires 22/11/2015, but Borrower expects SMD to renew their license at the same rental income level.

Nelson House Office 1 is let to Core Tech Training Limited (“Core”) at a rent of £3,120 p.a. on a short term license agreement. The current license expires 12/11/2016. Core has an Equifax credit score of I (technically insolvent) which is due to their balance sheet showing negative share capital. The most recent accounts (abbreviated), dated 30/6/14 show Total Assets of £3,750 and Net Worth of (£4,714). Core is a relatively new (2013) personal training business, and the first year accounts are very limited, which explains the minimal financial information available.

Laurel House

Laurel House Ground Floor (Part) is let to Lime Pictures Limited (“Lime”) at a passing rent of £23,020 p.a. on a short term license agreement. The current license expired but the Borrower and tenant are currently in negotiations regarding a new license agreement. Lime has an Equifax credit score of A (Excellent). The most recent audited accounts, dated 31/12/14, show Turnover of £78.4 million, Profit Before Tax of £9.8 million, Total Assets of £22.6 million (of

which £19.7 million is in cash), and Net Worth of £9.9 million

Laurel House Ground Floor Unit 6C is let to Stephen Hale Windows Limited (“Hale”) at a passing rent of £4,206 p.a. (includes service charge of £1,136) on a short term license agreement. The current license expires 12/11/2016. Hale has an Equifax credit score of O (late filing accounts to Companies House). The most recent accounts, dated 31/10/13, show Total Assets of £101,283 (of which £4,440 is in cash) and Net Worth of £9,490.

Laurel House Unit 1A is let to East Coast Car Sales (“East Coast”) for £7,250 p.a. on a short term license agreement. The current license expired on 08/10/2015, but the tenant is holding over and a new license will be agreed within 6 months from drawdown. East Coast is a Sole Proprietor and therefore no Equifax reports or financial information is available.

Laurel House Upper Floor (Part) is let to Waves Fashion Limited (“Waves”) for £8,464 p.a. on a short term license agreement. The current license expired 08/10/15, but the tenant is holding over and a new license will be agreed within 6 months from drawdown. Waves was incorporated in Oct 2014, and no financial accounts have been filed to date. The Equifax credit score is N/A, which means no accounts have been filed at Companies House.

Northumbria House

Northumbria House Unit 6a is let to A1 Window Cleaning Ltd (“A1”) for £2,726 p.a. on a short term license agreement. The current license expires 12/11/2016. A1 has a credit score of B- (Very Good). The most recent accounts (abbreviated), dated 31-03-14, show Total assets of £24,023 (of which £2,265 is in cash), and Net Worth of £22,169.

Northumbria House Offices 2 and 2a are let to Safer Asbestos Solutions Ltd (“SAS”) on 2 licenses for a total rental income of £12,556 p.a. on a short term license agreement. The licenses expired 08/10/15, but the tenant is holding over and a new license will be agreed within 6 months from drawdown. SAS has an Equifax credit score of A (Excellent). The most recent accounts, dated 31/10/14, show Total Assets of £65,508, (of which £26,769 is in cash) and Total Net Worth of £95,496.

Northumbria House First Floor (part) is let to ITV Studios Limited (“ITV”) for £15,879 p.a. on a short term license agreement. The current license expired 13/11/2015, but the Borrower and tenant are in negotiations regarding the new license. ITV has an Equifax credit score of B (very good). The most recent audited accounts, dated 31/12/14 show Turnover of £446.8 million, Loss Before Tax of (£39.7 million), Total Assets of £913.8 million (of which £14.0 million is in cash), and Net Worth of £294.2 million.

Neptune House

Neptune House is let to Eclipse Cutting Machines Limited (“Eclipse”) at a passing rent of £6,339 p.a. on a short term license agreement. The license has expires 12/11/2016. Eclipse has an Equifax credit score of B+ (Very Good). The most recent accounts (abbreviated), dated 31-07-14,

shows Total Assets of £85,056 (of which £24,809 is in cash) and Net Worth of £34,040.

Riverside

Riverside Workshop Ground Floor is let to Steel Style at a passing rent of £4,073 p.a. on a short term license agreement. The current license expired 08/10/15, but the tenant is holding over and a new license will be agreed within 6 months from drawdown. Steel Style is a Sole Proprietorship and therefore no Equifax reports or financial information is available.

Car Park

A car park is let to ITV Studios Limited for £16,942 p.a. on a short term license agreement. The current license expires on 13/04/16.

A car park is let to Safer Asbestos Solutions Ltd for £4,693 p.a. on a short term license agreement. The current license expires 08/10/2016.

Vacancies

The SMD Temporary Building is currently vacant, but it is being marketed and there has been some interest to date.

The Studios, The Technology Centre, and Ceres House are all vacant.

There are a wide range of tenants on site, and although the site is geared towards the industrial sector, there is significant interest in the site for filming locations and artist studios. The versatility of the site and the ability to offer suitable space for many different types of tenants helps to increase letting potential.

BORROWER

Borrower

Oceana Business Park Ltd is owned 100% by Martin Oliver. Mr Oliver has been involved on the Site for 7 years, the first 5 of which he was the manager. In 2013, he bought the property with Freehold title.

Business Plan

Mr Oliver intends to continue to develop the Site. There are land and several buildings on the Site that can be developed / redeveloped, which could produce additional income.

There is also potential for the Site to be sold to the main tenant, SMD, which is the largest single occupier on the Site. SMD's main production facility is at this location and their head office is on an adjacent property.

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 property known as Oceana Business Park, Davy Bank, Wallsend, Tyne & Wear, NE28 6UZ;
- A Corporate Debenture between Oceana Business Park Limited and Proplend Security Limited;
- A Personal Guarantee from Martin Oliver, limited to £250,000; and
- A deposit of £73,424 will be retained from the loan and will be used to pay interest in the event of a default

Interest Reserve

Proplend will retain £73,424 (6 months interest) from the gross loan amount which will be held on account should the Borrower fail to meet the interest payments as they fall due.

Serviceability

The Site is currently producing rental income of £347,978 per annum. Interest expense will be £146,848.

The Interest Cover Ratio is 2.37x, indicating that the current rental income is more than sufficient to cover the interest expense.

Covenants

- Asset Cover (loan to value) minimum 75%.
- Interest Cover (rent to interest ratio) minimum 1.5x

RISKS

Loan Risks and Mitigation

- Loss of tenants. This is mitigated by the long lease in place to the main tenant, SMD. SMD has a strong financial statement and a financially sound parent company. The income from the SMD lease fully supports the interest expense.
- Decrease in property value. This is mitigated by the value of the property and lease to SMD, which the valuers estimated to have a value of £2.3 million. This value would cover the loan, even if the value of the surrounding property were to decline.

Loan Rationale / Conclusion

With a strong interest cover and high quality main tenant with a long lease in place, the site is performing well. There is also excellent potential to develop the site further or to sell the entire property to SMD, who have their head office on an adjacent piece of land.

In addition, the loan will be further supported by a personal guarantee of £250,000 from the Director. There is also a 6 month interest reserve retained on account, should the Borrower and Guarantor both fail to service interest.

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 Report dated 13 July 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*.
6. 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. Capital at Risk.