

# Proplend Annual Review & Investor Report

Borrower: Oceana Business Park Ltd  
 Loan Number: PLL0327 / PROP00314  
 Report Date: 04/12/2016  
 Next Review Date: 04/12/2017



## Covenants

	Covenant	At Origination	Current
Interest Cover	1.5x	2.37x	2.17x
Loan to Value	75%	74.5%	74.5%

## Covenant Compliance / Loan Update

Covenant Compliant.

Rental Income has decreased by £60,976 over the previous year due to 1 tenant leaving and the renegotiation of a lease which saw a reduction in rent of c. £44,000. The Borrower has signed Heads of Terms that will produce rental income of c. £40,000 per annum, and the prospective tenant is currently seeking approvals. Although there was a reduction in income, Interest Cover remains strong at 2.17x.

£318,840 Rent / £146,849 Interest = 2.17x Interest Cover

UK market research indicates that the Industrial sector continues to improve since the referendum result, and it stands to benefit further from a weaker exchange rate. The Property is located on the north bank of the River Tyne, which allows for increased transport links via the river, which increases letting potential, especially for large manufacturers and warehouse / distribution, where demand remains strong. Cushman & Wakefield report that there is good demand for cross dock facilities, as occupiers are looking to optimise their distribution networks across the UK.

Even with the fall in rental income, the value of the property is likely to have remained the same as, with the exception of the lease to the main tenant, SMD, (which alone is valued at £2.3m), the remainder of the property was valued on a vacant possession basis, because the majority of the tenants are on short term license agreements and offer weak covenant strength.

£2,197,500 Loan / £2,950,000 Value = 74.5% LTV

## Loan Information

Origination Date	04/12/2015
Maturity Date	04/12/2019
Gross Loan Amount	£2,197,500
Blended Interest Rate	6.683%
Tranche A Rate	5.93%
Tranche B Rate	7.25%
Tranche C Rate	9.75%
Loan Status	Good Standing

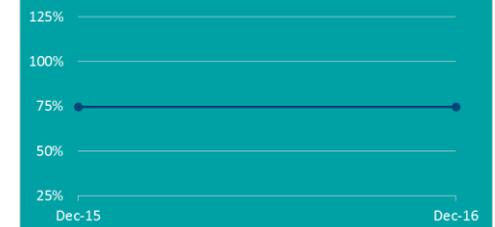
## Property Information

Location	Newcastle
Type	Industrial Park
Number of Assets	11
Number of Leases / Licenses	12
Market Value	£2,950,000
VP Value	£1,450,000
Market Rental Value	£271,845
Date of Valuation	13/07/2015

## ICR History



## LTV History



## 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 be sold before the end of the term to repay the loan, or the Proplend loan will be refinanced.

## Interest Payments

On time and up to date.

## Reviewed By

Andrew Pinfield

Julie Pavlick