



Proplend Loan Request

Date	3 rd July 2017
Properties	Units 6, 6a & 6b, Henmore Trading Estate, Mayfield Road, Ashbourne, Derbyshire DE4 1AS
Property Description	An industrial property, comprising 3,316 sq.ft., split into three units



Loan Request Summary

Borrower	A newly registered limited company	Valuation (Expected)	£250,000
Loan Type	Commercial Investment	Total Loan Required	£150,000
Purchase/Refinance	Refinance	Loan to value (LTV)	60%
Property Asset Class	Industrial / warehouse B2 & B8	Whole loan blended interest rate p/a	9.33%
Current Property Income	£26,500 p.a.	Rental Value	£14,000 p.a.

Borrowers Loan Requirement

Tranche	Risk	LTV	Loan Amount	Gross Interest Rate p.a.	Interest Cover	Loan Term
C	Higher	66-75%	£ ---	---		
B	Medium	51-65%	£ 25,000	11.00%	1.89x	
A	Lower	0-50%	£ 125,000	9.00%	2.36x	
Total			£ 150,000	9.33%		18 Months

OVERVIEW

Borrower

The proposed Borrower is a newly incorporated limited company. The two Directors and shareholders of the Newco are the wife and son of the current owner. The two Directors along with the current owner will each guarantee the proposed loan.

Property

- The Subject Property comprises a single building divided into three light industrial/workshop units. Constructed in the 1970's, the building is constructed of standard brick & block walls under a pitched steel frame roof
- The three units are fully occupied and let to two tenants.
- Unit 6 and the adjoining yard area is let to a car wash operator on a 10-year lease commencing in May 2016 and ending in April 2026. The current rental on this unit is £18,000 paid monthly in advance.
- Units 6a & 6b are both let to a Silversmiths which uses the units for storing packaging and display materials. The lease is for five years from February 2015 at a rental of £8,500 p.a. paid monthly in advance

Loan Request

- The Property is to be transferred/sold to the Newco at full value of £250,000 as Proplend is unable to provide a facility to the current owner.
- The proposed loan of £150,000 includes a provision for the retention of six-months' interest and the payment of Proplend fees. The net loan available to the Borrower will therefore be £138,500.
- This balance will be paid to the current owner to repay existing borrowing and to release the charge against the Property
- The balance of the purchase price will remain as a loan from the current owner to the Company.
- The proposed gross gearing level will be 60% with the net loan (excluding the interest provision and fees) representing 55% of value.
- Annual interest expense will be £14,000 giving an interest cover of 1.89x against current rental income.

Security

- The Loan will be supported by a first legal charge over the Property.
- Proplend Security Limited will retain 6 months interest from the Loan.
- A personal guarantee from the Directors and Shareholders of the Borrower plus the current owner, each limited to the sum of £150,000.

Loan Tranches

- Tranche A, comprising £125,000, will attract gross interest of 9% p.a.
- Tranche B, comprising £25,000, will attract gross interest of 11%
- Lenders are offered the opportunity to lend with minimum loan amounts of £1,000 on a 'first come first lend' basis

THE BORROWER

The Borrower

The Subject Property is currently owned by a Mr Wayne Travers, aged forty-four. He has lived in the town of Ashbourne with his partner Nina Lees aged 40 and his son, Thomas Travers, aged 20, for the past 10 years. He bought the Property 10 years ago and for a period of five years, he traded from the Property. In 2011 he let the Property to a tenant who went substantially into arrears with its rent. Mr Travers successfully evicted the Tenant but he incurred substantial legal costs and damages in the process. Despite being substantially in arrears of rent, the tenant successfully sued for wrongful eviction and damages were awarded against Mr Travers in the sum of £23,000 and a CCJ in this sum was registered against him. The proposed loan is to partly clear this debt whereupon the CCJ will be removed.. He has subsequently re-let the Property to two tenants producing an aggregate rental income of £26,500 p.a.

The proposed Borrower will a newco by the name of Henmore Property Limited, the Directors of which will be Nina Lees and Thomas Travers. Wayne Travers will be a guarantor of the loan. Nina Lees and Wayne Travers jointly own a house which they are in the process of selling which has an adjoining building plot with planning permission. The sale of both over the next twelve months will realise proceeds in the order of £350,000 which will be the primary source of the payments for the proposed loan..

Business Plan

The Borrower proposes to refinance the Property within the 18 months having maximised the rental income, in particular on units 6a & 6b.

The Directors also intend to apply for planning permission to extend the office accommodation on the first floor by a further 3,000 sq.ft. This will enhance both the capital and rental value of the Property

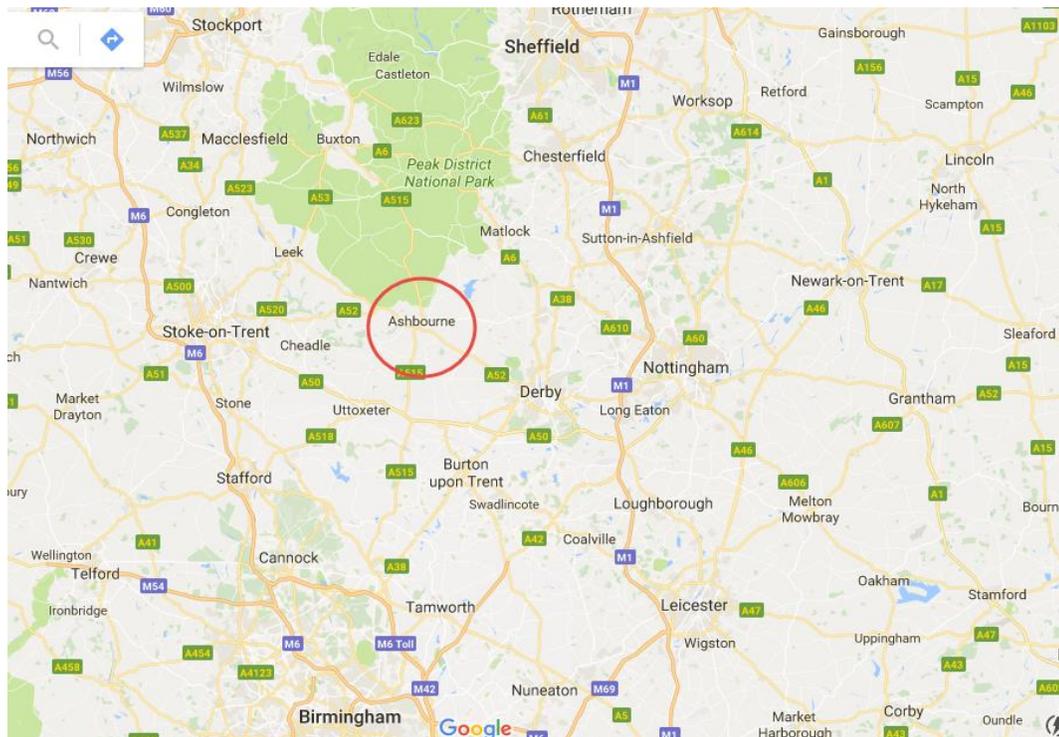
The Borrowers primary method of repayment will, however, come from the sale of an unencumbered property, also in Ashbourne, which will release proceeds in the order of £340,000.

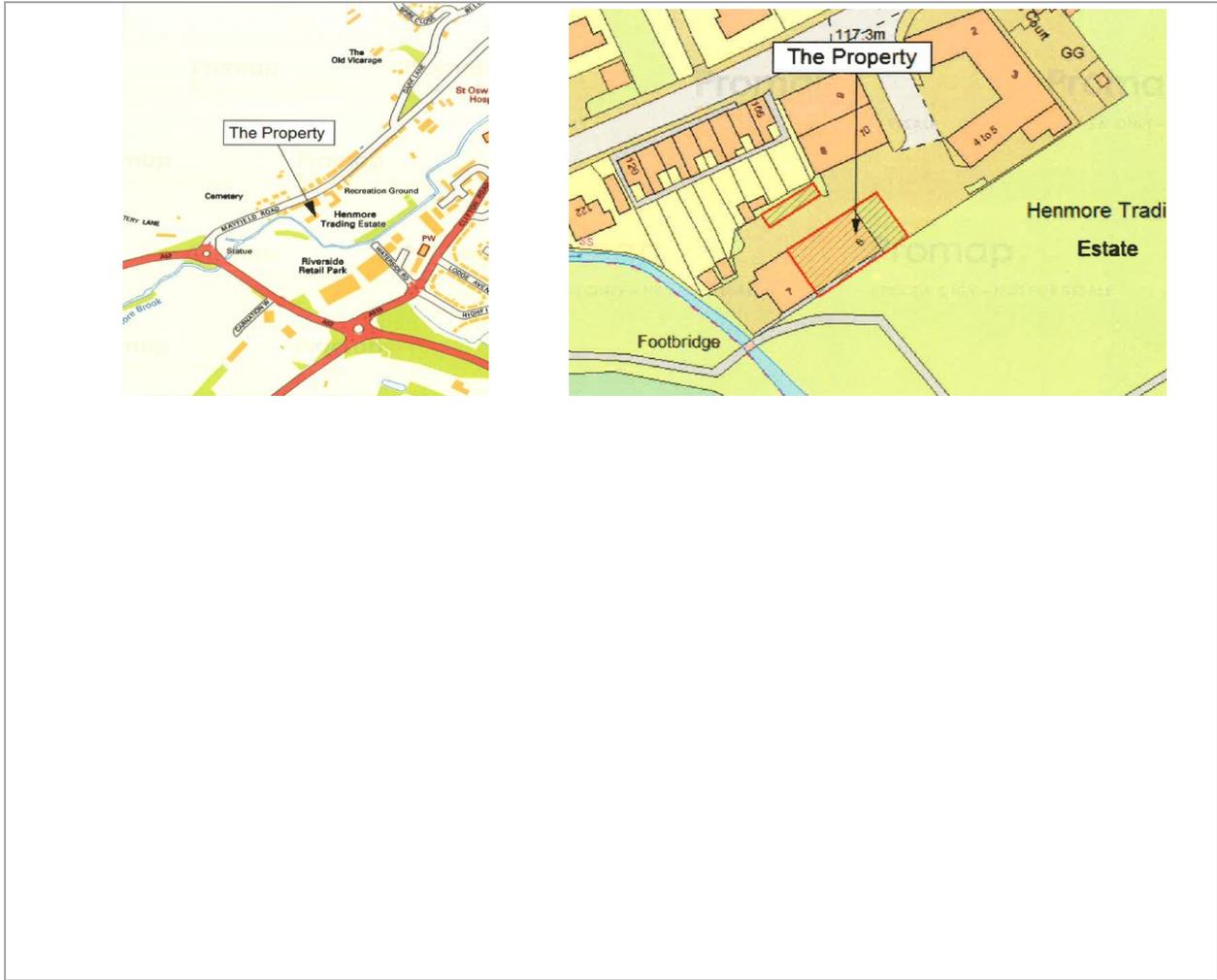
THE PROPERTY

Location

The Subject Property is located in the market town of Ashbourne which is equidistant from Birmingham and Sheffield. It is some 13 miles from the City of Derby and it lies on the edge of the Peak District National Park which brings many visitors to the Town during the tourist season.

The Property is one of ten similar industrial units on the Henmore Industrial Estate, other occupants including a taxi firm, a dance studio and a furniture retailer. Access is via a common service road to the Mayfield Road.





Asset Description

The Building is of standard brick and block construction with a steel framed roof. The gross internal area provides 3,316 sq.ft. split into three units. The demise includes a forecourt plus parking space for up to 7 cars and the overall site area covers approximately 10th acre.



Comprising a gross internal area of 3,316 sq.ft in total, units 6a & 6b (being 2,230 sq.ft) are let for £8,500 p.a.(£3.81 p.s.f.) to a Jewelers for storing display materials. The third unit, Unit 6, comprising a further 1,086 sq.ft, produces a rent of £18,000 which equates to £16.57 p.s.f. This unit is occupied by a car and van cleaning company. Whilst this third unit appears to be significantly over-let, the estimated rental value provided by the recent valuation is £14,000 p.a. which is still sufficient to service interest on the proposed loan. There is scope to increase the rent in Units 6a and 6b.

Tenure

The Property is freehold. The Title includes provision for all 10 occupants of the Estate to contribute to the upkeep of the common parts (such as the access road) but, to date, no service charges have been claimed by the management company. Plans are afoot to transfer the ownership and control of the common parts to the owners of the 10 units on the Estate.

Valuations

A valuation of the Property was carried out by Salloway Property Consultants in March 2017, a copy of which can be viewed in the supporting documents. The valuation concludes the following:

Market Value: £250,000
Vacant Possession Value: £215,000
Open Market Rental value: £14,000 p.a.

The Valuer will be sent a copy of the Report on Title and asked to re-confirm its valuation figures at the time of completion.

Certificate of Title

A Report of Title will be supplied by solicitors, Paris Smith, acting on behalf of Proplend Security Ltd, and its comments thereon can be viewed under documents.

TENANTS & LEASE

Tenants and Leases

Unit 6 is let to Messrs. Stunzenas and Cerkaustas for a term of 10 years to April 2026 from where they operate a car and commercial vehicle cleaning service. Whereas financial information on this tenant is not available, we are informed by the Applicant that the business is a very successful one and rent is always paid promptly. We understand that the tenant has commercial contracts with a number of local companies which ensures a regular revenue flow.

Units 6a and 6b are let to C W Sellors (Gold and Silversmith) Limited until January 2020 for a rental of £8,500 p.a. The Tenants website can be viewed on www.cwsellors.co.uk. The Company sells jewellery online and it promotes itself by taking stands at numerous shows. It uses the Subject Property to store its stands/display material along with packaging for its products. The Applicant again advises that this Tenant pays its rent promptly.

SECURITY & SERVICEABILITY

Security

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

- The Loan will be supported by a Debenture and Mortgage including first ranking legal charge over the Property
- 6 months interest will be retained from the Loan and held on account. See Interest Reserve section for further details.
- Personal Guarantee from the Directors and Shareholders of the Borrower plus Mr Wayne Travers, each limited to the sum of £150,000.

Interest Reserve

Proplend will retain £7,000 (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 Interest Cover Ratio is 1.89x, indicating that the current rental income is more than sufficient to cover the interest expense.

Covenants

- Asset Cover (loan to value): maximum 65%
- Interest cover: Minimum 1.25:1

LENDER RISKS:

RISK	LEVEL	MITIGANT
Risk that the management of the Borrower is not able to execute their business plan.	HIGHER RISK	<ul style="list-style-type: none">• The Borrower has two options for repayment. The primary option is the sale of an unrelated property which is not dependent on obtaining planning permission to extend the Subject Property. The Borrower has the option of refinancing before making the planned enhancement to the Subject Property.
	MEDIUM RISK	
	LOWER RISK	
Risk that the Borrower stops making monthly interest payments to Lenders due to loss of lease income and or tenants whose leases had ended, had exercised a lease break or have gone into receivership.	HIGHER RISK	<ul style="list-style-type: none">• Proplend will hold a 6-month interest reserve giving the Borrower time to re-let the vacated accommodation. Once this interest reserve is exhausted and if the Property has not been re-let, the guarantors would seek to make up any rental shortfall or hasten the sale of their other property which is the primary source of overall repayment.
	MEDIUM RISK	
	LOWER RISK	

Risk that the Borrower is unable to repay the loan principal at the end of the loan term because they have not been able to sell or re-finance the property.	HIGHER RISK	<ul style="list-style-type: none"> The planned primary source of repayment is from the sale of another property within the loan period. Failing this sale, the LTV to the Subject Property at 60% should ensure that it can be sold, even under forced sale conditions, and full repayment achieved. The valuation, assuming a sale within 3 months, was given as £215,000.
	MEDIUM RISK	
	LOWER RISK	

Risk that the Property falls in value due to either macro-economic or property-specific reasons.	HIGHER RISK TRANCHE C 65-75% LTV	<ul style="list-style-type: none"> At a gearing level of 60%, the value of the Subject Property would need to fall by 40% before the loan sum was not covered. Even in this event, the Guarantors have the option to sell another property to achieve full repayment.
	MEDIUM RISK TRANCHE B 51-64% LTV	
	LOWER RISK TRANCHE A 0-50% LTV	

DOCUMENTS

Additional Documents

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

1. A Draft Standard Loan Contract
2. The Report on Title and Lettings Report produced by Paris Smith
3. Copy Valuation Reports dated 8th March 2017, (re-assessed by the valuer at completion)

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 Investments*, and select the Loan.
2. If the *Loan Request* is *Active* on the Proplend Loan Exchange (PLE) and your Proplend account has sufficient funds to cover your investment, pick the Tranche you wish to lend into and click *View Loan*. The next screen will show the amount of the Loan Tranche available and the key details. Click *Invest* to continue. Select the amount you wish to invest using the drop down menu and click *Invest*. Check the Loan Contract and click *Accept*. A copy of the Loan contract signed by you will appear in your *Lender Dashboard*. Follow the same process to invest into another Tranche.
3. If the Loan Investment is *In Funding*, 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 the *Loan Request* is still *Pending* you can register your interest via the *Pre-Offer* facility.
5. If you need to transfer funds to your Lender Account in order to make an investment or an Offer to Lend then go to the *Lender Dashboard Banking* 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*.
6. Once your funds have cleared in your Lender Account you will be able to make an investment through the PLE or 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

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