

Annual Review: Birmingham - Churchgate - Hotel

Main Site:	Park Hotel, 131 Aldridge Road, Perry Barr, Birmingham B42 2ET
Borrower:	Churchgate Property Services Limited
Loan Number:	PLL751
Report Date:	02/11/2018



Loan Update

Excellent account conduct.

Since purchasing the property in November 2017, the Borrower has spent some £150,000 on renovating the property. The former hotel is now used as a HMO with a licence for 28 beds / 48 people. The property is now let to Weir Lettings on an agreement that the tenant pays a minimum of £14,000 pcm.

Covenant Compliance

Compliant throughout loan term.

An updated valuation has been completed for an alternative lender, and has been reviewed by Proplend underwriters. The market value of the 1st charge security has increased from £830,000 to £1,400,000 as a result of the increase in passing rent and market rental value. LTV has decreased from 72% to 42.9%

Interest Payments

On time and up to date. 6 month interest reserve still held (£24,002.70).

Exit Strategy

The loan is due for redemption 21/3/2019.

No change from origination, following an increase in the rental income the Borrower's intention is to seek more favourable terms with an alternative lender. Alternatively, should the current account conduct be maintained throughout loan term, Proplend may consider refinancing the facility internally, alongside the raising of new capital for further purchases.

Property Summary

Market Value	£1,400,000	Property Income	£168,000
Vacant Possession Value	£1,250,000	Market Rental Value	£116,480
Purchase Price	£795,000	Purchase Type	Open Market
Tenure	Freehold	Asset Class	Hotel
EPC Rating (min. E)	C		

Loan Summary

Total Loan Required	£600,000	Loan to Value (LTV)	42.9%
Blended Interest Rate	8.0%	Interest Cover	3.5x
Loan Term	18 months	Interest Expense (p.a.)	£48,000

Tranche	Risk	LTV	Loan Amount	Interest Rate	Interest Cover
C	High	66-75%	£60,500	10.3%	3.5x
B	Medium	51-65%	£124,500	8.52%	4.02x
A	Low	0-50%	£415,000	7.51%	5.39x

Covenants

LTV Covenant	75%	ICR Covenant	1.25x
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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 Confirmed
Personal Guarantee	Individual Guarantee from an Individual Director of Churchgate Property Services Limited for the sum of £60,000		

Valuation

A valuation of the property was carried out by Aitchison Raffety on 26/10/18, a copy of which can be seen in the supporting documents. The valuation concludes the following:

Market Value: £1,400,000
 Vacant Possession Value: £1,250,000
 Open Market Rental Value: £116,480