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Annual Review: Southampton - Kurn - Industrial

Main Site:	Units 4 & 5, Muira Industrial Estate, William Street, Southampton, SO14 5QH.
Borrower:	Style Interiors (Hampshire) Ltd
Loan Number:	PLL750
Report Date:	29/11/2018
Next Review Date:	9/11/2019



Loan Update

The Interim update issued in February advised that contrary to the borrower's original business plan, which was to occupy the Muira Industrial property with his associated car sales business, Andmarc Cars, the original occupant, Vision Scaffolding, who were planning to relocate to a larger premises, are still in situ as their purchase fell through.

With a new 12-month rolling lease having just been granted to Vision, the rent payable has increased from £24,000 to £28,800 for this property. Please note that the rent on the supporting security for this loan, the retail unit in Chandler's Ford, remains constant at £9600 p.a.

Covenant Compliance

Interest Cover;

Covenant at outset, 1.25x
Actual at outset, 1.41x
Actual as at 29/11/2018, 1.61x

Loan to Value;

Covenant at outset, 75%
Actual LTV at outset, 71.66%
Given the improved performance, it has not been deemed necessary to have the property revalued at this time.

Interest Payments

All interest payments made in a timely manner.

Exit Strategy

The borrower still intends to make a capital reduction and refinance after 36 months with a high street lender on to a lower rate.

The borrower also still intends to retain this property, as with all of his rental properties, as part of his long-term investment/retirement strategy.

Property Summary

Market Value	£392,500	Property Income	£38,400
Vacant Possession Value	£375,000	Market Rental Value	£33,600
Tenure	Freehold	Asset Class	Mixed Use

Loan Summary

Total Loan Required	£281,250	Loan to Value (LTV)	71.66%
Blended Interest Rate	8.50%	Interest Cover	1.41x
Loan Term	36 months	Interest Expense (p.a.)	£23,906

Tranche	Risk	LTV	Loan Amount	Interest Rate	Interest Cover
C	High	66-75%	£26,125	12.79%	1.41x
B	Medium	51-65%	£58,875	9.60%	1.63x
A	Low	0-50%	£196,250	7.60%	2.25x

Covenants

LTV Covenant	75%	ICR Covenant	1.25x
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Security

Main Site	First Legal Charge	Debenture	Debenture Held
Share Charge	Share Charge Not Required	Property Insurance	In place with PSL's interest noted
Personal Guarantee	Joint and Several Guarantee from the Directors and Shareholders of Style Interiors (Hampshire) Ltd for the sum of £28,125		

Valuation

A valuation of the property was carried out by Now Chartered Surveyors on 6/7/2017, a copy of which can be seen in the supporting documents. The valuation concludes the following:

Market Value: £392,500
Vacant Possession Value: £375,000
Open Market Rental Value: £33,600

Relationship Manager Recommendation

The Borrower account conduct has been good and he has maintained regular contact with Proplend.

Since this loan was originally granted, we have extended further loan facilities to this applicant under different SPVs, and will continue to do so, within the parameters of our Maximum Exposure policy.