Full Loan Request: Burton Upon Trent - Offices - Nov 2017

Main Site:	The Maltings, 3 Wetmore Road, Burton upon Trent, DE14 1SE
Date:	22/11/2017
Asset Description:	The Property is Grade II listed, constructed in the 1860's and forms a part four storey and part three storey building. It was converted in 1990 to industrial and office use.

Deal Summary

Loan Type	Bridging Loan	**Borrower Profile**	Property Investor
Asset Class	Office	**Loan Purpose**	Refinance
SIPP Classification	SIPP eligible		

Property Summary

Market Value	£2,300,000	**Property Income**	£100,000
Vacant Possession Value	£2,300,000	**Market Rental Value**	£475,000
Tenure	Freehold	**Asset Class**	Office

Loan Summary

Total Loan Required	£1,495,000	**Loan to Value (LTV)**	65%
Blended Interest Rate	10%	**Interest Cover**	N/A
Loan Term	6 months	**Interest Expense (p.a.)**	£149,500

Tranche	Risk	LTV	Loan Amount	Interest Rate	Interest Cover
B	Medium	51-65%	£345,000	13.34%	0.67x
A	Low	0-50%	£1,150,000	9%	0.97x

Borrower Details

Name	Charles Jordan Limited
Registration	UK registered Limited Company
Overview	A single asset property company
Directors / Shareholders	Shares own by husband (1%) and wife (99%)

Applicant Details

Name	Mr Avtar Sandhu	**Marital Status**	Married

Experience	An experienced property investor and developer
Credit History	A clear credit history
Additional Information	Mr Sandhu's main business interest is a successful business recycling mobile phones. In the 11-month period to November 2015, his Company achieved a turnover in excess of £21 Million and a pre-tax profit of over £861,000. In addition to his main business interest, he has developed various residential schemes including 19 apartments in Sutton Coldfield. He also owns and lets various other residential investments in the Birmingham area. Mr Sandhu is married with 3 children and 3 grandchildren. He lives in a wealthy part of Hampton in Arden near Solihull.
Additional Proplend Facilities	Proplend currently have 3 facilities with this beneficiary totalling £1.65m against £3.85m of 1st charge security (LTV 43%). Following the completion of two up and coming transactions Proplend will have 4 facilities totalling £3.1m vs. £4.8m of 1st charge security (LTV 64%). At this time appetite for lending to this beneficiary will be considered full. No further facilities will be extended until such time as existing funding as been redeemed.

Loan Details

Overview	To reschedule existing loan for a further 6 months (5 months remaining under existing loan), to provide an interest provision for 9 months and to release additional capital to purchase of another commercial property.
Gross Loan Amount	£1,495,000
LTV	65%
ICR	N/A - 9 month interest provision included to cover interest payments
Interest reserve	Proplend will retain £112,125 (9 months interest) from the gross loan amount which will be held on account and used to meet interest payments as they fall due. The balance of the Interest Reserve will be applied to the repayment of principal at the end of the loan term.
Early Repayment	An early repayment of 2% will be charge on the total loan amount should the borrower wish to redeem the loan within the first 3 months.

Existing Facility

Lender	Proplend Ltd	**Type**	Term Loan
Value	£825,000	**Expiry**	15-04-2018
Rate	8.5%	**Status**	Up to Date

Business Plan

Timeilne and Motives	6 month bridge allow for a 1 month extension of the current facility and release additional capital to purchase another asset in a separate SPV.
Development Plan	Since the Property was first financed by Proplend in April 2017, the Borrower has secured planning permission for the conversion of the Building into 90 flats. With a projected GDV (gross development value) in the region of £11.7 Million, it is expected that the existing value of the Property has been significantly increased to a sum of between £3 Million and £4 Million.

Property Details

The Property is Grade II listed, constructed in the 1860's and forms a part four storey and part three storey building. It was converted in 1990 to industrial and office use.

There is a single tenant, paying £100,000 p.a., who utilises the ground floor, left hand side of the building (approximately 18% of the floor space).

The covenant of the Tenant is considered strong.

Whereas the current lease expires in December 2019, we are informed that it has no plans to move having spent considerable sums of refurbishing its accommodation. The Applicant wishes to keep the lease termination as it is as he will want to develop the third phase of 30 flats in 2020.

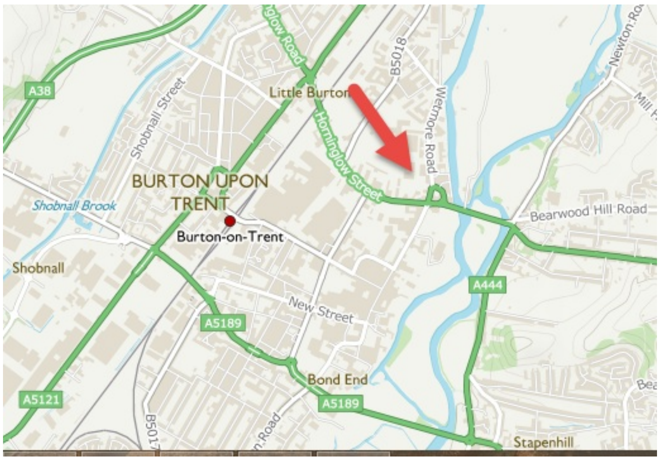
The remaining 82% of the floor space is currently vacant but, being a listed building, empty property rates are not payable.

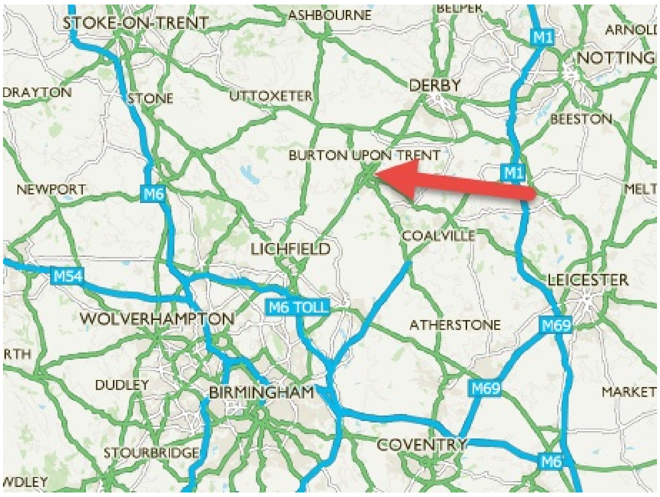
The rental value of the Property is £410,000 p.a.

Location Report

The property is situated approximately a mile to the east of Burton Upon Trent town centre in East Staffordshire. The town has a population of approximately 72,300 (2011 census) and is situated just to the east of the A38 trunk road approximately 12 miles south west of Derby and some 12 miles north east of Lichfield. The M42 motorway is approximately 6 miles to the south and Birmingham and the West Midlands conurbation some 20 miles to the south west.

The property itself is situated on the site of a former mill and brewery building, the subject property being a converted mill building sitting towards the front of the site with a large car park facing the subject property to the south.





Tenant

Main Tenant	Inspired Gaming (UK) Ltd	**Activity**	Internet Gaming Provider
Lease Type	FRI	**Lease Start Date**	01-01-2015
Months to Lease Break	24	**Months to Lease End**	24

Lease arrangement	The tenant pays £100,000 p.a. utilising the ground floor, left hand side of the building (approximately 18% of the floor space).
Tenant strength	The Tenant declared a turnover of £72.6 Million in its audited accounts for y/e Sept 2015 producing a pre-tax profit of £3.8 Million. Equifax Scorecheck Grade - B

Security

Main Site	First Legal Charge	**Debenture**	Debenture Required
Interest Reserve	9 months	**Share Charge**	Share Charge Not Required

Personal Guarantee	Individual Guarantee of the Directorof Charles Jordan Limited for the sum of £1,495,000. Proplend hold an aggregate £2.33m of personal guarantees from this beneficiary across 4 facilities against a net worth of £2.9m.

Exit Strategy

Negotiations are advanced with two Lenders which have indicated, in principle, that they could provide a development facility in the order of £5.5 Million.

Any facility that is provided will include an initial advance of £1.5 Million to clear the proposed loan. with an initial gearing level of no more than 50%, the refinance is thought not to present a problem.

Covenants

LTV Covenant	65%

Fees

Arrangement Fee	1%	**Broker Fee**	1%

Valuation

A valuation of the property was carried out by PLP Property Consultants on 22-03-2017, a copy of which can be seen in the supporting documents. The valuation concludes the following:

Market Value: £2,300,000
Vacant Possession Value: £2,300,000
Open Market Rental Value: £410,000

The valuation was updated on the November 2017 without the inclusion of revised planning which we believe would increase the value of the property to c.£3m-£4m.

Report on Title

A report on Title will be supplied by Paris Smith LLP acting on behalf of Proplend Security Ltd, and it's comments thereon can be viewed under documents.

Lender Risks	Mitigant	Risk Level
Risk that the management of the Borrower is not able to execute their business plan.	With the benefit of the recently acquired planning consent, the Property would readily sell to another developer,	**LOW**
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.	The facility includes a provision for the payment of interest for a nine month period.	**LOW**
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.	With the benefit of planning permission and the low initial gearing, this is an unlikely scenario	**MEDIUM**
Risk that the Property falls in value due to either macroeconomic or property specific reasons	The Subject Property is centrally located in a Town where there is an under-supply of residential accommodation. As such, it is considered that the Property will continue to be attractive to both investors and developers. At 65% LTV the value of the Property would have to fall by 35% before lenders would experience any loss of principal.	**MEDIUM**

Documents

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

- A Draft Standard Loan Contract
- The Report On Title and Lettings Report produced by Paris Smith
- A copy of the updated Valuation Report once received

Next Steps

If you are interested in participating in this Loan Request and are already fully registered with Proplend then:

Log-in your Proplend Lenders Account, go to Loan Investments

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.

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 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.