

Full Loan Request: Vision Barwell - Mixed Retail/Resi

Main Site:	124, High Street, Barwell, LE9 8DR
Date:	24/11/2017
Asset Description:	Mixed-use commercial/residential investment property comprising occupied Indian restaurant and motorbike shop on the ground floor with a 2-bedroom flat and vacant snooker club/bar on the first floor.



Deal Summary

Loan Type	Commercial Real Estate Loan	Borrower Profile	Property Investor
SIPP Classification	Not SIPP eligible	Loan Purpose	Purchase

Property Summary

Market Value	£425,000	Property Income	£24,900
Vacant Possession Value	£375,000	Market Rental Value	£24,900
Tenure	Freehold	Asset Class	Mixed Use (Residential)
Purchase Price	£320,000		

Loan Summary

Total Loan Required	£240,000	Loan to Purchase Price (LTPP)	75%
Blended Interest Rate	9.37%	Loan to Value (LTV)	56%
Loan Term	18 months	Interest Cover	1.11x

Tranche	Risk	LTV	Loan Amount	Interest Rate	Interest Cover
C	High	66-75%	£32,000	12.03%	1.11x
B	Medium	51-65%	£48,000	10.5%	1.34x
A	Low	0-50%	£160,000	8.5%	1.83x

Borrower Details

Name	Vision Corporate Finance Limited
Registration	UK registered Limited Company
Overview	Special Purpose Vehicle with no other assets.
Directors/Shareholders	Shares split equally between Shane Whitfield, Ian Drinkwater and John Daly.

Applicant Details

Name	John Daly (principal applicant)	Marital Status	Married
Personal Assets	£730,000		

Experience	An experienced businessman, John Daly has worked in the finance industry since 1980, initially for Countrywide Surveyors Finance, moving to Reedham Factors (now Aldermore Bank) in 1990 and then an insolvency practitioner between 1999 and 2012. In 2012 he set up Senate Money which he runs with his son, Tom. He is reporting a net worth (albeit jointly with his wife) of £730,000.
Other shareholders experience	Ian Drinkwater is a modest investor in property since he incurred disabling injuries in a car accident some years ago. He is reporting a net worth of £340,000 and is investing £100,000 into the purchase of the Subject Property. Shane Whitfield is a sport promoter who includes Floyd Mayweather within his Client list. He claims a net worth of some £200,000.

Loan Details

Overview	18-month term loan against the purchase price of £320,000 to provide financing to purchase the property. While the valuation has indicates a market value of £425,000, for prudence we are lending against the lower of purchase price and market value.
Gross Loan Amount	£240,000
Loan to Purchase Price	75%
Loan to Value	56%
ICR	1.11x
Serviceability	Monthly rental income is sufficient to cover the current interest expense.
Interest reserve	Proplend will retain £11,244 (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. When the loan has only 3 monthly payments remaining, subject to the loan contract not being in breach and there having been no arrears, costs, or fees owing, Proplend will distribute the Lenders' interest from the Interest Reserve as each remaining repayment falls due. The balance of the Interest Reserve will be applied to the repayment of the principal at the end of the term of the loan.
Early Repayment	An early repayment of 1% will be charge on the total loan amount should the borrower wish to redeem the loan within the first 6 months.

Business Plan

Timeilne and Motives	The proposed loan is for an eighteen month term allowing for the Borrower time to purchase the property and convert the upper floors into residential accommodation in accordance with the extant planning permission.
Development Plan	The Applicants have budgeted a sum of £220,000 to complete the conversion of the first flilor to provide a further 6 flats. The chosen contractor has confirmed that the work can be completed within this budget. The valuer has indicated that, on completion of these works, the investment should be worth £875,000 and and capable of producing an aggregate rental income £63,300 p.a. At this point, the Property will be refinanced on a term loan.

Property Details

The property comprises a mixed-use commercial/residential investment property occupied by an Indian restaurant and motorbike shop on the ground floor with a 2-bedroom flat and vacant snooker club/bar on the first floor.

The upper floor is largely vacant save for a single flat (having previously been a snooker club/bar), with planning consent (15/01310/FL) agreed for the conversion of the property to provide 7 flats, in total, in addition to the two retail units at ground floor level.

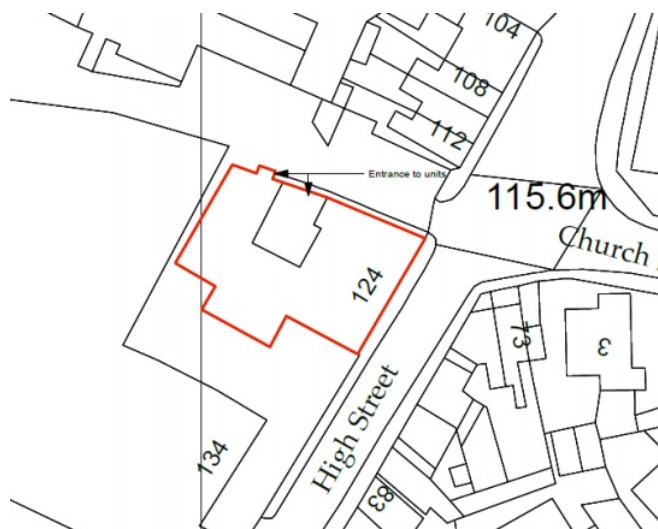
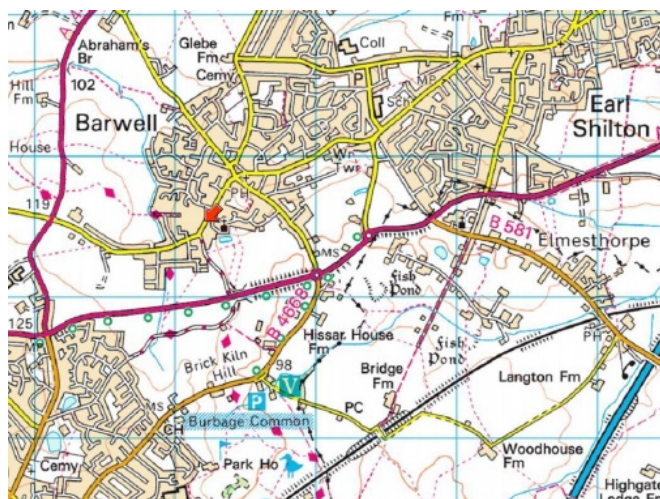


Location Report

The property is located approximately 12 miles South West of Leicester City Centre in the Leicestershire town of Barwell. Located in a prominent position on High Street close to the main town centre, on the corner of Church Lane, the property links with the main Hinckley Road/A47 and provides good and easy access to Earl Shilton, Leicester Forest East and Leicester City Centre.

The area comprises a mixture of traditional and modern commercial/industrial/residential properties. There are many bus routes that pass through Barwell town centre – with route 158 running between Nuneaton, Hinckley, through Barwell, then onto Leicester city centre.

The nearest train station is 2.5 miles distant at Hinckley – which is on the Cross Country Birmingham to Peterborough Line between Leicester and Birmingham New Street.



Tenant

Main Tenant	J & C Motorcycles	Activity	General automotive repair
Lease Type	IRI	Lease Start Date	01-10-2017
Months to Lease Break	47	Months to Lease End	47

Tenant strength Weak local covenant

Additional tenants Total rental income £24,900 p.a. divided as follows:-
Spice House Indian takeaway and restaurant - £10,800 p.a.
J & C Motorcycle shop - £9,000 p.a.
AST on 1 flat - £5,100

Security

Main Site	First Legal Charge	Debenture	Debenture Held
Interest Reserve	6 months	Share Charge	Share Charge Not Required
Personal Guarantee	Joint and Several Guarantee of the Directors and Shareholders of Vision Corporate Finance Ltd for the sum of £240,000		

Exit Strategy

The Applicants intend complete the conversion of the first floor to provide a further six flats. On completion of these works and the flats are let, the applicants will seek to re-finance the investment with another Lender. With a projected GDV of £875,000

Covenants

LTV Covenant 75%

ICR Covenant 1.11x

Fees

Arrangement Fee 2% **Broker Fee** 0%

Valuation

A valuation of the property was carried out by NB Commercial Agency Ltd (aka Natrass Booth). on 12-06-2017, a copy of which can be seen in the supporting documents. Whilst the valuation was completed in June, we have confirmation on file from the valuer, dated 15th November 2017, that the values hold good for the next 4 weeks.

The valuation concludes the following:

Market Value: £425,000

Vacant Possession Value: £375,000

Open Market Rental Value: £37,000

Report On Title

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

Lender Risks	Mitigants	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, it is likely the property would be able to be sold to developer.	MEDIUM
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.	While the interest cover here is below 1.25x, the tenant quality is poor and the lease strength is weak, the current rental income is sufficient to cover interest payments. The facility includes a 6 months interest reserve should rental income fall below that necessary to make interest requirements,	MEDIUM
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.	Proplend will hold a 1st legal charge secured over the property which is registered with the Land Registry and Companies House, enabling Proplend Security Limited to appoint solicitors and/or a receiver to repossess the property and sell it and execute any other security held from the borrower. Given the benefit of planning consent and the low gearing to market value, the borrower will likely be able to secure a refinance with a high street lender.	LOW
Risk that the Property falls in value due to either macro-economic or property-specific reasons.	The Subject Property would need to fall in value by 25% of the purchase price and 44% of the market value before the loan is not covered. Proplend limits the maximum loan to value against a property to 75%. This means the borrower has to have a minimum of 25% equity in the property to borrow on Proplend. So a property would have to fall in value by more than 25% for lenders in Tranche C to be affected, fall 35% for lenders in Tranche B to be affected or fall by more than 50% for lenders in Tranche A to be affected. Proplend Security Limited maintains a panel of experienced valuers who must have adequate professional indemnity insurance to provide property valuation	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 Valuation Report

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, and select the Loan.

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 the Loan Request is still Pending you can register your interest via the Pre-Offer facility.

If you have any questions, please call us on 0203 379 8290

PROPLEND DISCLAIMER - PLEASE NOTE:

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Credit Sign Off	Comments