

# Full Loan Request: Belsize Park - HMO

**Main Site:** 55 Belsize Park, London, NW3 4EE

**Date:** 19/3/2018

**Asset Description:** A 13-bed HMO within a semi-detached period townhouse in Belsize Park, NW London.



## Deal Summary

<b>Loan Type</b>	Commercial Real Estate Loan	<b>Borrower Profile</b>	Property investment company
<b>SIPP Classification</b>	Not SIPP eligible	<b>Loan Purpose</b>	Refinance

## Property Summary

<b>Market Value</b>	£2,200,000	<b>Property Income</b>	£87,100
<b>Vacant Possession Value</b>	£2,200,000	<b>Market Rental Value</b>	£105,560
<b>Tenure</b>	Freehold	<b>Asset Class</b>	HMO

## Loan Summary

<b>Total Loan Required</b>	£305,000	<b>Loan to Value (LTV)</b>	13.86%
<b>Blended Interest Rate</b>	7.00%	<b>Interest Cover</b>	4.08x
<b>Loan Term</b>	60 months	<b>Interest Expense (p.a.)</b>	£21,350

Tranche	Risk	LTV	Loan Amount	Interest Rate	Interest Cover
A	Low	0-50%	£305,000	7.00%	4.08x

Borrower Details	
<b>Name</b>	Moll Estates Limited
<b>Registration</b>	Limited Company registered in Eire
<b>Main Business Activity</b>	A property investment company.
<b>Ownership Structure</b>	There are two Directors - Majella Dillon holds a 75% share, her sister Fiona Dillon owns 24%. The remaining 1% is owned by Mary Dillon Estate.

Applicant Details	
<b>Name</b>	Majella Dillon
<b>Age</b>	50
<b>Experience</b>	Majella and Fiona Dillon inherited a small portfolio of properties and land in Eire and London when their parents died several years ago. Majella lives in Belsize Park and looks after the three remaining UK investments, including running Avoca House Hotel. Fiona lives in Eire and looks after the Irish portfolio.
<b>Credit History</b>	Clear
<b>Net Worth</b>	Majella - 575k Euros personally, plus £4m from share in Moll Estates, plus 537k Euros from share in Edward Estates. Fiona - 775k Euros personally, plus £1.3m from share in Moll Estates, plus 1.6m Euros from share in Edward Estates.
<b>Additional Information</b>	UK - 55 Belsize Park (this loan). 68 Belsize Park worth £4.2m with o/s loan of £117k. 46 Belsize Park worth £2.75m unencumbered. All owned by Moll Estates Ltd. Eire - Period property in County Westmeath worth 650k, plus 130 acres of farmland in Westmeath worth 1.5m Euros, and also a separate plot of 45 acres in Westmeath worth 405k Euros, with a 300k Euros Bol loan, in the name of Edward Estates Ltd. Majella personally owns in her sole name 44 acres of farmland in Co. Westmeath worth 374k Euros unencumbered. Fiona personally owns in her sole name an unencumbered Dublin flat worth 100k Euros and a separate 56 acres of farmland in Co. Westmeath.

Loan Details	
<b>Loan Purpose</b>	Refinance - to repay a family relative who had repaid previous lender, Pepper.
<b>Gross Loan Amount</b>	£305,000
<b>LTV</b>	13.86%
<b>ICR</b>	4.08x
<b>Serviceability</b>	£87,100 rental income is being received. Annualised interest payments of £21,350.
<b>Interest reserve</b>	Proplend will retain £10,675 (6 months interest) from the gross loan amount which will be held on account. The balance of the Interest Reserve will be applied to the repayment of principal at the end of the loan term.
<b>Early Repayment</b>	2% years 1-2, 1% year 3

## Existing Facility

<b>Lender</b>	Private	<b>Expiry</b>	n/a
<b>Value</b>	£285,000	<b>Status</b>	Up to Date
<b>Rate</b>	0%		

**Existing Facility Description** The loan is to repay a relative. The loan had been with Pepper but on expiry, a family member stepped in to repay them in time on maturity.

## Strategy During Loan Term

It is noted in the valuation report that the building is in a poor state of repair, and this is reflected in the figure of £2.2m, whereas if in a good state of repair, could be worth nearly double that figure. Although the borrower is arranging for some of the windows to be replaced, they have to make the commercial decision as to whether any works undertaken will realistically lead to increased rents.

## Property Details

The building comprises a double fronted semi-detached period townhouse arranged over lower ground, raised ground, and three upper floors, the third floor being within the roof void.

The building is of brick construction with a pitched roof. The building is stucco-rendered to the front elevation and to the rear elevation at lower ground floor level only.

The building is in a poor state of repair and condition externally, and internally the property requires repair and refurbishment.

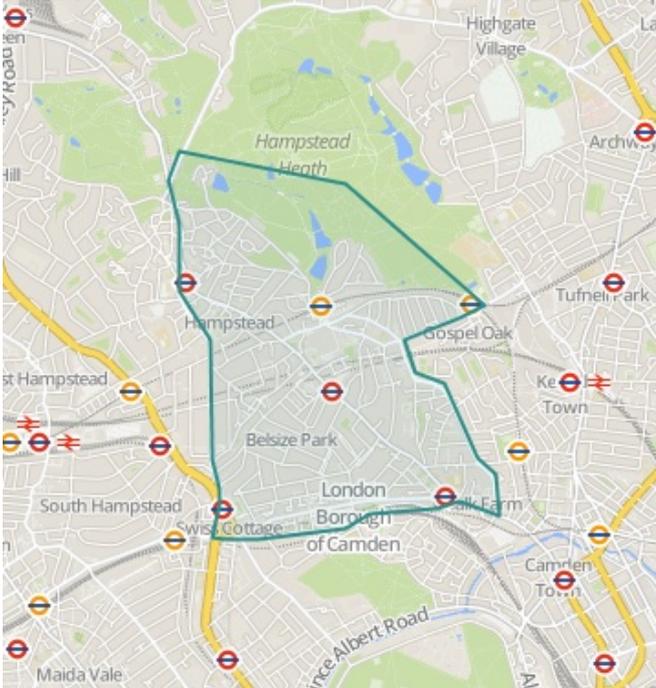
Internally the property is currently arranged to provide thirteen bedsits within an HMO (House in Multiple Occupancy). There are also shared bathroom facilities throughout and each room has its own kitchenette area.



## Location Report

The property, of which the subject flat forms part, is located in the Belsize Park area of north-west London, and is within the London Borough of Camden.

Belsize Park is located between Hampstead to the north and west, Camden Town to the south-east and Primrose Hill to the south. Belsize Park is well served by public transport with Swiss Cottage London Underground station (Jubilee line) approximately 500m to the south west.



## Tenant Details

Tenant	Individual	Activity	AST Agreements
<b>Lease arrangement</b>	Either 6-month or 12-month ASTs.		

## Security

<b>Main Site</b>	First Legal Charge	<b>Debenture</b>	Debenture Required
<b>Share Charge</b>	Share Charge Not Required		
<b>Personal Guarantee</b>	Joint Guarantee of the Directors and Shareholders of Moll Estates Limited for the sum of £305,000		

## Exit Strategy

In the absence of an amortising option, the borrower intends to build up the surplus of rental income over interest payments to repay the capital at the end of the five year term.

## Covenants

LTV Covenant 50%%

## Fees

Arrangement Fee 2% Broker Fee 1%

## Valuation

A valuation of the property was carried out by VAS Panel/London Surveyors & Valuers Ltd on 19/2/2018, a copy of which can be seen in the supporting documents. The valuation concludes the following:

Market Value: £2,200,000  
Vacant Possession Value: £2,200,000  
Open Market Rental Value: 105,560

## 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
<b>Risk that the management of the Borrower is not able to execute their business plan.</b>	Given the less than 14% LTV, even if the borrower decided for example to spend the monthly surplus on maintenance, the borrower will still be able to easily refinance the debt.	<b>Low</b>
<b>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.</b>	The rental income received is over 4 times the amount of the monthly interest payments, and demand for properties of this nature and in this location is high.  Proplend Security Limited holds a further 6 months interest reserve to provide additional cover in the unlikely event of rental voids/arrears.	<b>Low</b>
<b>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.</b>	Holding a first legal charge secured over the site, registered with the Land Registry and Companies House, enables Proplend Security Limited to appoint solicitors and/or a receiver to repossess the Site, sell it and execute any other security held from the borrower.  Default interest is charged during the period of default.	<b>Low</b>
<b>Risk that the Property falls in value due to either macroeconomic or property specific reasons</b>	The property would have to fall by £1.9m, or by 86%, before borrowers would be affected.  Proplend Security Limited maintains a panel of experienced valuers who must have adequate professional indemnity insurance to provide property valuations.	<b>Low</b>



## Conditions Precedent

The following actions have been completed prior to credit approval:

- Satisfactory AML/KYC checks in respect of the Borrowers / Directors / Shareholders
- Clear credit searches against the Directors / Shareholders
- Formal, independent valuation addressed to Proplend Security Limited by a RICS qualified valuer confirming market value of the property.
- Satisfactory completion of all stated security requirements / Report on Title.
- Adequate insurance cover with Proplend Security Limited named as First Loss Payee
- Proplend Ltd diligence to be satisfied that interest payments can be serviced
- Loan to value not to exceed 75% on draw down

## 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

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.