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Annual Review: Shirley - Kurn - Industrial

Main Site:	Henty Works, Henty Road, Shirley, Hampshire, SO16 4GF
Supporting Security:	Digital Printworks, 7 The Central Precinct, Winchester Road, Chandlers Ford, Hampshire, SO53 2GB
Borrower:	M&S Property Rental Limited
Loan Number:	PLL816
Report Date:	2/5/2018
Next Review Date:	27/4/2020



Loan Update

The Borrower has increased rental income, by letting out part of the Shirley property to Stanton Furniture, at a rental of £18,840 p.a. This has increased rental to £41,640 overall. Andmarc Cars are paying £12,000 p.a. also at Shirley, and the Digital Printworks Ltd continue to pay £10,800 at the Chandler's Ford unit.

Interest cover has improved significantly as a result - interest payments are £27,200 p.a. and at origination, the rental income being received was £3,800 p.a.

The valuation was completed in February 2018, and there is no indication that the property will have fallen in value. Indeed, if we were to take the initial yield (8.1%) and apply it to the increased rental value, the market value would increase from £430,000 combined, to £514,075 representing an LTV of 62.2%. On this basis, it is not necessary to request a revaluation at this time.

Proplend are in frequent contact with the borrower, should the passing rent fall significantly we reserve our right to request a revaluation at any time.

Covenant Compliance

LTV Covenant 75%, LTV at origination 74%, LTV currently 74%.

ICR Covenant 1.25x, ICR at origination 1.28x, ICR currently 1.53x.

Interest Payments

All interest payments are up-to-date, and have always been made in a timely manner.

Exit Strategy

As documented at the outset, the property is ripe for converting to residential. The exit strategy remains the same, in that the Borrower will either appoint a planning consultant and architect, obtain planning and be involved in the subsequent development himself, or sell to a developer once full planning permission is in place. As a third option, the Borrower will sell, if he is offered the right price for the property, in advance of planning consents being obtained.

Property Summary

Market Value	£430,000	Property Income	£41,640
Vacant Possession Value	£428,000	Market Rental Value	£34,000
Tenure	Freehold	Asset Class	Light Industrial
EPC Rating (min. E)	D		

Loan Summary

Total Loan Required	£320,000	Loan to Value (LTV)	74.77%
Blended Interest Rate	8.50%	Interest Cover	1.53x
Loan Term	36 months	Interest Expense (p.a.)	£27,200

Tranche	Risk	LTV	Loan Amount	Interest Rate	Interest Cover
C	High	66-75%	£40,500	11.25%	1.53x
B	Medium	51-65%	£64,500	9.44%	1.84x
A	Low	0-50%	£215,000	7.70%	2.52x

Covenants

LTV Covenant	75%	ICR Covenant	1.25x
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Security

Main Site	First Legal Charge	Debenture	Debenture In Place
Share Charge	Share Charge Not Required	Property Insurance	Previous year's docs held with PSL interest noted - current year's being sent.
Personal Guarantee	Joint and Several Guarantee from the Directors and Shareholders of M&S Property Rental Limited for the sum of £320,000		

Valuation

A valuation of the property was carried out by VAS Panel/Kempton Carr Croft on 20/2/2018, a copy of which can be seen in the supporting documents. The valuation concludes the following:

Market Value: £430,000
Vacant Possession Value: £428,000
Open Market Rental Value: £34,000

Relationship Manager Recommendation

The Borrower keeps in regular contact and maintains a good relationship with Proplend. The other Proplend loan that the Applicant is behind - Southampton Light Industrial and Chandlers Ford Retail - similarly continues to perform and is in good order.

If the Applicant were to have a further borrowing requirement within our parameters, I would be happy to recommend approval.

Credit Sign Off	Comments
<i>Brian Bartaby</i>	Account been held in good order Rental income increased Happy with Review
<i>Raj Raghvani</i>	Loan performing in accordance with terms, improvement in ICR/rent.

Signature Certificate

Document Ref.: X2MJU-QWXJ7-YJFGZ-C3BSP

Document signed by:

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02 May 2019 15:45:10 UTC

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