

# Full Loan Request: Kennington - Butlers Walsall - Public House

|                           |   |
|---------------------------|---|
| <b>Main Site:</b>         | The Roebuck, 84 Ashmole Street, London, SW8 1NE   |
| <b>Date:</b>              | 23/8/2018   |
| <b>Asset Description:</b> | The Subject Property comprises the freehold interest in a vacant two storey, detached building, arranged as a ground floor public house, with residential accommodation at first floor (non self-contained, and last used as publican living quarters). |



## Deal Summary

|                            |                          |                         |                         |
|----------------------------|--------------------------|-------------------------|-------------------------|
| <b>Loan Type</b>           | Commercial Bridging Loan | <b>Borrower Profile</b> | Property investment SPV |
| <b>SIPP Classification</b> | SIPP Eligible            | <b>Loan Purpose</b>     | Refinance               |

## Property Summary

|                                |            |                            |                   |
|--------------------------------|------------|----------------------------|-------------------|
| <b>Market Value</b>            | £1,350,000 | <b>Property Income</b>     | £0                |
| <b>Vacant Possession Value</b> | £1,350,000 | <b>Market Rental Value</b> | £58,000           |
| <b>Tenure</b>                  | Freehold   | <b>Asset Class</b>         | A4 - Public House |

## Loan Summary

|                              |           |                                |                  |
|------------------------------|-----------|--------------------------------|------------------|
| <b>Total Loan Required</b>   | £780,000  | <b>Loan to Value (LTV)</b>     | 57.78%           |
| <b>Blended Interest Rate</b> | 11.00%    | <b>Interest Cover</b>          | Interest Reserve |
| <b>Loan Term</b>             | 12 months | <b>Interest Expense (p.a.)</b> | £85,800          |

| Tranche | Risk   | LTV    | Loan Amount | Interest Rate | Interest Cover   |
|---------|--------|--------|-------------|---------------|------------------|
| B       | Medium | 51-65% | £105,000    | 14.22%        | Interest Reserve |
| A       | Low    | 0-50%  | £675,000    | 10.50%        | Interest Reserve |

| Borrower Details              |  |
|-------------------------------|--|
| <b>Name</b>                   | Butlers Walsall Ltd  |
| <b>Registration</b>           | UK Registered Limited Company  |
| <b>Main Business Activity</b> | <p>The Borrower is a UK-registered property investment company with one other asset in Station Street, Middlesbrough. It is also the parent of four other property investment SPVs.</p> <p>Butlers Walsall Limited is the parent of our existing borrower, Butlers Walsall Sunderland Limited.</p> <p>The other properties owned by the group are;</p> <p>Middlesbrough Mixed Use Commercial (also owned by Butlers Walsall Ltd), worth £3.15m, £580k o/s.</p> <p>Soham development site, owned by subsidiary Soham Central Ltd, worth £4m, unencumbered.</p> <p>The Glamorgan Pub in Croydon, owned by Glamorgan Ltd, worth £2.5m with £320k o/s debt.</p> <p>Fulham Pub, owned by subsidiary Pear Tree Hammersmith Ltd, worth £2.2m, with £440k o/s.</p> <p>Development site, Croydon, owned by subsidiary Croydon Railway Ltd, worth £1.4m, unencumbered.</p> |
| <b>Ownership Structure</b>    | Owned equally, 25% each, by Amarveer Singh Dhatt, Amar Singh Mehli, Jasjeet Singh Dhatt (brother of Amarveer), and Mandeep Singh Mehli (son of Amar).  |
| <b>CCJs</b>                   | <p>Two CCJs have been registered;</p> <p>1) £5,012 registered in February 2018, and satisfied in March 2018. 2) £16,321 registered in May 2018, still showing as outstanding.</p> <p>The Borrower has explained that the first related to a dispute regarding images for the Middlesbrough property. As above, this has been settled.</p> <p>The second CCJ related to engineers for Middlesbrough. This payment was overlooked and has since been cleared. E-mail correspondence and a Certificate of Satisfaction has been provided, confirming this.</p> <p>Previously overdue financial accounts have also now been filed.</p> <p>As a result, we have very recently received a CreditSafe alert confirming that the Company's credit rating has improved accordingly.</p>   |
| <b>Additional Information</b> | <p>A subsidiary for Butlers Walsall, Butlers Walsall Sunderland Ltd, has a £1.57m (35% LTV) outstanding Proplend bridging facility secured against a development in Sunderland.</p> <p>The facility benefits from a full interest reserve so payments are up to date, and we expect full redemption of the loan to be made by maturity in November 2018.</p>   |

| Applicant Details     |   |
|-----------------------|---|
| <b>Name</b>           | Amar Singh Mehli & Amarveer Singh Dhatt   |
| <b>Age</b>            | 58 & 35   |
| <b>Experience</b>     | <p>Land and property traders and developers, utilising their own in-house construction team.</p> <p>The Applicants have significant experience gaining planning permission on development sites with the intention of selling them to developers.</p> <p>The Applicants have been involved in over £40m worth (pre-development value) of similar transactions over the last 15 years.</p> |
| <b>Credit History</b> | <p>Updated searches show:-</p> <p>Amar Singh Mehli - Clear - Credit Safe Score - 604(Band 10 of 10, i.e. the highest band)</p> <p>Amarveer Singh Dhatt - Clear - Credit Safe Score 582 (Band 8 of 10).</p>  |
| <b>Net Worth</b>      | <p>Amar Singh Mehli - £5.21m</p> <p>Amarveer Singh Dhatt - £3.81m (both all in property)</p>  |

## Loan Details

|                          |   |
|--------------------------|---|
| <b>Loan Purpose</b>      | <p>We are asked to provide a 58% LTV Gross loan, in order to refinance the current lender, the Punjab National Bank, £600k, in relation to the Roebuck Pub, and the remaining £39k, for planning costs in relation to the Roebuck Pub, provide all associated surveys, i.e. noise report, highways report, and planning consultant statement.</p> <p>The original purchase price was £1.1m, for which they borrowed £600k, and with legals, stamp duty, commissions, and planning, they have spent a further £200k.</p> |
| <b>Gross Loan Amount</b> | £780,000  |
| <b>LTV</b>               | 57.78%  |
| <b>ICR</b>               | Full Interest Reserve   |
| <b>Interest reserve</b>  | <p>Proplend will retain £107,250 (15 months interest) from the gross loan amount which will be held on account.</p> <p>The balance of the Interest Reserve will be applied to the repayment of principal at the end of the loan term.</p>   |
| <b>Early Repayment</b>   | 2% first 4 months   |

## Existing Facility

|               |                      |               |            |
|---------------|----------------------|---------------|------------|
| <b>Lender</b> | Punjab National Bank | <b>Expiry</b> | 31/8/2018  |
| <b>Value</b>  | £610,000             | <b>Status</b> | Up to Date |

## Strategy During Loan Term

To submit and obtain planning for the erection of a five-storey building, comprising 21 self contained flats. Once planning consent is granted, the value is expected to be uplifted to a minimum of £3.5m.

## Property Details

The Subject Property comprises the freehold interest in a two storey, detached building, arranged as a ground floor public house, with residential accommodation at first floor (non self-contained). The building was constructed circa 1980.

The Subject Property is entirely vacant. The borrower had previously agreed to sell the property to neighbouring Ashmole School, however this deal fell through as the school pulled out.

The Subject Property was then put up for sale at auction earlier this year, with a reserve price of £1.9m. It field to sell, and the auctioneer advises that the highest bid was £1.88m.

The borrower as above will now instead submit and obtain planning consent for the erection of a five-storey building, comprising 21 self contained apartments. This planning application is expected to be submitted by the end of September.

## Location Report

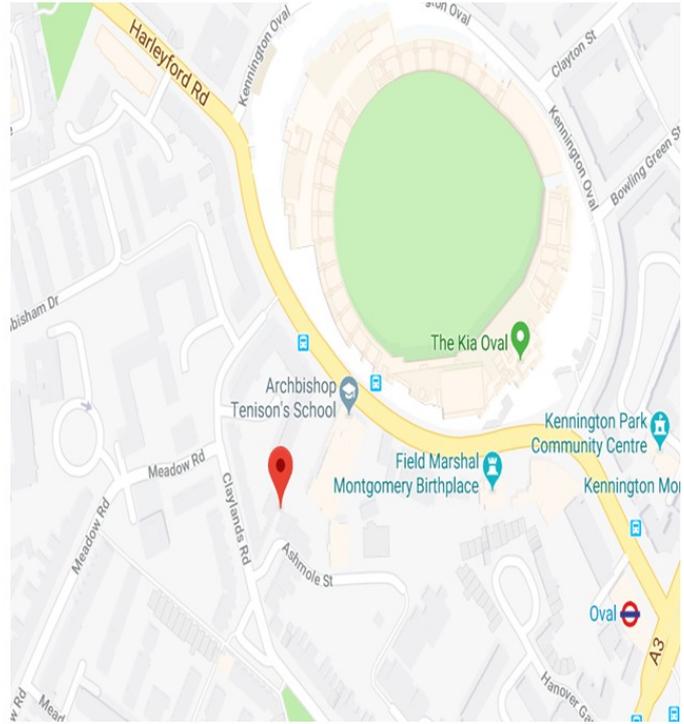
The Subject Property is situated along Ashmole Street, close to its junction with Claylands Road, within Vauxhall (London Borough of Lambeth); a typically densely populated South London district located approximately two and a half miles south of Central London.

The surrounding represents a generally 'medium value' mixed use area, comprising housing of varying style and character, targeted at mainly medium level income groups.

The area benefits from reasonable demand from both the rental and vacant possession sectors due to its location close to the Central London employment market and good infrastructure links.

Comprehensive retailing facilities comprising of national covenants can be found nearby along Camberwell New Road.

Oval London Underground Station (Northern Line) is situated in close proximity to west of the property and numerous bus routes serve the surrounding area.



## Security

|                  |                    |                  |                         |
|------------------|--------------------|------------------|-------------------------|
| <b>Main Site</b> | First Legal Charge | <b>Debenture</b> | Debenture Not Available |
|------------------|--------------------|------------------|-------------------------|

|                           |   |  |  |
|---------------------------|---|--|--|
| <b>Personal Guarantee</b> | Joint and Several guarantees from the Directors and Shareholders of Butlers Walsall Ltd for the sum of £780,000 |  |  |
|---------------------------|---|--|--|

|                               |  |  |  |
|-------------------------------|--|--|--|
| <b>Additional Information</b> | Proplend hold a further £1.57m guarantee from the same Directors and Shareholders relating to the loan made out to Butlers Walsall Sunderland Limited. |  |  |
|-------------------------------|--|--|--|

## Exit Strategy

The site will be sold once the planning consent is obtained. They are experienced in this regard, but if for any reason, planning should not be granted, they will sell as is. As above, the site has been valued at £1.35m, and our gross loan facility is less than 58% of today's value.

## Covenants

|                     |     |                     |     |
|---------------------|-----|---------------------|-----|
| <b>LTV Covenant</b> | 65% | <b>ICR Covenant</b> | N/A |
|---------------------|-----|---------------------|-----|

## Fees

|                        |    |                   |    |
|------------------------|----|-------------------|----|
| <b>Arrangement Fee</b> | 2% | <b>Broker Fee</b> | 1% |
|------------------------|----|-------------------|----|

## Valuation

A valuation of the property was carried out by Bellevue Mortgages Chartered Surveyors on 10/08/2018, a copy of which can be seen in the supporting documents. The valuation concludes the following:

Market Value: £1,350,000  
 Vacant Possession Value: £1,350,000  
 Open Market Rental Value: £58,000

## Report on Title

A report on Title will be supplied by Paris Smith 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>  | <p>The risk here will be that planning consent has not been granted by the time the loan matures in 12 months time.</p> <p>We have comfort in the fact that the clients are experienced in this regard and will be submitting a scheme that is sympathetic to the local surroundings, and more likely to gain an early consent.</p> | <b>Medium</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> | <p>The loan is for a 12-month term, and we will deduct a 15-month interest reserve from the gross loan.</p>   | <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>  | <p>As above, this could only be because they had been unable to obtain planning consent, which they are confident they will be able to obtain within the term of the loan.</p> <p>If for any reason, they are unable to obtain planning, they will sell the site as is.</p>   | <b>Medium</b> |
| <b>Risk that the Property falls in value due to either macroeconomic or property specific reasons</b>  | <p>Demand is strong in this location for residential accommodation, with a significant uplift in value anticipated once planning consent is obtained.</p>   | <b>Medium</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.