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Full Loan Request: Fulham - Berenson - Commercial Mixed Use

Main Site:	11 Royal Parade, Dawes Road, Fulham, London, SW6 7RE
Date:	26/4/2019
Asset Description:	A vacant four-storey Victorian terraced building, comprising a ground floor retail unit with offices in the uppers (the middle of the three pictured below), with the planning consent to convert to residential.



Deal Summary

Loan Type	Commercial Mortgage	Borrower Profile	Personal property investor (connected to tenant)
SIPP Classification	Ineligible	Loan Purpose	Purchase

Property Summary

Market Value	£800,000	Property Income	£45,000
Vacant Possession Value	£700,000	Market Rental Value	£32,250
Purchase Price	£800,000	Purchase Type	Open Market
Tenure	Freehold	Asset Class	Mixed Use (Commercial)

Loan Summary

Total Loan Required	£495,000	Loan to Value (LTV)	61.88%
Rate of Interest	6.25%	Interest Cover	1.45x
Loan Term	36 months	Interest Expense (p.a.)	£30,938

Tranche	Risk	LTV	Loan Amount	Gross Interest	Net Interest	Interest Cover
B	Medium	51-65%	£95,000	7.303%	6.572%	1.45x
A	Low	0-50%	£400,000	6.00%	5.40%	1.88x

Borrower Details

Name Richard Berenson

Registration Personal Capacity

Applicant Details

Name Richard Berenson

Age 63

Experience Employment;

1974 1975 General Accident Insurance Co. Gap year work in Claims Department.

1980 – 1981 Legal Dept of National Coal Board (British Coal) First Year Articles.

1981 to 1983 Birkbeck Montagu's Solicitors, London EC4 (Penningtons) Second Year Articles and post qualification work.

1982 Admitted to the Roll as a Solicitor of the Supreme Court

Self Employed History;

1983 to 1990 Berensons Solicitors, Kensington, London. Built up a firm from scratch up to 5 partners covering primarily Corporate work, work for property lenders, property and litigation.

1990 to Date The National Solicitors' Network Ltd. Actively worked as CEO until 2008 and remain as executive Chairman. Helping 700 firms of Solicitors run their businesses effectively and profitably.

2008 to Date Football Nights Ltd. CEO. Running and managing sporting events and venues for the corporate sector and football clubs.

2010 onwards Phoenix Park (Parsons Green) Ltd – SPV for the development of The Parsons Green Sports and Social Club in Hurlingham, London SW6.

Richard is also a property investor and was Proplend's first ever borrower - a loan secured by a children's nursery in Parson's Green, which has since been redeemed.

Credit History Strong.

Loan Details

Loan Purpose Purchase. We are asked to provide a gross loan of £495k, in order to assist with the purchase of the target property. The Borrower will be buying the property in his personal name, and the property is being bought with vacant possession.

Gross Loan Amount £495,000

LTV 61.88%

ICR 1.45x

Serviceability A new lease is to be signed on completion at a rental of £45,000 p.a. Interest payments equate to £30,938 p.a.

Interest reserve Proplend will retain £15,469 (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.

Early Repayment 2% year 1, 1% year 2, no fee thereafter.

Strategy During Loan Term

The borrower will be letting the property to The National Solicitors Network Limited, of whom he remains Executive Chairman, at a rental of £45,000 p.a.

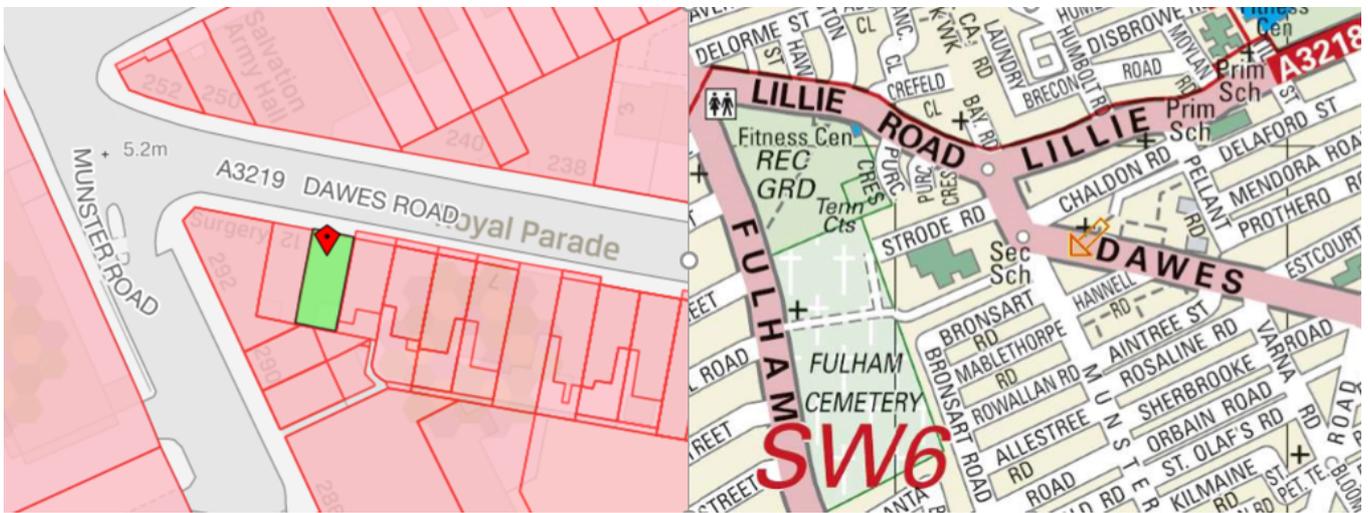
Longer term, having successfully gained change of use to residential, he will be obtaining the necessary development finance accordingly, however the borrower does not expect to apply for this for approximately two years, and the tenant will be in situ for at least that length of time.

Property Details

The property lies in the middle of a parade of retail units with further accommodation on the first and second floors. The property used to be a clothes shop and tailor with storage facilities in the basement and upper floors.

On entry into the property there is a hall with stairs leading up to the first floor and an entrance to the right into the main retail area. To the back of the shop is a small patio. The first floor includes a cutting room, a break out room with a kitchen and a WC. The second floor includes two further rooms. The property has a cellar that has been used for file storage.

The building is believed to have been constructed in the late 1800s.



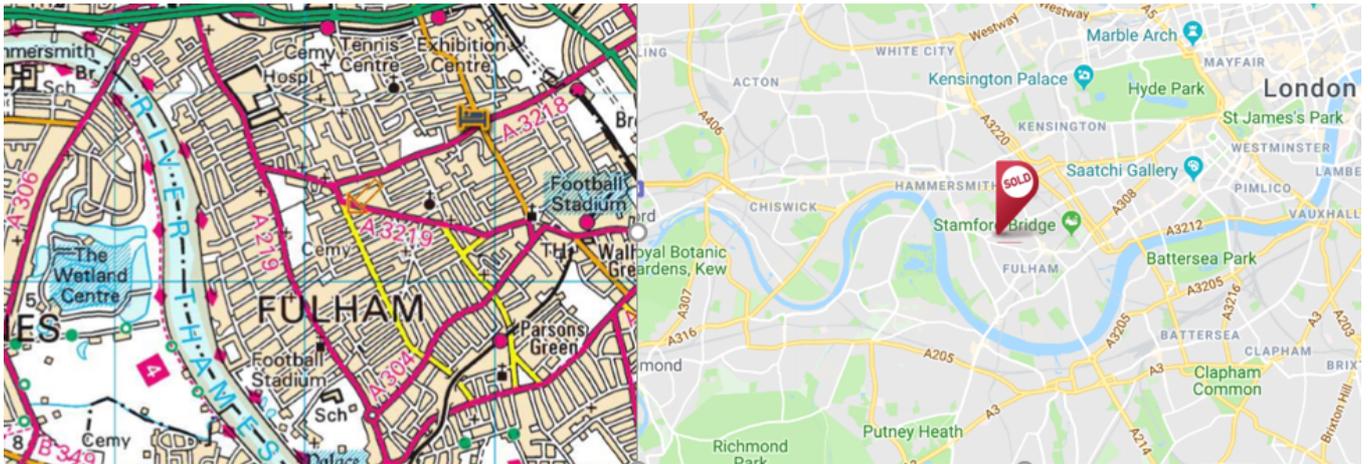
Location Report

The property is situated within the London Borough of Hammersmith and Fulham. It is bordered by Brent to the north, Kensington and Chelsea to the east, Wandsworth and Richmond to the south and Ealing and Hammersmith to the west.

The subject property is located on the south side of Dawes Road in the area of Fulham and close to its junction with Munster Road. Dawes Road and the immediate surrounding area are a mix of residential and commercial in nature and comprise mostly two and three storey Victorian buildings.

The property is within walking distance of the shops and amenities of both Fulham Broadway and Parsons Green, which includes a range of high-end shops, bars and restaurants and underground stations (District Line). Additionally, there is a wide choice of bus routes linking directly, and quickly, into Central London and the West End.

The property is conveniently located for transport links with the Fulham Palace Road a short distance to the north linking with the A4 to the east in turn providing access to the national motorway network.



Tenant Details

Tenant	The National Solicitors Network Limited	Activity	A support network/forum for 700 firms of solicitors.
Lease Type	To be FRI	Lease Start Date	14/5/2019
Months to Lease Break	36	Months to Lease End	36
Contracted Rent (£ p.a.)	45,000	Occupation Level (%)	100
Tenant strength	Weak, however the borrower clearly has a vested interest to ensure the monthly interests are maintained.		

Security

Main Site	First Legal Charge	Debenture	Debenture Not Required
Share Charge	Share Charge Not Required	Property Insurance	PSL Interest to be Noted on Completion

Exit Strategy

The Borrower intends to refinance the loan with a development finance provider. This is expected to be during the third year of this loan term.

Covenants

LTV Covenant 65% **ICR Covenant** 1.25x

Fees

Arrangement Fee 1% **Broker Fee** 0%

Valuation

A valuation of the property was carried out by Levene Chartered Surveyors on 23/4/2019, a copy of which can be seen in the supporting documents. The valuation concludes the following:

Market Value: £800,000
Vacant Possession Value: £700,000
Open Market Rental Value: £32,250

Report on Title

A Report on Title will be supplied by Enact 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.

The Borrower already has the tenant lined up to occupy the premises shortly after completion, and has successfully obtained planning consent for three self-contained apartments.

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 Borrower has a direct relationship with the tenant, and will ensure that our interest payments are met in a timely manner.
If, in the event the tenant encounters financial difficulty, the borrower is of sufficient means to service the monthly interest payments until such time as either a replacement tenant is found, or the development finance sourced.

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.

The Borrower is a seasoned property investor and solicitor, and has sufficient nous to adapt to changing economic circumstances, in the unlikely event that the tenant's financial standing worsens, or development finance is delayed.

Medium

Risk that the Property falls in value due to either macroeconomic or property specific reasons

There is a high risk that the property may fall in value during the term of this loan, due to external factors, however, at less than 62% LTV, it would have to fall by over £300k before lenders in tranche B would be affected.

High

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 Enact
- 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 to 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 397 8290

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