

Private and Confidential.

The information contained in this document is solely for the reader and is not to be disclosed to any third parties or in any way republished on any third party forums. Any Lender doing so will be in breach of clause 17.2 of the Proplend Members Agreement.

Full Loan Request: Margate - Broker - Hotel

Main Site:	The Sherwood Hotel, 8 Ethelbert Crescent, Margate, Kent, CT9 2AY
Date:	24/05/2019
Asset Description:	The Sherwood Hotel B&B in Margate Kent.



Deal Summary

Loan Type	Commercial Bridge	Borrower Profile	SPV
SIPP Classification	SIPP Eligible	Loan Purpose	Capital Raise and Refinance

Property Summary

Market Value	£700,000	Property Income	£35,000
Vacant Possession Value	£700,000	Market Rental Value	£N/A
Tenure	Freehold	Asset Class	Hotel
EPC Rating (min. E)	C		

Loan Summary

Total Loan Required	£350,000	Loan to Value (LTV)	50%
Rate of Interest	8.00%	Interest Cover	1.25x
Loan Term	12 months	Interest Expense (p.a.)	£28,000

Tranche	Risk	LTV	Loan Amount	Gross Interest	Net Interest	Interest Cover
A	Low	0-50%	£350,000	8.00%	7.20%	1.25x

Borrower Details

Name	Sherwood Margate Limited
Registration	UK Registered Limited Company
Main Business Activity	Hotels and similar accommodation
Ownership Structure	Dr Abood and Dr Shahid are 50% each share holder

Applicant Details

Name	Dr Ali Mahmood Shakir & Dr Enam Abood
Age	64 & 63
Experience	<p>Dr Abood and Dr Shakir have run a number of successful companies as well as being property investors for over 15 years. They purchased The Sherwood Margate 15 months ago, have put in a manager and refurbished the entire property out of personal funds.</p> <p>Dr Enam Abood:</p> <p>Dr Enam Abood is the founder of the Harley Street Health Centre Group. She has been practicing medicine for 35 years and specialises in general and preventative medicine and weight management.</p> <p>Dr Abood is particularly interested in the management of chronic and weight-related health issues including diabetes, hypercholesterolaemia, hypertension and chronic back and joint pain.</p> <p>Dr Abood has built the Harley Street Health Centre Group on the primary principle of excellence in patient care. She has steadfastly refused to follow the market trend of cost-cutting and the use of less qualified staff and medical teams. Her commitment to patient care has been the principle driving force of the success of the clinics and associated services.</p> <p>Dr Ali Shakir:</p> <p>Dr Ali Shakir is an experienced psychotherapist registered with the British Association of Counselling and Psychotherapy (BACP).</p> <p>He sees individuals and couples for both brief-term and long-term therapy. He trained at the prestigious Metanoia Institute in transactional analysis and has also trained in EMDR, hypnotherapy and neuro-linguistic programming (NLP).</p> <p>His approach focuses on the relationship between therapist and client and using that to help clients understand themselves and their relationships with others better. He is also a member of the Stress Management Institute, and uses his skills to help people cope with stress at home and work.</p> <p>He helps clients with a wide range of emotional difficulties including depression, anxiety, stress, relationship issues, trauma, phobias, smoking cessation, help with negative habits, bereavement, eating disorders and bullying.</p>
Credit History	<p>Dr Enam Abood - Good - Band 10</p> <p>Dr Ali Shakir - Band 7 - 1 CCJ £6,653. This is relates to a Halifax personal loan of £6,000 and the related PPI, which the client has always disputed. Halifax gave this loan to debt collection company who settled it with Dr Shakir for £22 per month. Dr Shakir is currently dealing through solicitor to pay it off and settle the CCJ before the loan draw down. If the CCJ doesn't settled before the loan then borrower's solicitor to give undertaking that this CCJ will be paid in full and satisfied.</p>
Net Worth	<p>Jointly owned property portfolio worth £6,260,000</p> <p>Mortgage £3,273,000</p> <p>Net worth £2,987,000</p>

Loan Details

Loan Purpose	Capital Raise and Refinance
---------------------	-----------------------------

Gross Loan Amount	£350,000
LTV	50%
ICR	1.25x
Serviceability	£35,000 net profit being received per annum, with interest payments due of £28,000 p.a.
Interest reserve	Proplend will retain £7,000 (3 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% first 3 months
Additional Info	This is a trading business where the turnover of the business in 2018 was around £100,000. The directors spend most of the income on refurbishment and existing loan payments. Interest will be serviced from the business account. The business needs to show a minimum of £35,000 net profit to demonstrate the serviceability.

Existing Facility

Lender	Octane Property Finance Limited	Expiry	2019-05-30
Value	£215,000	Status	up to date
Rate	10.2%		
Existing Facility Description	£215,000 loan with Octane Property Finance Limited		

Strategy During Loan Term

The management team will run the hotel as usual. i.e taking bookings. The client would like to run the hotel and complete 2 years of trading. Once 2 years are completed and the accounts are available then the client will refinance with a high street bank.

Property Details

The property is five storey mid terraced building arranged as a private hotel/Guest House. There are ten principal letting rooms, eight of which have en-suite facilities. there are sea views from the front elevation.

The property is a Guest house/private Hotel falling into use class C1 of the use class order 1987.

The accommodation comprises:

Steps up to Ground Floor - entrance hall, guest lounge 5.8m (into bay) x 4.8m, Guest room 1: 4.5m x 4.2m (incorporating en-suite shower room with shower cubicle, wash hand basin and close coupled WC), manager's office 3.4m x 1.7m, Manager's bedroom 2.9m x 2.2m, cloakroom.

Lower Ground Floor - dining room bar; dining area 6.5m x 4.4m, bar area 4.5m x 4.3m, kitchen 3.4m x 3.0m, preparation/store 3.1m x 3.1m, laundry room 2.1m x 1.8m, plant room 3.4m x 1.6m.

First Floor half landing (owner's quarters) - Kitchen 2.4m x 1.6m, shower room 2.2m x 1.9m, lounge 3.5m x 3.1m, bedroom 3.1m x 2.8m.

First floor - landing, Guest room 2: 4.5m x 4.3m (incorporating en-suite shower room with shower cubicle, wash hand basin and close coupled WC). Guest room 3: 4.4m x 3.9m (incorporating en-suite shower room with shower cubicle, wash hand basin and close coupled WC). There are doors to the balcony with sea views. Guest room 4: 3.3m x 2.5m - there is no en-suite facility but there are double doors leading to the balcony with sea views.

Second floor - landing, guest room 5: 4.6m x 4.4m (incorporating en-suite shower room with shower cubicle, was hand basin and close coupled WC), Guest room 6: 4.4m x 3.8m (incorporating en-suite shower room with shower cubicle, wash hand basin and close coupled WC).There are sea views. Guest room 7: 3.2 x 2.5m - There is no en-suite facility. There are sea views.

Third floor - landing, Guest room 8: 4.6m x 4.4 (incorporating en-suite shower room with shower cubicle, wash hand basin and close coupled WC), Guest room 9: 4.4m x 3.8m (incorporating en-suite shower room with shower cubicle, wash hand basin and close coupled WC). There are sea views. Guest room 10: 3.2 x 2.5m plus en-suite shower room 2.5m x 1.5m (with shower cubicle, wash hand basin and close coupled WC). There are sea views from the room.

Outside - to the rear is a small courtyard with potential off road parking for two cars.

The gross external area of the property is approximately 446sqm.

There is a gas fired central heating system throughout the property powered by combination boilers with hot water being stored in pre-insulated water storage cylinders.

The property is of 9" and 13" solid brick and masonry construction under a double pitched timber roof with an outer covering of slates. the lower ground floor is of solid construction and the upper floors are of suspended timber. The internal walls are solid and timber stud with plasterboard. The windows are UPVC double glazed sealed units.



Location Report

The property is situated in an established mixed use residential and commercial area, with the commercial element being private Hotel and Guest Houses. The property is situated on the sea front with uninterrupted sea views to the front elevation.

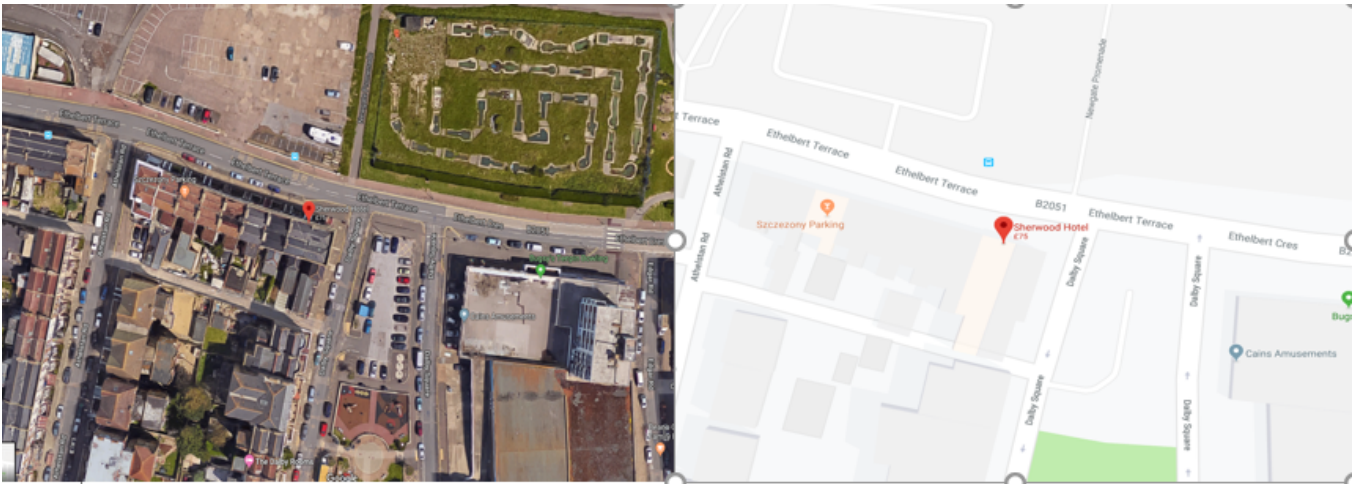
Margate is situated in the south-east corner of Kent and falls within the administrative district of Thanet Council. The Isle of Thanet, which is part of the easternmost peninsula of Kent includes the coastal towns of Westgate-on-Sea, Broadstairs and Ramsgate and is a popular holiday destination.

Margate is some 3.5 miles from Ramsgate and around 2.5 miles from Broadstairs, whilst the county city of Canterbury is approximately 16 miles distant. The area is well connected with the A299 linking with the A2 and the M2 motorway, which in turn connects with the M25 motorway. Margate also benefits from a main line railway link to London and the south-east whilst Channel port connections are to the south at Dover and Folkestone.

In past years the decline of the traditional English seaside holiday has also led to a general decline within the Isle of Thanet, with areas such as Margate, Cliftonville, Broadstairs and Ramsgate suffering as a result. However recent efforts to improve Margate have included the development of the Turner museum and Dickens inspired attractions, whilst increased interest in retailing, especially in the old town quarter has raised the local profile.

The longer-term interest in the area as a seaside destination is significantly boosted by the re-opening of Dreamland in June 2015, a once very well-known amusement facility and theme park that is located on Marine Terrace, providing a welcome boost to local businesses in that part of the town.

In the following picture the property locating is Red and Blue spot.



Security

Main Site	First Legal Charge	Debenture	Debenture Required
Share Charge	Share Charge Not Required	Property Insurance	PSL Interest to be Noted on Completion
Personal Guarantee	Joint and Several Guarantee from the Directors and Shareholders of Sherwood Margate Limited for the sum of £350,000		

Exit Strategy

To wait another year so that the client will have two full years trading accounts, then refinance either to Shawbrook or Lloyd's Bank (their own bank).

Covenants

LTV Covenant 65% **ICR Covenant** 1.1x

Fees

Arrangement Fee 2% **Broker Fee** 1%

Valuation

A valuation of the property was carried out by Bradstowe Chartered Surveyors on 15/05/2019, a copy of which can be seen in the supporting documents. The valuation concludes the following:

Market Value: £700,000
Vacant Possession Value: £700,000
Open Market Rental Value: £N/A

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's have experience management staff who had been running the hotel for few years under previous ownership.

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.

The Borrower's has other properties where they receive the rental income. If the Borrower were to suffer a void, or have a lesser net profit, in addition to the margin built in by our 1.25x servicing requirement, they receive sufficient income elsewhere in the portfolio, in order to ensure our interest payments will continue to be serviced.

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.

This will depend largely on the economic circumstances at the time approaching redemption, however, as above, the Borrower is of sufficient means and have experience staff to withstand, and adapt to any change in the property market

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 at some point throughout the term of our loan, however, it would need to fall by 50% or more/£350k in value, before lenders in tranche A 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

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.