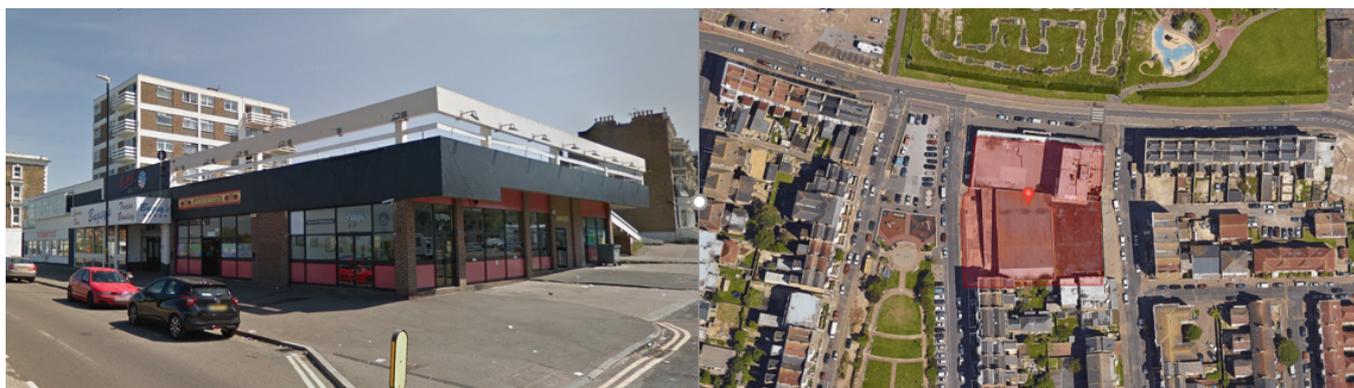


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Full Loan Request: Margate - Broker - Commercial Mixed Use

Main Site:	The Multi Leisure Centre, Ethelbert Crescent, Cliftonville, Margate, Kent, CT9 2DY
Date:	20/5/2019
Asset Description:	A leisure complex comprising a restaurant, bowling alley, amusement arcade, cafe and first floor business centre, with a block of 12 residential apartments on long leases.



Deal Summary

Loan Type	Commercial Mortgage	Borrower Profile	Property investment
SIPP Classification	SIPP Ineligible	Loan Purpose	Refinance and capital raise.

Property Summary

Market Value	£1,600,000	Property Income	£116,154
Vacant Possession Value	£1,000,000	Market Rental Value	£116,064
Tenure	Freehold	Asset Class	Mixed Use (Commercial)
EPC Rating (min. E)	D		

Loan Summary

Total Loan Required	£1,200,000	Loan to Value (LTV)	75%
Rate of Interest	7.75%	Interest Cover	1.25x
Loan Term	48 months	Interest Expense (p.a.)	£93,000

Tranche	Risk	LTV	Loan Amount	Gross Interest	Net Interest	Interest Cover
A	Low	0-50%	£800,000	7.00%	6.30%	2.07x
B	Medium	51-65%	£240,000	8.45%	7.605%	1.52x
C	High	66-75%	£160,000	10.45%	9.405%	1.25x

Borrower Details

Name	G E Bowra Group Limited
Registration	UK Registered Limited Company
Main Business Activity	<p>The Borrower is a third generation family business, investing in commercial and residential property, originally established in the 1950s.</p> <p>The Borrower has purchased all properties under one investment company, and there are therefore other assets currently under the borrowing Company's ownership.</p>
Ownership Structure	<p>George Bowra and Christopher Bowra are with the significant control as shareholders.</p> <p>The Company is owned;</p> <ul style="list-style-type: none"> - 50% by C E & G E A Bowra as Trustees of C E Bowra Settlement - 19% by C E Bowra - 9.36% by C E & G E A Bowra as Trustees of M D Bowra Settlement - 7.214% by George Edward Alan Bowra - 7.213% by Christopher Edward Gordon Bowra - 7.213% by William George Tyler Bowra

Applicant Details

Name	George Bowra
Age	41
Experience	<p>The family property portfolio started back in 1950 when Chris Bowra senior was a shop fitter and started investing in commercial and residential properties in the Thanet area of Kent.</p> <p>When Chris retired in 2000, his son George took over and continued with the shop fitting business but also had a construction company building new houses with a work force of circa 200. Chris also continued to invest in residential and commercial property.</p> <p>George took over the management of the portfolio with his younger brother Christopher Jr (known as Kit), and solely focussed on growing the portfolio by acquiring new properties and developing them for long term growth in value and rental income.</p> <p>More than 25 properties have been purchased over the past 30 years, and the portfolio gross value is currently circa £7.2m, with total o/s debt of £2.8m.</p> <p>Current annual portfolio rental income being received is over £535,000, with annual interest payments of £184,000.</p>
Credit History	Strong
Net Worth	<p>£562,460 from personally owned assets + £1.47m from 33% share in G E Bowra Group = £2.03m.</p> <p>George's existing Personal Guarantee commitments are as follows;</p> <ul style="list-style-type: none"> - Aldermore Bank £260k - Skipton B/S £824K - Aldermore £20k to be released upon refinance of two flats with Shawbrook Bank.

Loan Details

Loan Purpose	Refinance and capital raise. We are asked to provide a 75% gross LTV loan, which will provide £1.117m net, £460k of which is required to refinance the current lender, and the remainder to assist with further refurbishment and planning costs associated with the subject property.
Gross Loan Amount	£1,200,000

LTV	75%
ICR	1.25x
Serviceability	£116,154 rental income being received per annum, with interest payments due of £93,000 p.a.
Interest reserve	Proplend will retain £46,500 (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% years 1-2, 1% year 3, no fee thereafter.

Existing Facility

Lender	Octane Capital	Expiry	31/10/2019
Value	£460,000	Status	Up to Date

Strategy During Loan Term

The Borrower purchased the property at auction in a rundown state in 2016 for £600,000 and has spent approximately an additional £300,000 to date, by way of Director's loan, developing the site into a leisure complex due to its seaside location and all round passing trade. Part of the net proceeds are required to repay the Director's loan.

In addition to continuing to receive rents from the current tenants - a restaurant, bowling alley complex, amusement arcade, cafe, and 1st floor business hub - the Borrower has also submitted a planning application for the erection of 15 residential apartments, on a currently unused part of the property. The planning decision is due by the end of May.

If Thanet District Council reject the application, the Borrower will retain the commercial space and its D2 use, and rent it out accordingly for a rental of £35,000 p.a.

Property Details

A leisure complex comprising a restaurant, bowling alley, amusement arcade, cafe and first floor business centre, with a block of 12 residential apartments on long leases.

The property benefits from rooftop parking for approximately 35 cars and a total site area of approximately 0.45 hectares (1.12 acres)

A leisure complex, comprising a bowling alley, amusement arcade and vacant nightclub, with GIA of 31,433 sq ft and total site area of approximately 1.12 acres.

Leisure complex comprising a bowling alley, amusement arcade and vacant nightclub 12 residential flats on long leases with majority expiring 2074 Prominent sea front location near the Viking Ship Play Park and the Lido Leisure Park Car park for approximately 35 cars Substantial commercial area of 31,433 sq ft and total site area of approximately 0.45 hectares (1.12 acres)



Location Report

The property is situated in the popular seaside resort of Cliftonville in Margate, occupying a prominent sea front location just 0.4 miles north-east of the town centre. The property is situated in a predominantly leisure and residential area, with the Viking Ship Play Park and Lido Leisure Park within close proximity.



Tenant Details

Tenant	Cain's Amusement Arcade Olympia Cafe Bugsys Ten Pin Bowling Faith In Strangers Business Hub Rendezvous Restaurant	Lease Type	FRI
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Contracted Rent (£ p.a.)	£116,184	Occupation Level (%)	100
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Tenancies All leases bar one are a minimum of 20 year leases (from 2016) with no break clauses, however one tenant (Olympia Cafe) has a tenant break clause in October 2024.

03-Apr-19									
G E BOWRA GROUP LTD - RENT ROLL - COMMERCIAL									
PROPERTY - USE	AREA (SQ FT)	QRTRS RENT	ANNUAL CURRENT	START DATE	REVIEW DATE	EXPIRY DATE	REVIEW PERIOD	BREAK CLAUSE	ELEC CERT
OLYMPIC LEISURE CENTRE ETHELBERT CRESCENT MARGATE D FR CAIN AMUSEMENTS AND CAFÉ	3000	Annually 07.02.20	£ 6,000.00 plus vat	07.02.86	24.06.33	24.06.58	25 YRS	NO	21.06.21
MULTI LEISURE CENTRE ETHELBERT CRESCENT DENTON INVESTMENTS LTD BUGSY'S BOWLING ALLEY	13581	13581	£ 54,324.00 plus vat	04.09.18 (29.09.96)	29.09.21	03.09.38	5 YR	NO	16.08.21
Lease states £71k due but paying less									
GROUND FLOOR: RESTAURANT ALEX MUIR & CAROL SMITH	4252	7500	£ 30,000.00 plus vat	02.10.18	02.10.21	01.10.38	3 YR	6 YRS ONLY	TBC
FIRST FLOOR: OFFICE HUB SEACO LIMITED	5166	6457.5	£ 25,830.00 plus vat	05.09.18	05.09.23 RPI Index	04.09.38	5 YR	NO	TBC
GEMSET / 31 ALBION ST B/STAIRS	Ground rent	1st Jul ea yr	30		-				03.02.20
Total Income			£ 116,184						

Security

Main Site	First Legal Charge	Debenture	Debenture Not Required
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Share Charge

Share Charge Not Required

Property InsurancePSL Interest to be Noted on Completion

Personal GuaranteeJoint and Several Guarantee from the Directors and Shareholders of G E Bowra Group Limited for the sum of £ 1,200,000.

Exit Strategy

The Property is a long-term investment for the Borrower, as with all of their properties. The Borrower will redeem this loan in full, by refinancing at more competitive terms with either a high street lender or challenger bank.

Covenants

LTV Covenant	80%	ICR Covenant	1.1x
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Fees

Arrangement Fee	2%	Broker Fee	1%
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Valuation

A valuation of the property was carried out by Pinders on 16/5/2019, a copy of which can be seen in the supporting documents. The valuation concludes the following:

Market Value: £1,600,000
Vacant Possession Value: £1,000,000
Open Market Rental Value: £116,064

Report on Title

A Report on Title will be supplied by Enact Conveyancing acting on behalf of Proplend Security Ltd, and its 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 is an experienced property investor and developer, and will use their acumen to determine how best to maximise value and rentals.

Medium

They are currently applying for planning for 15 flats which is expected to receive approval shortly after completion.

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.

If the Borrower were to suffer a void, or have a tenant default on them, in addition to the margin built in by our 1.25x servicing requirement, they have sufficient leverage 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 experience 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 25% or more/£400k in value, before lenders in tranche C would be affected.

High

It is expected that the value of this property will rise upon approval of the aforementioned planning application for residential apartments.

Credit Sign Off	Comments
<p style="text-align: center;"><i>Raj Raghvani</i></p>	<p>Valuer comment regarding Reinstatement Cost not of much comfort, however, with the benefit of, and satisfactory evidence behind full PG, as well as progress regarding Planning Permission prior to drawdown, happy to proceed.</p> <p>If planning permission is granted, resultant uplift in value will fully recover the loan.</p>
<p style="text-align: center;"><i>Matt Carson</i></p> <p>Zoho / Neon</p> <p>Correct and Complete</p> <p>KYC / AML / CC</p> <p>Confirmed</p>	<p>Experienced and motivated property developer. Property is in a good location and has good potential for development as per the already submitted planning permission.</p> <p>Economics are comfortable to satisfy the interest payments, and comfort is further gained by the holding of a six month interest reserve. Planning decision to be known by the end of May and if favourable, the value of the property should uplift by circa £200k thereby reducing our LTV to under 70%. If no planning granted then Borrower is confident of renting out the space for around £35k p.a. which if done would increase the ICR to 1.63x.</p> <p>Noted that in a doomsday scenario the Borrower is spread a little thin with regards to his PG's but that in reality this should not pose a problem unless all creditors came to collect at once and there was catastrophic fall in commercial property values.</p> <p>Prior to drawdown must ensure the property is fully insured in-line with the valuation assessment and PSL's requirements.</p> <p>Approved to progress to Drawdown stage.</p>

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 Conveyancing
- 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.

Signature Certificate

Document Ref.: D9PKK-SZLGJ-NJJ8E-NI8QN

Document signed by:

	Matt Carson Verified E-mail: mcarson@proplend.com	<i>Matt Carson</i>
IP: 194.74.179.100 Date: 21 May 2019 09:56:49 UTC		

	Raj Raghwani Verified E-mail: rraghwani@proplend.com	<i>Raj Raghwani</i>
IP: 194.74.179.100 Date: 21 May 2019 09:57:30 UTC		

Document completed by all parties on:
21 May 2019 09:57:30 UTC

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