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Annual Review: Greater Manchester - Broker - Offices

| | |
|--------------------------|--|
| Main Site: | The Mews, 189B Ashley Road, Hale, ALTRINCHAM, WA15 9SQ |
| Borrower: | Rammon Group (Properties) Limited |
| Loan Number: | PLL0909 |
| Report Date: | 01/12/2021 |
| Next Review Date: | 04/11/2022 |



Loan Update

Since the loan was drawn in November 2019, the borrower has proactively increased rental income from £59,886 to £97,500 at Aldow Enterprise Park, achieved primarily through new lettings. As a result of the increase in rental income, ICR has improved from 1.42x at drawdown to 2.32x now. The tenancy agreements tend to be on a flexible lease term basis and as such, a regular turnover of tenants can be seen on occasions, but any voids tend to be short in duration due to the good location of the property and available parking on site for tenants.

Covenant Compliance

LTV Covenant 75%, LTV at origination 70%, LTV currently 70%. ICR Covenant 1.25x, ICR at origination 1.42x, ICR currently 2.32x

Interest Payments

All interest payments are up-to-date and been made in a timely manner

Exit Strategy

The current sale of the property to HS2 is ongoing but progress is taking longer than expected. Significant updates will be passed on as they're received.

Property Summary

| | | | |
|--------------------------------|--------------------|----------------------------|----------|
| Market Value | £766,000 | Property Income | £62,318 |
| Vacant Possession Value | £620,000 | Market Rental Value | £115,000 |
| Tenure | Freehold | Asset Class | Office |
| EPC Rating (min. E) | D & E respectively | | |

Loan Summary

| | | | |
|------------------------------|-----------|--------------------------------|---------|
| Total Loan Required | £536,200 | Loan to Value (LTV) | 70% |
| Blended Interest Rate | 7.85% | Interest Cover | 1.48x |
| Loan Term | 48 months | Interest Expense (p.a.) | £42,092 |

| Tranche | Risk | LTV | Loan Amount | Interest Rate | Interest Cover |
|---------|--------|--------|-------------|---------------|----------------|
| C | High | 66-75% | £38,300 | 11.75% | 1.42x |
| B | Medium | 51-65% | £114,900 | 9.05% | 1.59x |
| A | Low | 0-50% | £383,000 | 7.1% | 2.2x |

Covenants

| | | | |
|---------------------|-----|---------------------|-------|
| LTV Covenant | 75% | ICR Covenant | 1.25x |
|---------------------|-----|---------------------|-------|

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 Rammon Group (Properties) Limited for the sum of £268,100 | | |

Valuation

Valuation

A valuation of the property was carried out by Matthews & Goodman on 19 August 2019, a copy of which can be seen in the supporting documents. The valuation concludes the following:

Market Value: £766,000
Vacant Possession Value: £620,000
Open Market Rental Value: £115,000
