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Full Loan Request: Isle of Thanet Mixed Portfolio

Main Site:	1) 29 Albion Street, Broadstairs, Kent, CT10 1LX 2) 4 Broad Street, Ramsgate, Kent, CT11 8NQ 3) 4, 6 & 8 Fort Hill, Margate, CT9 1HD 5 & 6 Mansion Street, Margate, CT9 1HE 3-5 King Street, Margate, CT9 1DD Flats 3 & 5, 3 King Street, Margate, CT9 1DD
Date:	11/9/2019
Asset Description:	Mini portfolio of three properties; 1) Broadstairs Restaurant, 2) Ramsgate Retail, 3) Margate Mixed Use (inc Resi).



Deal Summary

Loan Type	Commercial Mortgage	Borrower Profile	Property investment
SIPP Classification	Not Eligible	Loan Purpose	Refinance and Capital Raise

Property Summary

Market Value	£1,730,000	Property Income	£113,472
Vacant Possession Value	£1,200,000	Market Rental Value	£111,000
Tenure	Freehold	Asset Class	Mixed Use (Residential)
EPC Rating (min. E)	C-E		

Loan Summary

Total Loan Required	£1,176,400	Loan to Value (LTV)	68%
Rate of Interest	7.42%	Interest Cover	1.30x
Loan Term	48 months	Interest Expense (p.a.)	£87,289

Tranche	Risk	LTV	Loan Amount	Gross Interest	Net Interest	Interest Cover
C	High	66-75%	£51,900	10.02%	9.02%	1.30x
B	Medium	51-65%	£259,500	8.30%	7.47%	1.38x
A	Low	0-50%	£865,000	7.00%	6.30%	1.87x

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> <p>Please note that this is exactly the same Borrower as per the completed Margate Commercial Mixed Use loan, and also the completed Ramsgate Commercial Mixed Use loan. Those gross loan amounts are £1,200,000 and £712,500 respectively.</p>
Ownership Structure	<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	42
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 £7.8m, with total o/s debt of £3.1m.</p> <p>Current annual portfolio rental income being received is over £548k, with annual interest payments of £194k.</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 (this will extinguish upon completion of this loan) - Skipton B/Soc £824K - Proplend £1.62m

Loan Details

Loan Purpose	<p>Refinance and Capital Raise. We are asked to provide a 68% LTV gross loan facility, which equates to £1.097m net in order to refinance the current lender, £251k, and raise capital of £846k.</p> <p>Part of this will be used to replenish cash reserves used to pay down Aldermore to release 1-12 West Cliff Arcade (the Ramsgate Commercial Mixed Use Loan).</p>
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The remainder will be used to add value to existing properties in the portfolio through planning consents, and also as liquid funds to acquire new properties as and when appropriate opportunities arise, particularly where they can add value via change of use or improvements, as is the case with the Margate Commercial Mixed Use property.

Gross Loan Amount	£1,176,400
LTV	68%
ICR	1.30x
Serviceability	Rental income of £113,472 p.a. is being received, with interest payments due of £87,289 p.a.
Interest reserve	Proplend will retain £43,644 (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	Aldermore	Expiry	30/9/2019
Value	£251,000	Status	In Good Standing

Strategy During Loan Term

The properties are to continue to be held as long-term investments. The Borrower's intention is to maximise the rents by introducing increases upon rent review dates, and as AST agreements expire.

Property Details

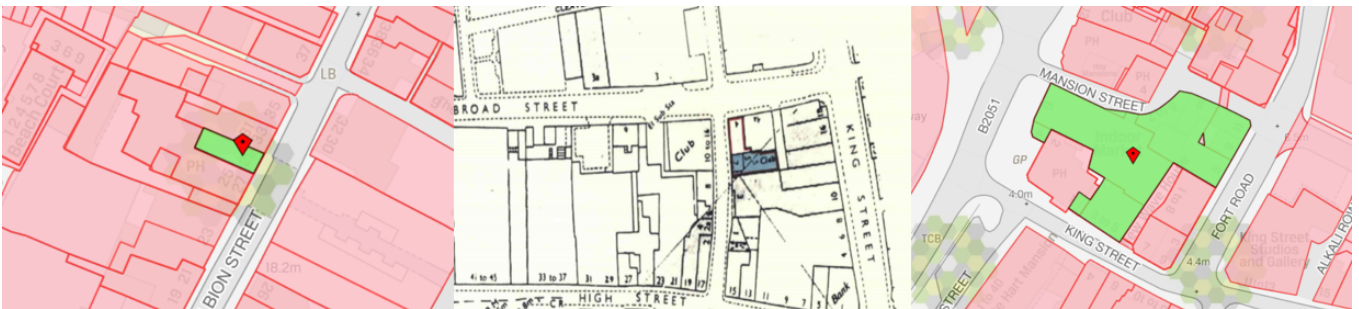
Using the same numbering as above (i.e. 1 = Broadstairs, 2 = Ramsgate, and 3 = Margate);

1) A long-leasehold licensed restaurant situated in the ground and basement floors only of 29 Albion Street, Broadstairs, which in turn is part of the circa 1850 three-storey over cellars, former Balmoral Hotel.

2) The property is a circa 1955 end of terrace two-storey corner shop, created by the borrower in 2014 from part of former licensed premises latterly used as a bar and night club. Our security is only the ground floor retail unit in this instance.

3) A substantial mixed use freehold investment, comprising; a former cinema converted into a covered market with licensed, catering and retail units, an inter-linked café bar, cellar bar and live music venue; and three residential maisonettes.

Please note the titles and maps below are also in the same sequential order, left to right, as above.



Location Report

1) The subject property lies on Albion Street, which connects Broadstairs town centre to Harbour Street, one of the principal access roads to the sandy cove of Viking Bay. For the most part, it is bordered by commercial units, with a good number of catering outlets and also some retail.

The property is reasonably prominent being situated fronting Albion Street opposite the Balmoral Gardens pathway through to The Parade and is close to a public car park. There are limited on street parking facilities within the town centre.

2) The subject property is located on the edge of the central town centre shopping area, at the crossroads junction between Broad Street and Turner Street.

A short distance to the south-west of the subject property is the part-pedestrianised section of High Street, where there is immediate representation by national retailers and financial institutions.

3) The subject properties occupy a prominent position on the sea front in Margate Old Town, with its individual boutique shops, bars and cafes; and the Turner Contemporary Gallery lying adjacent.

The Old Kent Market is a substantial former cinema, amplified by a bright pink and red painted front facade with white lettering bearing the name of the lessee's concern at high level. Adjoining to the south is the front bar of The Dugout, no 4 Fort Hill, which also provides the entrance to the associated cellar bar and entertainment suite below the former cinema.

The Dugout front bar/entrance occupies the ground floor of a five-storey Regency style building, the upper floors forming part of Crawford House, no 6 Fort Hill.

Olby's Café and Flats no's 3 and 5 King Street, occupy a double fronted property, which was previously arranged as two shops with private living accommodation. Kent Creative is accessed from Mansion Street and linked to both The Dugout and Olby's at basement level.



Tenant Details

Contracted Rent (£ p.a.) Now £113,472 (as at 11/9/2019) **Occupation Level (%)** 100%

Lease arrangement Please see the Tenancy Schedule below. All commercial leases are FRI.

The Broad Street, Ramsgate tenant (the first on the schedule below) has been a tenant since June 2010. She has already requested a new six year lease, and the rent will increase by between 3-10%, depending on market conditions at the time of renewal.

A	B	C	D	E	F	G
Property	Demise	Tenant Name	Lease Start	Lease End	Passing Rent	Review Date
4 Broad Street	Retail Shop	Serena Lowman	11/09/2014	10/09/2020	7,800.00	11/09/2020
29 Albion Street	Whole	SLD Restaurants	08/08/2018	08/08/2021	14,532.00	07/08/2024
4 Fort Hill, Margate	Whole	Ray Summers t/s The Dugout	01/12/2017	31/03/2023	9,270.00	31/03/2023
6 Fort Hill	Flat 6 (Crawford House)	Andy Barratt	07/12/2015	06/12/2016	10,200.00	
6/8 Fort Hill, Margate	Café and bar	Andy Barratt	14/08/2013	31/03/2027	31,520.00	01/04/2022
5&6 Mansion Street	Whole	Kent Creative Ltd	14/08/2018	13/08/2024	10,688.00	14/08/2021
3&5 King St, Margate	Café and bar	Heather Deslandes t/a Olby's Café	09/07/2018	08/07/2024	13,262.00	09/07/2021
3&5 King St, Margate	Flat over 3 King St	Gary Allen & Davina McGhee	06/12/2017	06/05/2018	8,400.00	
3&5 King St, Margate	Flat over 5 King St	Eli Thompson & Heather Deslandes	16/04/2008	16/10/2008	7,800.00	
					113,472.00	

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

Personal Guarantee	Joint and Several Guarantee from the Directors and Shareholders of G E Bowra Group Limited for the sum of £235,280. Please note that the same Guarantors have also provided PGs for the aforementioned Margate Commercial Mixed Use, and Ramsgate Commercial Mixed Use loans, limited to the sums of £1.2m and £422.5k respectively.
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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.

The Borrower may also consider disposal at the end of the loan term, if conditions suit, as an alternative repayment route.

Covenants

LTV Covenant	75%	ICR Covenant	1.25x
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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 6/9/2019, a copy of which can be seen in the supporting documents. The valuation concludes the following:

Market Value: £1,730,000
Vacant Possession Value: £1,200,000
Open Market Rental Value: £111,000

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 is an experienced property investor and developer, and they will use their acumen to determine how best to maximise value and rentals throughout the term of the loan.

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.

If the Borrower were to suffer a void, or have a tenant default on them, in addition to the margin built in by the current 1.30x between the rental income and interest due, they have sufficient leverage elsewhere in the portfolio, in order to ensure our interest payments will continue to be serviced, if required.

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.

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 Properties may fall in value at some point throughout the term of our loan, however, they would need to fall by 32% or more/£553k in value, before lenders in tranche C would be affected.

High

The property values are expected to rise incrementally as and when rents are increased throughout the loan term.

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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