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Full Loan Request: Sunbury-on-Thames Retail

Main Site:	59 Staines Road West, Sunbury, TW16 7AG
Date:	16/9/2019
Asset Description:	Ground floor Bank premises, with ancillary accommodation above, and parking to the rear.



Deal Summary

Loan Type	Commercial Mortgage	Borrower Profile	Professional property investor
SIPP Classification	SIPP Eligible	Loan Purpose	Purchase

Property Summary

Market Value	£1,050,000	Property Income	£61,500
Vacant Possession Value	£860,000	Market Rental Value	£48,000
Purchase Price	£1,050,000	Purchase Type	Open Market

Tenure	Freehold	Asset Class	Retail
EPC Rating (min. E)	C	Planning Use	Retail

Loan Summary

Total Loan Required	£700,000	Loan to Value (LTV)	66.67%
Rate of Interest	7.05%	Interest Cover	1.25x
Loan Term	36 months	Interest Expense (p.a.)	£49,350

Tranche	Risk	LTV	Loan Amount	Gross Interest	Net Interest	Interest Cover
C	High	66-75%	£17,500	9.36%	8.42%	1.25x
B	Medium	51-65%	£157,500	8.06%	7.25%	1.29x
A	Low	0-50%	£525,000	6.67%	6.00%	1.76x

Borrower Details

Name	Eastway Estates Limited
Registration	UK Registered Limited Company
Main Business Activity	The proposed Borrower is a commercial property investment Company, registered in the UK. It has property assets other than the Subject Property. Please also note that this Borrower is the parent Company of the Waltham Cross Retail borrowing entity.
Ownership Structure	Eastway Estates Limited is owned 25% each by; - Jesal Patel - Nilesh Patel - Priyen Patel - Vishal Patel.

Applicant Details

Name	Jesal Patel, Nilesh Patel, Priyen Patel and Vishal Patel
Age	37, 34, 34 & 36 respectively.
Experience	<p>The Prideview Group is a third generation family property company, and has been actively involved in the acquisition, management and sale of both commercial and residential properties throughout the UK, since it was founded in 1985 - website https://www.prideviewgroup.com . They have completed circa 200 property transactions within the last two years.</p> <p>During the last 30+ years, they have built up a great deal of expertise, a broad, unique network of contacts, and a very strong reputation in the world of commercial property auctions and private treaties, well-summarised by the Estate Gazette (UK commercial property's leading magazine) in articles profiling The Prideview Group in 2008 and in 2014.</p> <p>The future growth of the group has been assured by an injection of youth into the business and the establishment of dedicated agency, disposals, lettings, management, finance and insurance divisions, meaning they can now provide all of the services required to acquire, maintain and eventually dispose of commercial property, and additional services for Non-Resident Landlords.</p> <p>Acting on behalf of over 100 investment companies, UK-based and Overseas, as well as numerous private investors, traders, medical professionals, entrepreneurs, hoteliers and retailers, among many other professions, The Prideview Group has leveraged its scale to carve out its own niche within the worlds of property auctions and private treaties, as well as negotiate competitive finance, insurance and management deals.</p>
Credit History	<p>All four individuals have a strong personal credit rating, and have each passed Lexis Nexis checks.</p> <p>We have also been provided with personal assets and liabilities statements, and each of the four Guarantors has a significant net worth.</p>

Loan Details

Loan Purpose	Purchase. We are asked to provide a 67% LTV Gross loan facility, in order to assist with the purchase of the target property.
Gross Loan Amount	£700,000
LTV	66.67%
ICR	1.25x
Serviceability	The tenant is paying rent of £61,500 p.a. and interest will be payable of £49,350 p.a.

Interest reserve	Proplend will retain £12,338 (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% year 1, 1% year 2, no fee thereafter.

Strategy During Loan Term

The Property has the potential to convert the upper floors to eight self-contained apartments and also to add an additional fourth storey. The Borrower will pursue this and obtain appropriate planning permission accordingly, whilst the tenant continues to be in situ, paying rent until 2023.

Property Details

The Subject Property comprises the freehold interest in a three storey (plus basement), end-of-terrace building, arranged as a ground floor banking hall, together with storage at basement level and ancillary accommodation to the upper parts, with the building judged to have been constructed in the 1970s.

The entire Property is tenanted and occupied by a High Street Bank in an established parade. The particulars note that there is the potential to convert the two upper floors to residential/8 apartments, as well as the potential to add an additional storey, subject to planning.



Location Report

The Subject Property is situated within a secondary trading location, along The Parade, off its junction with Staines Road West (A308), within Sunbury-on-Thames (Spelthorne Borough Council).

The parade comprises mainly local retail covenants at ground floor level with upper parts in use as a mixture of ancillary, office and residential.

National multiples along the parade include Barclays (subject), Boots, Chancellors and Greggs. The Property is situated opposite Sunbury Cross Shopping Centre, which includes the following national covenants - Halfords, Ladbrokes, Marks and Spencers, Premier Inn and Subway.

Sunbury on Thames is a typical medium density home counties district, comprising varied housing types, including residential block developments. It is situated approximately thirteen miles, south-west of Central London and neighbours Feltham to the north, Hampton to the east and Ashford to the north-west. There is road access to the nearby junctions of the M3 and M25 motorways, as well as Heathrow Airport.



Tenant Details

Tenant	Barclays Bank Plc	Activity	Clearing Bank
Lease Type	FRI	Lease Start Date	December 2012
Months to Lease Break	50	Months to Lease End	50 (to Dec. 2023)
Contracted Rent (£ p.a.)	£61,500	Occupation Level (%)	100%
Tenant strength	Strong		
Additional information	As per the Property Summary section above, the Property is currently over-rented, and will continue to be throughout the term of our loan. We are though, providing a loan of less than 82% Gross, of the current Vacant Possession Value.		

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 Guarantees from the Directors and Shareholders of Eastway Estates Limited for the sum of £350,000. Please note that the same four Guarantors also provided Joint and Several Guarantees for the Waltham Cross Retail loan, limited to the sum of £225,000.		

Exit Strategy

The Borrower's intention is either to sell with planning to a developer, or retain, build out and repay us by way of development finance.

Covenants

LTV Covenant	70%	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 Bellevue Mortgages Chartered Surveyors on 16/9/2019, a copy of which can be seen in the supporting documents. The valuation concludes the following:

Market Value: £1,050,000
Vacant Possession Value: £860,000
Open Market Rental Value: £48,000

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 comprises a team of professional property experts, with over 100 years collectively of commercial and residential property investment and development experience.

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 will be receiving sufficient rental income throughout the loan term from a blue chip tenant. They also have sufficient means within the parent company, should there ever be any issue with the rent being paid.

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 as above, is a vastly experienced professional property investor, with a good eye for buying well, and an interest in property that has multiple exit routes, as is the case here.

Medium

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

There is a high risk that the property will fall in value during the term of our loan, but equally, there is a high probability that by maturity, the value will have increased beyond the current level, either due to planning consent or a longer term lease, having been obtained.

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:

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