

## 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: Grantham Commercial Mixed Use

<b>Main Site:</b>	Units 1a-1c, Withambrook Park Industrial Estate, Grantham, Lincolnshire, NG31 9ST
<b>Date:</b>	9/9/2021
<b>Asset Description:</b>	The Subject Properties consist of 3 single storey light industrial units of traditional construction. Unit 1a is detached, whilst units 1b & 1c are semi-detached.



## Deal Summary

<b>Loan Type</b>	Commercial Term Loan	<b>Borrower Profile</b>	Property Investors
<b>SIPP Classification</b>	Not Eligible	<b>Loan Purpose</b>	Refinance

## Property Summary

<b>Market Value</b>	£577,500	<b>Property Income</b>	£36,900
<b>Vacant Possession Value</b>	£566,000	<b>Market Rental Value</b>	£45,600
<b>Tenure</b>	Freehold	<b>Asset Class</b>	Light Industrial
<b>EPC Rating (min. E)</b>	C-D	<b>Planning Use</b>	E

## Loan Summary

<b>Total Loan Required</b>	£288,750	<b>Loan to Value (LTV)</b>	50%
<b>Rate of Interest</b>	7.00%	<b>Interest Cover</b>	1.83x
<b>Loan Term</b>	36 months	<b>Interest Expense (p.a.)</b>	£20,212

Tranche	Risk	LTV	Loan Amount	Gross Interest	Net Interest	Interest Cover
A	Low	0-50%	£288,750	7.00%	6.30%	1.83x

## Borrower Details

<b>Name</b>	Sheila & Ian MARSH
<b>Registration</b>	Personal Capacity
<b>Main Business Activity</b>	Commercial Property investors, borrowing in their personal capacity.

## Applicant Details

<b>Name</b>	Sheila & Ian MARSH
<b>Age</b>	86, 83 & 57
<b>Experience</b>	<p>The Borrowers have acquired a portfolio of predominantly unencumbered residential and commercial investment properties accumulated over a number of years, in tandem with running the family clothing business.</p> <p>Grantham Clothing Company Ltd commenced trading in 1996, and Ian Marsh, Michael Marsh &amp; Sheila Marsh were the three Directors and Shareholders. The company traded as a clothing wholesaler with some retailing.</p> <p>The business traded well for many years, but struggled following the 2008 recession, when trading became harder due to cheap Asian imports, making it difficult to compete.</p> <p>A meeting of the Directors and Shareholders took place and it was decided to enter into a Members Voluntary Liquidation in 2019. All Creditors were repaid in full.</p> <p>The freehold investments were retained in their personal names - the portfolio of 14 local investment properties are valued at £1.625m combined. The Subject Property is the only one with any debt attached to it.</p>
<b>Credit History</b>	All three have the strongest Creditsafe rating (risk band 10), and all have passed Lexis Nexis checks.
<b>Net Worth</b>	£1.305m collectively.

## Loan Details

<b>Loan Purpose</b>	We are asked to provide a 50% LTV gross loan facility in order to provide a straight refinance of the current commercial mortgage with the current lender, who is paring back on commercial property lending.
<b>Gross Loan Amount</b>	£288,750
<b>LTV</b>	50%
<b>ICR</b>	1.83x
<b>Serviceability</b>	Rental income of £36,900 p.a. is being received, with interest payments due of £20,212 p.a.
<b>Interest reserve</b>	Proplend will retain £10,106 (6 months interest) from the gross loan amount which will be held on account.
<b>Early Repayment</b>	2% year 1, 1% year 2, no fee thereafter.

## Existing Facility

<b>Lender</b>	Lloyds Bank	<b>Expiry</b>	30/4/2021
<b>Amount Outstanding</b>	£320,000	<b>Status</b>	Up-to-date

## Strategy During Loan Term

The Properties are long-term family investments, and there are no plans to dispose of any Properties in the portfolio. The intention is to make modest refurbishments as and when the need arises, maximise rents, and maintain positive landlord/tenant relationships.

## Property Details

The Subject Properties consist of 3 single storey light industrial units of traditional construction. Unit 1a is detached, whilst units 1b & 1c are semi-detached.

The units are situated on circa 0.4 acres of land. The site is accessed directly from Witham Brook Park, which leads from Londonthorpe Lane.

Unit 1a is currently multi-occupied, with the accommodation arranged in such a way as to provide small self-contained offices and workshops, with communal kitchenette and WC facilities. Unit 1b is currently utilised for dog training and grooming, with ancillary office and staff facilities. Unit 1c is currently being used as a motor vehicle repair garage.

Unit 1a is comprised of 2,546 square feet GIA, unit 1b of 3,307 sq ft, and unit 1c of 1,753 sq ft.



## Location Report

The Subject Properties are located in Withambrook Park Industrial Estate, on the southern side of Withambrook Park, in a mixed commercial and residential area of Grantham, a town in the South Kesteven district of Lincolnshire.

The industrial estate in which the Subject Properties are located, is accessed via Londonthorpe Lane, which connects Grantham in the south west, to the village of Londonthorpe to the north east.

Nottingham, 25 miles to the west, provides the amenities of a major city, as well as two universities, two hospitals, and a mainline railway station offering rapid access to London and the rest of the United Kingdom.

Further facilities are available at the towns of Newark, 15 miles to the north east, Melton Mowbray, 20 miles to the south west, and Sleaford, 15 miles to the north east.

East Midlands Airport is within 30 miles of the Subject Properties.



## Tenant Details

<b>Tenant</b>	247 Clothing Direct	<b>Activity</b>	Clothing Supply
<b>Lease Type</b>	FRI.	<b>Lease Start Date</b>	1/7/2019
<b>Months to Lease Break</b>	46	<b>Months to Lease End</b>	46
<b>Contracted Rent (£ p.a.)</b>	£5,400	<b>Occupation Level (%)</b>	100%

## Tenant Details

<b>Tenant</b>	Four Seasons Funeral Plans	<b>Activity</b>	Estate Planning
<b>Lease Type</b>	FRI	<b>Lease Start Date</b>	1/2/2020
<b>Months to Lease Break</b>	53	<b>Months to Lease End</b>	53
<b>Contracted Rent (£ p.a.)</b>	£6,000 p.a.	<b>Occupation Level (%)</b>	100%

## Tenant Details

<b>Tenant</b>	Make My Day	<b>Activity</b>	Venue Dressing
<b>Lease Type</b>	FRI	<b>Lease Start Date</b>	1/11/2019
<b>Months to Lease Break</b>	50	<b>Months to Lease End</b>	50
<b>Contracted Rent (£ p.a.)</b>	£5,400 p.a.	<b>Occupation Level (%)</b>	100%

## Tenant Details

<b>Tenant</b>	Richard Hockley	<b>Activity</b>	Motor Mechanic
<b>Lease Type</b>	FRI	<b>Lease Start Date</b>	9/1/2020
<b>Months to Lease Break</b>	52	<b>Months to Lease End</b>	52

<b>Contracted Rent (£ p.a.)</b>	£10,800 p.a.	<b>Occupation Level (%)</b>	100%
---------------------------------	--------------	-----------------------------	------

## Tenant Details

<b>Tenant</b>	Ruff Diamonds	<b>Activity</b>	Dog Training
<b>Lease Type</b>	FRI	<b>Lease Start Date</b>	1/12/2018
<b>Months to Lease Break</b>	39	<b>Months to Lease End</b>	39
<b>Contracted Rent (£ p.a.)</b>	£6,900 p.a.	<b>Occupation Level (%)</b>	100%

## Tenant Details

<b>Tenant</b>	Kingsley Hard Metals	<b>Activity</b>	Office Space
<b>Lease Type</b>	FRI	<b>Lease Start Date</b>	1/6/2019
<b>Months to Lease Break</b>	45	<b>Months to Lease End</b>	45
<b>Contracted Rent (£ p.a.)</b>	£2,400 p.a.	<b>Occupation Level (%)</b>	100%

<b>Tenants strength</b>	Individually, weak local covenants, but collectively a good spread of risk. Reportedly good payers, and have continued to, as evidenced by the bank statements provided by the Borrower.		
-------------------------	--	--	--

<b>Covid-19 Commenary</b>	One of the tenants, 'Make my Day', had a special agreement to pay half-rent for six months - they are now paying full rent.		
---------------------------	---	--	--

## Security

<b>Main Site</b>	First Legal Charge	<b>Debenture</b>	Debenture Not Required
<b>Share Charge</b>	Share Charge Not Required	<b>Property Insurance</b>	PSL Interest to be Noted on Completion

## Exit Strategy

The Borrower will seek to refinance towards the end of the agreed loan term, which could be with another lender or with Proplend.

## Covenants

<b>LTV Covenant</b>	55%	<b>ICR Covenant</b>	1.25x
---------------------	-----	---------------------	-------

## Fees

<b>Arrangement Fee</b>	2%	<b>Broker Fee</b>	1%
------------------------	----	-------------------	----

## Valuation

A valuation of the property was carried out by Spencer Birch LLP/VAS Panel on 18/9/2020, a copy of which can be seen in the supporting documents. The valuation concludes the following:

Market Value: £577,500  
Vacant Possession Value: £566,000  
Open Market Rental Value: £45,600

These figures have been confirmed by way of a Side Letter from the valuer, dated 8th September 2021.

## Report on Title

A Report on Title will be supplied by Paris Smith 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 plan is not unrealistic, given the modest LTV, good interest cover, and the three excellent personal credit ratings.

**Medium**

The Subject Property is robust, with a good spread of long-standing tenants.

**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.**

There is a good diversification of tenants, a reasonably healthy ICR at 1.83x and the six tenants have been paying rent throughout the lockdown period (with the one exception, at full rent).

**Medium**

Further comfort can be found in the taking of a 6-month Interest Reserve.

**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.**

As above, the Borrowers have good experience through the operation of their 14 investment properties, and their Exit plan is realistic, providing the LTV has not changed drastically in the next three years.

**Medium**

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

The value of the Property may fall at any time during the loan term, given the current economic environment, however it would require a reduction of 50% of the market value, before our lenders 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 the interest of Proplend Security Limited noted
- Proplend Ltd diligence to be satisfied that interest payments can be serviced
- Loan to value not to exceed 50% 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 Paris Smith
- 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.