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# Annual Review: Epping Light Industrial Workshops

**Main Site:** Chase Farm, Vicarage Lane, North Weald, Epping, Essex, CM16 6AL

**Borrower:** Chase Farm Ltd

**Loan Number:** BORR1655

**Report Date:** 17/03/2022

**Next Review Date:** 23/12/2022



## Loan Update

The loan has performed, with interest payments up-to-date, and insurance and property monitoring documentation being provided in a timely manner.

The rents have increased from £230,828 p.a. at the time of loan drawdown, to £244,296 p.a. now. There are 61 workshops in all, and 48 are now occupied (was 41 at the time of drawdown).

As is common with this type of asset, there is a relatively high turnover of tenants on licences to occupy, but given the ICR, even at 50% occupancy, there would be rental income of circa 4 times the interest payments due.

## Covenant Compliance

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### LTV

Covenant 40%, at completion 30% - no requirement for a new valuation.

### ICR

Covenant 1.25x, at completion 6.85x - now rents have increased slightly, the ICR has increased to 7.24x.

## Interest Payments

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

## Exit Strategy

The ultimate exit strategy remains to refinance onto a longer term product with an alternative provider.

## Property Summary

<b>Market Value</b>	£1,800,000	<b>Property Income</b>	£244,296
<b>Vacant Possession Value</b>	£1,580,000	<b>Market Rental Value</b>	£238,000
<b>Tenure</b>	Freehold	<b>Asset Class</b>	Light Industrial
<b>EPC Rating (min. E)</b>	Exempt		

## Loan Summary

<b>Total Loan Required</b>	£535,000	<b>Loan to Value (LTV)</b>	29.72%
<b>Blended Interest Rate</b>	6.30%	<b>Interest Cover</b>	6.85x
<b>Loan Term</b>	36 months	<b>Interest Expense (p.a.)</b>	£33,705

Tranche	Risk	LTV	Loan Amount	Interest Rate	Interest Cover
A	Low	0-50%	£535,000	6.30%	6.85x

## Covenants

<b>LTV Covenant</b>	40%	<b>ICR Covenant</b>	1.25x
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## Security

<b>Main Site</b>	First Legal Charge	<b>Debenture</b>	Debenture Required
<b>Share Charge</b>	Share Charge Not Required	<b>Property Insurance</b>	Interest noted in current docs held
<b>Personal Guarantee</b>	Joint and Several Guarantee from the Directors and Shareholders of Chase Farm Ltd for the sum of £107,000		

## Valuation

A valuation of the property was carried out by Fairweathers Surveyors on 23 November 2020, a copy of which can be seen in the supporting documents. The valuation concludes the following:

Market Value: £1,800,000  
Vacant Possession Value: £1,580,000  
Open Market Rental Value: £238,000