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Annual Review: Birmingham Offices Refinance

Property:	First House, 1 Sutton Street, Birmingham, B1 1PE
Borrower:	First House Associates Limited
Loan Number:	BORR1749/PLL0969
Review Date:	5/4/2022
Next Review Date:	24/8/2022



Property Summary

Market Value	£940,000 05/02/2021	Property Income	£104,232
Vacant Possession Value	£925,000 05/02/2021	Market Rental Value	£106,528
Tenure	Long-leasehold	Asset Class	Office
EPC Rating (min. E)	E		

Loan Summary (At drawdown)

Total Loan	£470,000	Loan Term	24 months
Interest Rate	6.70%	Maturity Date	24/02/2023
Interest Expense (p.a.)	£31,490	Interest Reserve (mths)	6

Loan Update (Lease, income and asset management)

Rental income has increased from £100,728 gross at the time of drawdown, to £104,232 p.a. now, albeit that this is still slightly shy of the Market Rental figure of £106,528 as stated by the valuer in February 2021.

The letting agreements are all Licences to Occupy, as is not untypical for this asset class in this economic environment currently. Over half of the tenants though, have been in situ for over 5 years now.

The table below to the left is from the time of loan drawdown, and below to the right the current situation. The £3,504 per annum increase has arisen by virtue of three new lettings since completion (KB Face Contour, So Ferocious Ltd and High Maintenance Aesthetics), and increasing the rents for existing tenants, GSM Net, Balmoral Tiling and MA Lawyers, although they have also lost three tenants (Smart Interactive, E Green Solutions and Amass Financial).

Room No	Clients	Rent Per month	Rent Per Annum	Tenant Name	Annual Rent (£)	Lease Start
1	Omina Support	£960.00	£11,520.00	Omnia Support	11520	01/08/2014
2	Omina Support		£0.00	Naughton Interiors	5040	01/03/2015
3	Server Room		£0.00	GSMNET	8400	01/05/2015
4	Omina Support		£0.00	Pauline Wing Accountants	3600	01/11/2015
5	Board Room		£0.00	Balmoral tiling	6480	01/03/2016
6	Toilet - Disable		£0.00	White Elephant Storage	3600	01/02/2016
7	Vacant		£0.00	Let us Go Home	5760	01/01/2017
8	Choral Studio	£1,080.00	£12,960.00	MA Lawyers	7200	01/02/2017
9	Choral Studio		£0.00	AJY Property	10800	01/07/2017
10	Smart Interactive	£780.00	£9,360.00	Choral Studio	12960	01/04/2019
11	Ajy Property	£900.00	£10,800.00	K B Face Contour	7920	01/02/2021
12	E Green Solutions	£510.00	£6,120.00	So Ferocious Ltd	5040	01/05/2021
13	Let us Go Home	£540.00	£6,480.00	High Maintenance Aesthetics	5040	01/09/2021
14	White Elephant	£300.00	£3,600.00	B1 Consultancy	10080	01/12/2020
15	Naughton Interiors	£420.00	£5,040.00	Business Fixers	216	
16	M A Lawyers	£540.00	£6,480.00	Let us go	288	
17	No room			CCG Administration	288	
18	Balmoral	£420.00	£5,040.00			
19	GSM Net	£360.00	£4,320.00			
20	Pauline Wing	£360.00	£4,320.00			
21	B1 Consultancy Ltd	£840.00	£10,080.00			
22	B1 Consultancy Ltd		£0.00			
22	Vacant		£0.00			
24	Amass Financial	£360.00	£4,320.00			
	CCG Administration (Post)	£24.00	£288.00			
		£8,394.00	£100,728.00			
					£104,232	

Covenants

LTV	44%	ICR (Day 1)	3.20x
LTV Covenant	50%	ICR Covenant	1.25x
		Current ICR	3.31 x

Repayment Strategy

The Borrower's strategy remains to refinance on more favourable terms approaching the maturity of this loan.

Relationship Manager Comments

The Borrower/Sponsor, as with other loans, has continued to perform as expected, and the ICR in this instance has improved, and is a healthy 3.31x albeit on short tenancy agreements.

The LTV is reasonable at 44% LTV as at the time of drawdown, and a revaluation is unnecessary. All monthly interest payments having been made in a timely manner.

The Borrower has also remained communicative and responsive, with regards the Property Monitoring Report and insurance renewal documents - his administrative assistant Matthew Daniel always provides these in a timely manner.

There are no points of concern. Loan recommended to continue. SB