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## Full Loan Request: Berkhamsted Restaurant

<b>Date:</b>	17/9/2021
<b>Main Site:</b>	25 & 27 Lower Kings Rd, Berkhamsted, HP4 2AE
<b>Property Description:</b>	The subject property comprises the freehold interest in a double fronted, mid terraced, two storey building , arranged as a restaurant premises.
<b>Loan Summary:</b>	We are asked to provide a 65% LTV gross loan facility in order to refinance the current lender, and to raise capital to repay the refurbishment costs used towards the subject property.



## HIGHLIGHTS

<b>Loan Type</b>	Commercial Term Loan	<b>SIPP Eligible</b>	Yes
<b>Property Value</b>	£1,165,000	<b>Passing Income</b>	£71,000
<b>Gross Loan</b>	£757,250	<b>Loan to Value (LTV)</b>	65%
<b>Blended Interest Rate</b>	7.21%	<b>Loan Term</b>	36 months

Tranche	Risk	LTV	Loan Amount	Gross Interest	Net Interest	Interest Cover
<b>B</b>	Medium	51-65%	£174,750	8.91%	8.02%	1.30x
<b>A</b>	Low	0-50%	£582,500	6.70%	6.03%	1.82x

## PROPERTY

<b>Market Value</b>	£1,165,000	<b>Passing Income</b>	£71,000
<b>Vacant Possession Value</b>	£1,165,000	<b>Estimated Rental Value</b>	£74,000
<b>Tenure</b>	Freehold	<b>Asset Class</b>	Retail
<b>EPC Rating (min. E)</b>	B	<b>Planning Use</b>	E

## Property Details

The subject property comprises the freehold interest in a double fronted, mid terraced, two storey building, arranged as a restaurant premises with 140 covers.

The building was constructed circa 1900, having subsequently been altered and extended, most recently circa 2019.

The accommodation provides an open ground floor seating area (with a bar) and fully fitted commercial kitchen to the rear, whilst the first floor provides an open plan seating area, separate male and female WC facilities, with a roof terrace/patio to the rear.

The main walls of the subject property are of a solid brickwork construction beneath a slate covered pitched roof, with slate covered mono-pitch roof to the rear outrigger section, whilst the rear extension is of solid blockwork construction with painted render finish, beneath a Sarnafil covered flat roof.

Floor throughout the building are a mixture of solid concrete and suspended timber construction. Fenestration is provided by a timber framed plate glass shop frontage with single glazed timber framed sash windows to the first floor front and powder coated aluminium framed patio doors to the first floor rear (opening to the roof terrace/patio).



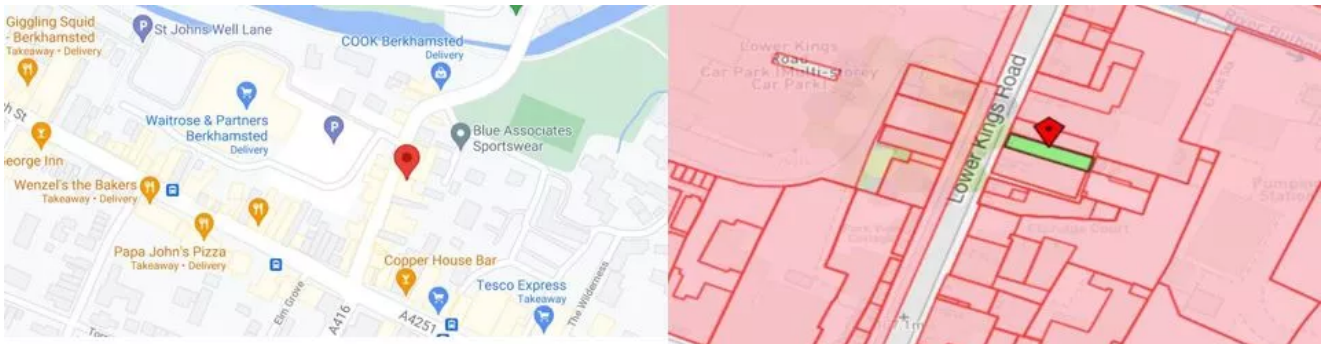
## Location Report

The subject property is situated within a secondary trading location, to the eastern side of Lower Kings Road, approximately 85m North of its junction with Hight Street (A4251) on the northern peripheries of Berkhamsted Town Centre.

The immediate vicinity on Lower Kings Road primarily comprises local retail covenants at ground floor level with upper parts largely in residential or commercial use. National multiples can be found along the High Street, being the primarily retail pitch within the town centre. The restaurants will serve the immediate adjacent residential population together with certain amount of passing trade. Away from the retailing pitch Berkhamsted represents a "medium to high value" district comprising properties of varying eras, targeted to the middle to higher income groups.

Berkhamsted is a typically populated north-western Hertfordshire market town, situated approximately 32 miles North-West of Central London, which benefits from reasonable demand from both the rental, investment and vacant possession sectors.

Other nearby towns include Hemel Hempstead, High Wycombe and Watford. Road connections are good with easy access to the A41, which in turn provides access to junction 20 of the M25 motorway. Berkhamsted mainline station is within approximately 400m to the North, offering a frequent commuter service into Central London, via London Euston, along with numerous bus routes serving the surrounding area.



## Tenant Commentary

The tenant is an existing entity, also owned by the Borrower, with a 10 year inter-company lease with passing rent at £71k p/a.

Mario is responsible for the day to day running of Aliotta Holdings Ltd and is the sole point of contact for suppliers and clients,. He is the Borrower as well as the tenant, however the restaurant is run by his two sisters Alessia and Rosanna.

Alessia is the marketing manager, she operates at the front of the house at the restaurant and spends the majority of her time working on the marketing of the business. Prior to coming to the UK she worked for a number of organisations in Sicily as a marketing manager.

The tenants have been on the lease since 2018 and therefore are very familiar with the area and how the business operates along with their regulars who they have formed relationships with over the years.

## Tenant Details

<b>Tenant</b>	I Love Food Limited	<b>Business Activity</b>	Licensed Restaurant
<b>Lease Type</b>	IRI	<b>Lease Start</b>	1/10/2018
<b>Months to Lease Break</b>		<b>Lease Expiry</b>	1/10/2028
<b>Passing Rent</b>	£71,000	<b>Occupancy Level</b>	100%

## Valuation Commentary

A valuation of the property was carried out by Bellevue Mortgages on 18/8/2021, a copy of which can be seen in the supporting documents. The valuation concludes the following:

Valuation Numbers			
<b>Market Value</b>	£1,165,000	<b>Vacant Possession Value</b>	£1,165,000
<b>Passing Rent</b>	£71,000	<b>Estimated Rental Value</b>	£74,000

Report on Title
A Report on Title will be supplied by Dutton Gregory LLP acting on behalf of Proplend Security Ltd, and it's comments thereon can be viewed under documents.

LOAN			
<b>Gross Loan</b>	£757,250	<b>Loan Purpose</b>	Refinance & Capital Raise
<b>Loan Term</b>	36 months		
<b>Loan to Value (LTV)</b>	65%	<b>LTV Covenant</b>	70%
<b>Interest Cover Ratio (ICR)</b>	1.30x	<b>ICR Covenant</b>	1.25x
<b>Rate of Interest</b>	7.21%	<b>Interest Expense (p.a.)</b>	£54,598

<b>Serviceability</b>	Rental income of £71,000 p.a. is being received with interest payments due of £54,598 p.a.
<b>Interest Reserve</b>	Proplend will retain £27,299 (6 months interest) from the gross loan amount which will be held on account.

Fees			
<b>Arrangement Fee</b>	2%	<b>Broker Fee</b>	1%
<b>Early Repayment</b>	2% year 1, 1% year 2, no fee thereafter.	<b>Exit Fee</b>	n/a

**Existing Facility**

<b>Lender</b>	HSBC Bank	<b>Expiry</b>	To be repaid asap
<b>Amount Outstanding</b>	£547,000	<b>Status</b>	Up to Date

## Business Plan During Loan Term

The property is a long term investment, and the Borrower will continue to maximise rents and make improvements to the subject property as and when necessary.

The business is engaging with digital technology, increasing its social media activity and exploring avenues such as cook along concept, home delivery and special cook at home boxes with recipe instructions. If this is executed and goes to plan then there is potential for revenue to maximise.

## Exit Strategy

The Borrower intends to refinance onto a long term lender. Failure to do so will alternate to sale of the property which will be enough to recover our funds.

## Security

<b>Charge</b>	First Legal Charge	<b>Debenture</b>	Debenture Required
<b>Property Insurance</b>	PSL Interest to be Noted on Completion	<b>Other</b>	n/a

**Personal Guarantee** Individual Guarantee from the Director and majority Shareholder of Aliotta Holdings Limited for the sum of £189,313

## BORROWER

<b>Name</b>	Aliotta Holdings Limited
<b>Registration</b>	UK Registered Limited Company
<b>Main Business Activity</b>	Other letting and operating of own or leased real estate

## BORROWER

### Ownership Structure

Aliotta Holdings Limited, wholly own the following Ltd companies

- Re International Import-Export Limited
- I Love Food Limited

and has 58% shareholding for WSA Construction Limited.

Mario Aliotta is the Director of AHL and is 1 out of the 3 Shareholders, the other two Shareholders are his sisters.

Mario holds 70% of shares and his sisters Alessia and Rosanna hold 15% shares each.

## Sponsor

### Name

Mario Aliotta

### Age

41

### Relevant Experience

Aliotta Holdings Limited was founded by Mario Aliotta in 2003. AHL is the ultimate beneficiary owner of the Aliotta family business interests.

Over the years Mario has built a number of businesses under "AHL" which have been trading successfully.

AHL wholly owns Re International Import-Export Limited and I Love Food Limited and has 58% shareholding for WSA Construction Limited.

Re International Import-Export Limited was founded by Mario in 2003 following an introduction to the industry by a family friend. Over the years Mario has built a large contact base of suppliers and has grown to be the largest global independent supplier for Gum Arabic.

I Love Food Limited was founded by Mario and his sisters Alessia and Rosanna. This is a family run Sicilian restaurant business operating from two sites, one based in Berkhamsted (main site) and Harpenden which opened in 2019 during the time Berkhamsted was getting refurbished.

WSA Construction Limited was founded by Mario, Tom Sleater and Trevor Whitehead with a view to purchasing investment properties with development opportunities in the near areas of Hertfordshire town. WSA Construction Limited consist of commercial premises, offices, basement and significant land in the centre of Berkhamsted. The properties are presently let at £272,000 p.a.

## Sponsor

**Credit History** CreditSafe Band Score 7 and LexisNexis checks Passed.

Lender Risks	Mitigant	Risk Level
<b>The Borrower is not able to successfully execute their business plan.</b>	<p>The Borrower is the property SPV under an OpCo/PropCo structure. The Borrower is an experienced property investor and has been running the business for a number of years.</p> <p>As well as the restaurant the Borrower has a number of other successful businesses.</p>	Medium
<b>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.</b>	<p>The tenants are existing tenants on a 10 year inter company lease.</p> <p>During lockdown the tenants continued to pay the Borrower their monthly rent payments through savings/other business funds, as witnessed on the Borrowers bank statements.</p> <p>In a worse case scenario if another lockdown was to happen then tenants have sufficient funds else where to pay the Borrower rent and for Proplend to receive their monthly interest payments.</p> <p>6 months interest has been retained for additional comfort.</p>	Medium

Lender Risks	Mitigant	Risk Level
<p><b>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.</b></p>	<p>A long term refinance should be feasible with the LTV at 65%.</p> <p>For this type of asset and for where the property is located, sale should also be achievable if the refinance failed.</p>	<p>Medium</p>
<p><b>The Property falls in value due to either macroeconomic or property specific reasons</b></p>	<p>Uncertainty remains in the wider economy due to the global pandemic, however due to the nature of the business and location, the value would have to depreciate by 35%/£407k, before Lenders in tranche B would be affected.</p>	<p>Medium</p>

## 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 65% 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 Dutton Gregory LLP
- A copy of the Valuation Report

## 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 Platform 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.