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Full Loan Request: Balby Doncaster Industrial

Date:	25/10/2021
Main Site:	Wright Business Park, Carr Hill, Balby, Doncaster, DN4 8DE
Property Description:	The Property is an industrial complex that comprises two buildings that have been multi-let and a two-storey office building that is vacant.
Loan Summary:	We are asked to provide a 65% LTV gross loan facility, in order to refinance the current lender, and to raise capital in order to acquire the neighbouring 2 hectares (formerly a car dealership).



HIGHLIGHTS			
Loan Type	Commercial Term Loan	SIPP Eligible	Yes
Property Value	£2,680,000	Passing Income	£290,989
Gross Loan	£1,742,000	Loan to Value (LTV)	65%
Blended Interest Rate	7.70%	Loan Term	18 months

Tranche	Risk	LTV	Loan Amount	Gross Interest	Net Interest	Interest Cover
B	Medium	51-65%	£402,000	10.00%	9.00%	2.17x
A	Low	0-50%	£1,340,000	7.01%	6.31%	2.24x

PROPERTY			
Market Value	£2,680,000	Passing Income	£290,989
Vacant Possession Value	£1,700,000	Estimated Rental Value	£304,534
Tenure	Freehold	Asset Class	Industrial
EPC Rating (min. E)	E	Planning Use	B2

Property Details
The Property is a 4.88 acres industrial complex that comprises two buildings that have been multi-let and a two-storey office building that is vacant. The buildings sit either side of a central access road that leads to rear yard areas. Please see section 12 of the valuation report for a breakdown of the individual units. The accommodation available at the Property is as follows:

	sq m	sq ft
1	1,137	12,239
5 offices & 6 canteen	78	845
Total 1, 5 & 6	1,215	13,083
2	2,273	24,467
3	437	4,703
4	382	4,107
7	1,045	11,251
8	1,017	10,949
9 a & b	899	9,674
Total 7, 8, 9 a & b	2,961	31,874
Open sided	571	6,145
Total 7, 8, 9a & b inc open sided	3,532	38,020
10a & b	621	6,683
10c	329	3,536
11a	196	2,107
11b	289	3,111
12	165	1,776
13	404	4,348
14 Office - ground floor	128	1,380
14 Office - first floor	123	1,329
14 Office Total (NIA)	252	2,709
TOTAL	9,929	106,874



Location Report

The Property is located on the north side of Balby Carr Bank, approximately 2 miles south of Doncaster centre, in the county of South Yorkshire.

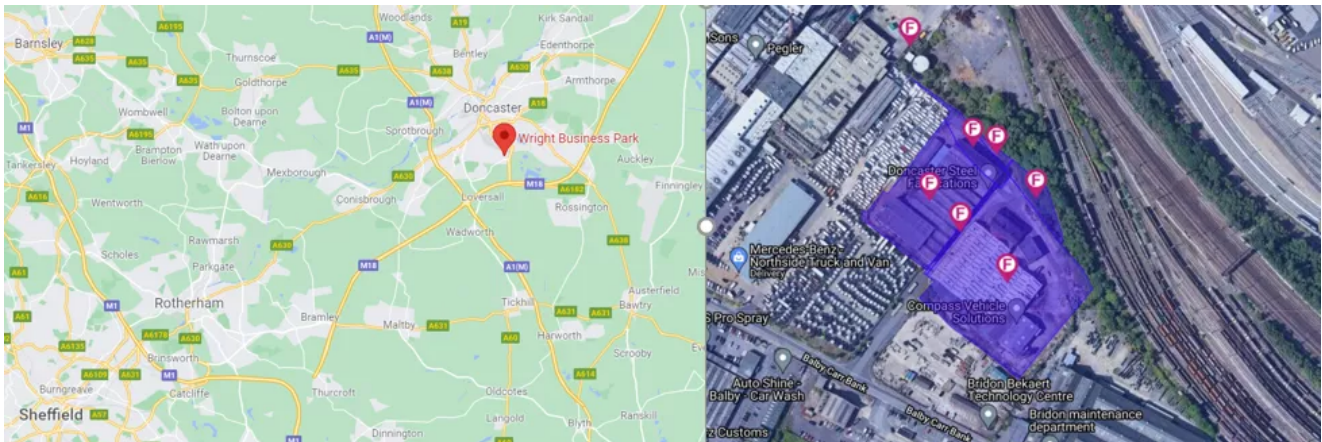
Balby Carr Bank is a long-established industrial location. It connects to White Rose Way, 1¼ miles to the south east, which then connects to J3 of the M18, 2 miles to the south.

To the north, it connects to the A630 Balby Road which then connects to J26 of the A1(M) 1¾ to the west. Its motorway connections are therefore reasonably good.

Regionally, Sheffield is 22 miles to the south west, Leeds 34 miles to the north west, Hull 50 miles to the north east and Manchester 59 miles to the east.

The immediate area is an established industrial area, surrounded by residential suburbs dominated by Victorian terraces.

To the north is Doncaster Carr, an outlet shopping centre, Keepmoat Stadium and Lakeside (a man-made leisure lake) surrounded by housing and offices.



Tenant Commentary

Please see the tenancy schedule in the first image immediately below, and beneath that is a summary of the tenants' Credit Safe scores.

Tenant	Occupation Date	Lease Date	Unit Numbers	Lease Term	Annual Rent
Equalityre	1/8/2019	1/8/2019	7,8,9a,9b Area 4	10yrs	£89,600.00
Compass Vehicle Solutions LTD	1/5/2018	1/8/2019	Unit 11b (Foundry Garage)	10yrs	£9,600.00
D & H Fabrications LTD	1/7/2018	1/8/2019	Unit 3 Moved from unit 10c 1-3-21	5yrs	£13200
ET Developments LTD	1/8/2019	1/8/2019	Units 11a & Area 9	10yrs	£9765.00
Doncaster Steel Fabrications LTD	1/7/2018	1/8/2019	Units 1, 5 & Area 1	10yrs	£50,000.00
Selami Himillari (Best Hand Car Wash)	1/6/2018	1/8/2019	Area 2	10yrs	£9,600
Simplex Supplies LTD	1/9/2020	1/9/2020	Unit 10a and 10b	10yrs	£18500
Wright Engineering LTD	1/5/2018	1/8/2019	Unit 4	10yrs	£14,000.00
Wright Removals & Storage	1/7/2018	1/7/2018	Unit 3 Moved from unit 3 1-3-21	10yrs	£14,000.00
Norton Cast Ltd	1/9/2020	1/9/20	Unit 2	5 yrs	£50724.16
Kitchen Factory Workshop	1/5/21	1/5/21	Unit 10C	3yrs	£12000

Tenancy Schedule Noel Village

Total £290989.16 Leases.

Tenant	Unit Numbers	Creditsafe Rating
Doncaster Steel Fabrications LTD	Units 1, 5, 6 & Area 1	45
Norton Cast Products Ltd	Unit 2	60
D & H Fabrications LTD	Unit 3	80
Wright Engineering LTD	Unit 4	62
Equalityre	7, 8, 9a, 9b & Area 4	2
Simplex Supplies Limited	Unit 10a & b and 12	51
The Kitchen Factory Shop Ltd	Unit 10c	86
ET Developments LTD	Units 11a & Area 9	64
Compass Vehicle Solutions LTD	Unit 11b (Foundry Garage)	56
Wrights Removals and Storage Ltd	Unit 13	43
Selami Himillari (Best Hand Car Wash)	Area 2	Individual

Valuation Commentary

A valuation of the property was carried out by Carter Jonas on 17/6/2021, a copy of which can be seen in the supporting documents. The valuation concludes the following:

Valuation Numbers

Market Value	£2,680,000	Vacant Possession Value	£1,700,000
Passing Rent	£290,989	Estimated Rental Value	£304,534

Report on Title

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

LOAN

Gross Loan	£1,742,000	Loan Purpose	Refinance & Capital Raise
Loan Term	18 months		
Loan to Value (LTV)	65%	LTV Covenant	70%
Interest Cover Ratio (ICR)	2.17x	ICR Covenant	1.25x
Rate of Interest	7.70%	Interest Expense (p.a.)	£134,134

Serviceability	Rental income of £290,989 p.a. is being received, with interest payments due of £134,134 p.a.
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Interest Reserve	Proplend will retain £67,067 (6 months interest) from the gross loan amount which will be held on account.
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Fees			
Arrangement Fee	2%	Broker Fee	1.40%
Early Repayment	1 % first 6 months, no fee thereafter	Exit Fee	0

Existing Facility			
Lender	Together	Expiry	30/11/2021
Amount Outstanding	£1,320,000	Status	Up-to-date

Business Plan During Loan Term

During the term of the loan, the borrower will continue to maximise rents and improve the units and the site in general.

Exit Strategy

Prior to the maturity, they will be securing a term loan at more competitive terms.

Security

Charge	First Legal Charge	Debenture	Debenture Required
Property Insurance	PSL Interest to be Noted on Completion		

Personal Guarantee	Joint and Several Guarantee from the Directors and Shareholders of Maridian Limited for the sum of £348,400
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BORROWER

Name	Maridian Limited
Registration	UK Registered Limited Company
Main Business Activity	The proposed Borrower is a special purpose Limited Company, registered in the UK. It has no assets other than the Subject Properties.
Ownership Structure	The Company is 100% owned by Mrs Diane Wright. Diane and her husband Colin Wright are to provide Joint and Several Personal Guarantees.

Sponsor	
Name	Diane and Colin Wright
Age	57 & 60 respectively
Relevant Experience	Over the last 25 years, the Wrights have developed a substantial number of sites throughout the UK in the name of Wright Investments. Their completed developments include housing developments, luxury apartments, riverside apartments, historic conversions and commercial units. Their track record of producing high quality developments at extremely competitive build costs over the last 25 years has earned them an excellent reputation for delivering projects within budget, and they currently have a number of projects at various stages of development.
Credit History	Strong - CreditSafe risk band 9, and Lexis Nexis checks Passed.

Lender Risks	Mitigant	Risk Level
The Borrower is not able to successfully execute their business plan.	Good income is being produced, and unusually for this asset class, on good leases. This ought to enable a straightforward refinance as intended. If they are unable, and if all interest payments are met on time throughout the term, we may also wish to provide the Borrower with a further loan on maturity.	Medium
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 ICR is good at 1.57x and on good tenancy agreements, with a reasonable spread of tenants. Further comfort is gained from the holding of a 6-month Interest Reserve.	Medium

Lender Risks	Mitigant	Risk Level
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, it is envisaged that the planned refinance will prove straightforward, as long as the Borrower performs, and tenants continue to pay their rental obligations. We have provided with the most recent three months bank statements held confirming all stated rents have been received.	Medium
The Property falls in value due to either macroeconomic or property specific reasons	At 65% LTV, the Property would have to fall in value by 35%/ £938k, before lenders in tranche B would be affected. The Property though is a long-term investment for the Borrower, and the Borrower has no short or medium term plans to sell.	Medium

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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
- A copy of the Valuation Report

The Report On Title and Lettings Report produced by HCR Law will be made available as soon as it is received.

PROPLEND DISCLAIMER - PLEASE NOTE:

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