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Full Loan Request: Chelsea Public House

Date:	23/3/2022
Main Site:	515 Fulham Road, London, SW6 1HD
Property Description:	A three-storey (plus basement), end-of-terrace building, arranged as a ground floor public house with ancillary basement space, together with staff accommodation to the upper parts.
Loan Summary:	We are asked to provide a 27% LTV gross loan facility in order to refinance the current lender.

HIGHLIGHTS			
Loan Type	Commercial Term Loan	**SIPP Eligible**	Yes
Property Value	£3,000,000	**Passing Income**	£120,000
Gross Loan	£800,000	**Loan to Value (LTV)**	26.67%
Blended Interest Rate	5.60%	**Loan Term**	36 months

Tranche	Risk	LTV	Loan Amount	Gross Interest	Net Interest	Interest Cover
A	Low	0-50%	£800,000	5.60%	5.04%	2.68x

PROPERTY			
Market Value	£3,000,000	**Passing Income**	£120,000
Vacant Possession Value	£2,800,000	**Estimated Rental Value**	£120,000
Tenure	Freehold	**Asset Class**	Pub
EPC Rating (min. E)	E	**Planning Use**	E/Sui Generis

Property Details

The Subject Property comprises the freehold interest in a three storey (plus basement), end-terraced building, arranged as a ground floor public house with ancillary basement space, together with staff accommodation to the upper parts, judged to have been constructed circa 1900s, with a total gross internal area of 6,022 sq ft.

The main walls of the subject property are of solid brickwork construction, beneath a flat roof. Floors throughout the building are of a mixture of solid concrete and suspended timber construction.

Natural lighting and ventilation are provided by a timber-framed plate glass shop frontage with singe glazed timber framed windows.

Internally, the property is in reasonably good order throughout. Externally, items of disrepair were noted by the valuer; however these defects are not inconsistent for a property of this age and type, and should prove capable of remedy by routine maintenance.



Location Report

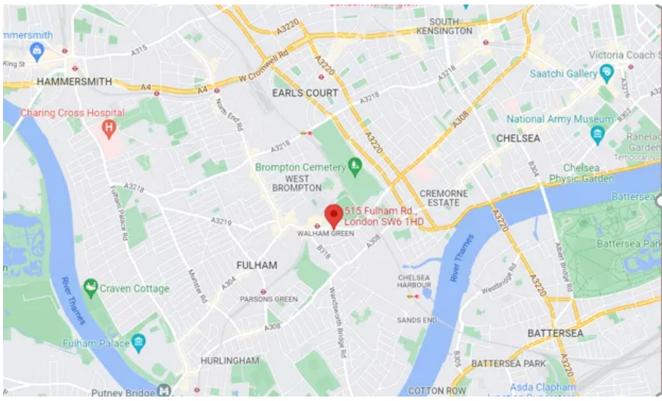
The Subject Property is located along Fulham Road (A304), at its junction with Britannia Road, within Fulham (London Borough of Hammersmith and Fulham), situated approximately four miles south-west of Central London and within close proximity to the River Thames.

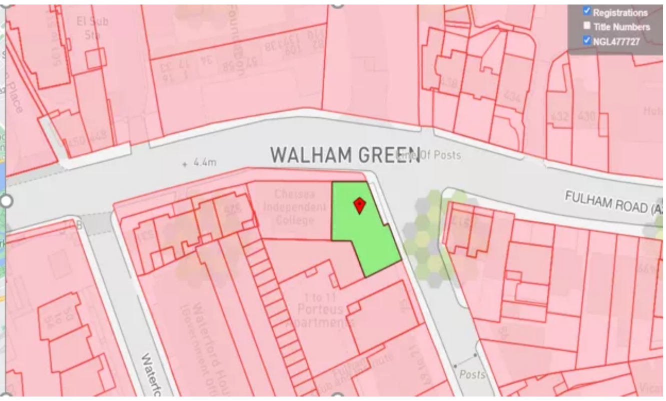
The Property is situated directly opposite the Chelsea Football Ground.

Fulham is a typically densely populated Greater South-West London district, which benefits from good demand at both the rental and vacant possession sectors, due to its close proximity to local employment markets and good infrastructure links.

The immediate surrounding locality is a predominantly ‘medium to higher value’ residential and commercial area, principally comprising mixed residential and commercial buildings of varying eras from Victorian to the present day targeted at the middle to higher income groups.

Fulham Broadway (District Line) London Underground Station is situated nearby, offering a frequent commuter service into Central London and numerous bus routes also serve the surrounding area.





Tenant Commentary

The property is let to Enterprise Inns PLC (since been changed to EI Group PLC), by way of a thirty-five year lease from 22nd April 2010, subject to five yearly rent reviews and a tenant break option in year twenty five (2035), at a passing rent of £150,000 per annum.

The rents are all up-to-date, and after management costs the net rent is stated to be 80% of the gross rent. For the purpose of our serviceability figures therefore, we have taken the net rental figure of £120,000 p.a.

Tenant Details

Tenant	Enterprise Inns	**Business Activity**	Public House
Lease Type	FRI	**Lease Start**	April 2010
Months to Lease Break	156	**Lease Expiry**	April 2045
Passing Rent	£120,000 p.a. net	**Occupancy Level**	100%

Valuation Commentary

A valuation of the property was carried out by Belleveue Mortlakes Chartered Surveyors on 17 March 2022, a copy of which can be seen in the supporting documents. The valuation concludes the following:

Valuation Numbers

Market Value	£3,000,000	**Vacant Possession Value**	£2,800,000
Passing Rent	£120,000	**Estimated Rental Value**	£120,000
Rent psf	£24.91 (gross)	**Re Instatement Value**	£1,600,000

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

LOAN			
Gross Loan	£800,000	**Loan Purpose**	Refinance
Loan Term	36 months		
Loan to Value (LTV)	26.67%	**LTV Covenant**	50%
Interest Cover Ratio (ICR)	2.68x	**ICR Covenant**	1.25x
Rate of Interest	5.60%	**Interest Expense (p.a.)**	£44,800

Serviceability	Net rent of £120,000 p.a. is being received, with interest payments due of £44,800 p.a.
Interest Reserve	Proplend will retain £22,400 (6 months interest) from the gross loan amount which will be held on account.

Fees			
Arrangement Fee	2%	**Broker Fee**	0.75%
Early Repayment	2% year 1, 1% year 2, no ERC thereafter.	**Exit Fee**	1% - only incurred if not fully redeemed within the loan term.

Existing Facility			
Lender	Lloyds Bank	**Expiry**	31 March 2022
Amount Outstanding	£944,000	**Status**	Up-to-Date

The Borrower is injecting £189k to pay down the current Lloyds debt (our net advance is c£755k net).

Business Plan During Loan Term

The current debt as above, is £944k, and the Borrower is paying down c£189k of this prior to refinancing with ourselves, as our net loan advance is £755k.

The Subject Property is a long-term passive investment for the Borrower, and the Property is looked after by local agent and property consultants, Kinney Green LLP.

The Applicants reside overseas, and there are no immediate plans to sell.

Exit Strategy

The Borrower will endeavour to refinance the Property at more competitive terms.

Security

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

BORROWER	
Name	Seeger Limited (Jersey)
Registration	Offshore
Main Business Activity	A Limited Company domiciled in Jersey, which is a clean SPV with no other assets or liabilities, owned by two Singaporean nationals.
Ownership Structure	There are two shareholders as follows: Madam Tan Kah Chiu (80%) See Eng Liang, Gerald (20% shareholder and also director) There are also corporate directors as follows: • FGD 1 Limited • FGD 2 Limited Fairway Trust Limited (“FTL”) also provides the company secretary, Fairway Group Secretaries Limited. There are 6 individual directors of the corporate directors (same 6 on each entity) who all work for FTL.

Sponsor	
Name	Tan Kah Chiu and See Eng Liang, Gerald
Age	71 and 44
Relevant Experience	Gerald graduated in 2002 from the National University of Singapore, and started his career working in the Private Equity and Venture Capital industry. Subsequently, he joined the banking industry and was employed with a number of investment banks. Currently, he is the Head of Advisory in an asset management firm. Madam Tan is effectively retired, her main income comes from investment in banking products, dividends from shares, and rental income. Her main source of wealth was inherited from her late father in 2007, of approximately £4.8million.

Lender Risks	Mitigant	Risk Level
The Borrower is not able to successfully execute their business plan.	With a relatively low loan to value, and good interest cover, the proposed refinance should prove readily achievable, albeit some lenders would and have steered away either due to sector policy, or due to the offshore status of both the borrowing entity and the beneficial owners.	Low
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 tenant has a proven track record in the sector, and the Subject Property is situated in a prominent location. The ICR is 2.68x and the tenant is locked in until at least 2035. Further comfort may be found in our holding of a 6-month Interest Reserve.	Low
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 proposed refinance should prove achievable, and provided the Borrower performs as expected, we may wish to offer a second loan ourselves.	Low
The Property falls in value due to either macroeconomic or property specific reasons	The Property may fall in value during the 36-month term of the loan, however, at less than 30% LTV gross, it would need to fall by more than two-thirds in value before Lenders would be affected.	Medium/Low

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 27% 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 Harrison Clark Rickerby will be made available as soon as it is received.

PROPLEND DISCLAIMER - PLEASE NOTE: