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### Full Loan Request: Purley Mixed Use

<b>Date:</b>	08.03.2022
<b>Main Site:</b>	351 Purley Way, Croydon, CR0 4NW
<b>Property Description:</b>	<p>The building consists of the following elements:</p> <ul style="list-style-type: none"><li>• Front retail showroom</li><li>• Middle retail showroom</li><li>• Rear warehouse</li><li>• Mezzanine stores</li><li>• Front first and second floor residential, requiring substantial refurbishment.</li><li>• Small basement stores</li></ul>
<b>Loan Summary:</b>	<p>Borrower has requested for 58% LTV gross loan facility to refinance and cap raise. Refinance bridging lender MFS with outstanding balance of circa £385k and raise capital to refurbish the residential flats above.</p>



## HIGHLIGHTS

<b>Loan Type</b>	Commercial Term Loan	<b>SIPP Eligible</b>	No
<b>Property Value</b>	£1,175,000	<b>Passing Income</b>	£55,000
<b>Gross Loan</b>	£681,500	<b>Loan to Value (LTV)</b>	58%
<b>Blended Interest Rate</b>	6.05%	<b>Loan Term</b>	36 months

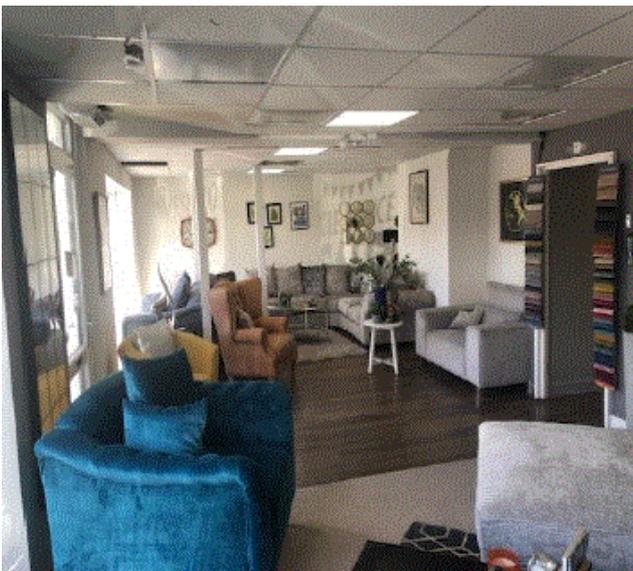
Tranche	Risk	LTV	Loan Amount	Gross Interest	Net Interest	Interest Cover
<b>B</b>	Medium	51-65%	£94,000	7.30%	6.57%	1.33x
<b>A</b>	Low	0-50%	£587,500	5.85%	5.27%	1.60x

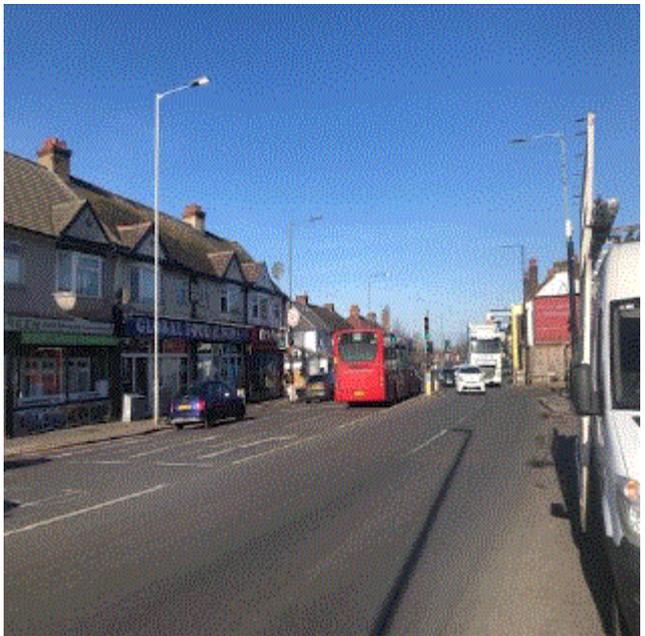
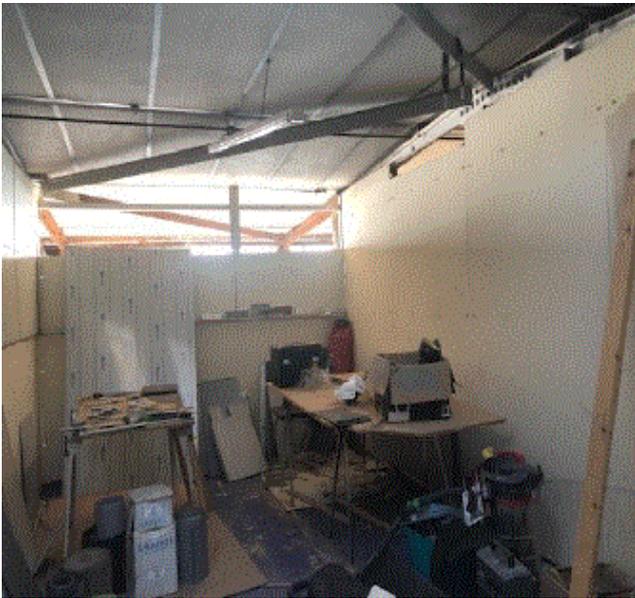
PROPERTY			
<b>Market Value</b>	£1,175,000	<b>Passing Income</b>	£55,000
<b>Vacant Possession Value</b>	£1,175,000	<b>Estimated Rental Value</b>	£100,000
<b>Tenure</b>	Freehold	<b>Asset Class</b>	Mixed Use (Residential)
<b>EPC Rating (min. E)</b>	D	<b>Planning Use</b>	E and C3

### Property Details

- A 3 storey building at the front of brick wall and pitched tiled roof.
- A single storey warehouse of steel frame and brick wall and flat roof construction in the middle.
- A single storey warehouse to the rear, with steel frame and brick wall and pitched corrugated sheet roofing, with roof lights.

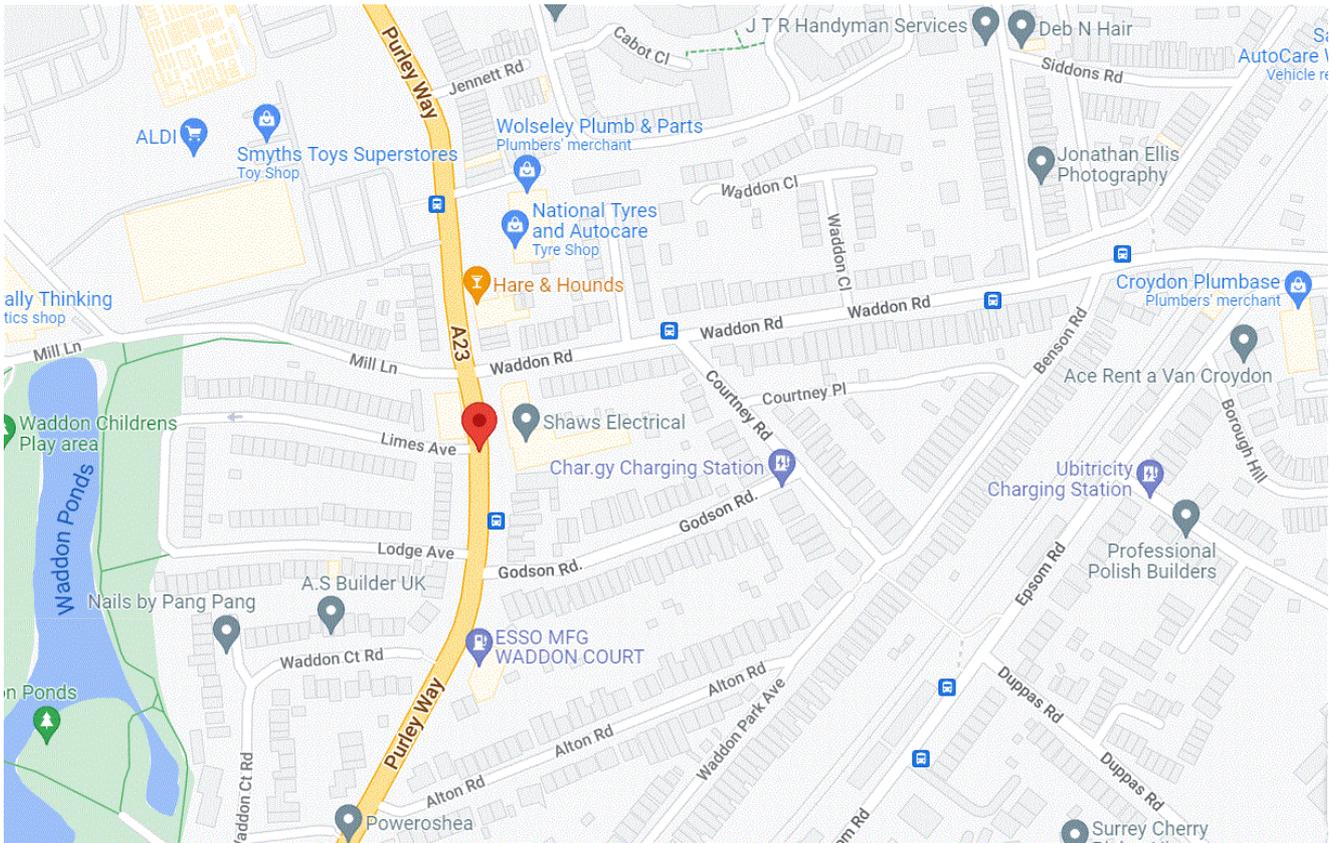
The property was constructed circa 1900's and the rear extensions in the 1960's and 1070's.





## Location Report

The property is located on Purley Way in of Croydon, approximately 10 miles south of London city centre. Junction 8 of the M23 motorway which connects to the M25 is approximately 9 miles South of the subject property. The surrounding properties are predominantly retail and residential with Purley Cross Retail Park close by. West Croydon train station is approximately 2 miles East of the subject property.



## Tenant Details

<b>Tenant</b>	Sofas and Friends Limited	<b>Business Activity</b>	Selling furniture
<b>Lease Type</b>	FRI	<b>Lease Start</b>	upon completion
<b>Months to Lease Break</b>	N/A	<b>Lease Expiry</b>	5 years from completion date.
<b>Passing Rent (£ p.a.)</b>	£55,000	<b>Occupancy Level (%)</b>	100%

<b>Tenant Description</b>	OpCo/PropCo Structure -The tenant is an existing entity owned by the Borrower.  Upon completion a new 5 years FRI lease will be signed between Polakowska Holdings Limited and Sofas and Friends Limited at £55,000 passing rent p.a.
<b>Tenant strength</b>	The tenants has been trading at the subject security since 2019. Accounts for 2021 has been provided showing no concerns and profits being sufficient to service our monthly payments.

### Valuation Commentary

A valuation of the property was carried out by Barnsdales Valuations Limited on 7th February 2022, a copy of which can be seen in the supporting documents. The valuation concludes the following:

### Valuation Numbers

<b>Market Value</b>	£1,175,000	<b>Vacant Possession Value</b>	£1,175,000
<b>Passing Rent</b>	£55,000	<b>Estimated Rental Value</b>	£100,000
		<b>Re Instatement Value</b>	£900,000

### Report on Title

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

### LOAN

<b>Gross Loan</b>	£681,500	<b>Loan Purpose</b>	Refinance & Capital Raise
<b>Loan Term</b>	36 months		

LOAN			
<b>Loan to Value (LTV)</b>	58%	<b>LTV Covenant</b>	63%
<b>Interest Cover Ratio (ICR)</b>	1.33x	<b>ICR Covenant</b>	1.25x
<b>Rate of Interest</b>	6.05%	<b>Interest Expense (p.a.)</b>	£41,231

<b>Serviceability</b>	Rental income of £55,000 p.a. is being received with interest payments due of £41,230 p.a.
<b>Interest Reserve</b>	Proplend will retain £20,615 (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>	1% applicable if loan passes maturity

Existing Facility			
<b>Lender</b>	MFS	<b>Amount Outstanding</b>	£385,000
<b>Rate</b>	12.60%	<b>Status</b>	Up to Date

## Business Plan During Loan Term

During the term of our loan the Borrower will conduct refurbishment to the flats above to make it lettable.

Initial quotes received from schedule of works indicate refurbishment costs around £190k with a timescale of 3-6 months to complete. Any funds remaining will be used towards wear and tear.

The Borrower intends to make the above flats a one bedroom flat and the other a 2 bedroom flat. Once the Borrower gets tenants in place, the estimated rental for the 1 bed flat is £16,800 p.a. and for the 2 bed flat is £20,400 p.a.

## Exit Strategy

This is a long term investment for the Borrower, the Borrower will look to refinance at the end of term with a long term lender as she believes this will be easier once the property is fully occupied. Proplend may offer a new loan depending on how the Borrower manage their account during the term of our loan.

## Security

Charge	First Legal Charge	Debenture	Debenture Required
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Property Insurance	PSL Interest to be Noted on Completion		
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Personal Guarantee	Individual Guarantee from the Directors and Shareholders of Polakowska Holdings Limited for the sum of £170,375		
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## BORROWER

Name	Polakowska Holdings Limited
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Registration	UK Registered Limited Company
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Main Business Activity	Buying and selling of own real estate.
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Ownership Structure	Marzena Polakowska is the sole director and shareholder of Polakowska Holdings Limited.
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Sponsor	
<b>Name</b>	Marzena Polakowska
<b>Age</b>	38
<b>Relevant Experience</b>	Borrower is a property investor and owns one other asset. Borrower has been trading in retail for a number of years prior to the furniture store. Borrower net worth - £748k
<b>Credit History</b>	CreditSafe - Band score 5 Nexis Lexis - Pass

Term Loan Risk Rating	
Risk Category	Rating
Financial Ratios	MEDIUM
Asset Class Outlook	MEDIUM
Property Risk	MEDIUM
Tenants   Leases	MEDIUM
Borrower   Sponsor	MEDIUM
<b>Risk Rating [3.5 to 10.02]</b>	<b>6.63</b>
<b>Risk Level</b>	<b>MEDIUM LOW</b>

Lender Risks	Mitigant	Risk Level
<b>The Borrower is not able to successfully execute their business plan.</b>	The Borrowers business plan is not unrealistic, they will continue running the furniture store whilst refurbishing the above residential. Once the works have completed the flats will be in a lettable condition, which in return will maximise rental.	<b>Medium</b>
<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>	Presently the ICR is at 1.33x with rental solely being received from the retail unit. However once the residential become fully occupied, the ICR will be more than sufficient at 2.24x.	<b>Medium</b>

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>If the LTV remains at 58% and rental continue to follow as currently or at a higher level once the property is fully occupied then sale or refinance with a long term lender is achievable.</p>	<p><b>Medium</b></p>
<p><b>The Property falls in value due to either macroeconomic or property specific reasons</b></p>	<p>There is a risk that the property may fall in value, however subjected to works being completed the projected property value will go from 1.175m to 1.4m.</p>	<p><b>Medium</b></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 75% 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 & Rickerbys will be made available as soon as it is received.

## 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.