

Private and Confidential.

The information contained in this document is solely for the reader and is not to be disclosed to any third parties or in any way republished on any third party forums. Any Lender doing so will be in breach of clause 19.2 of the Proplend Members Agreement.

Full Loan Request: Leyton Mixed Use 3

Date:	22/8/2023
Main Site:	183-185 Lea Bridge Road, London, E10 7PN
Property Description:	Two mid-terraced properties within a 1930s row of semi-commercial buildings. Each property has a ground floor retail unit with a one-bedroomed flat above.
Loan Summary:	We are asked to provide a 63% LTV gross loan facility in order to refinance the Properties from the current lender, Vector Business Finance.



HIGHLIGHTS			
Loan Type	Commercial Term Loan	SIPP Eligible	No
Property Value	£750,000	Passing Income	£51,000
Gross Loan	£474,500	Loan to Value (LTV)	63%
Blended Interest Rate	8.12%	Loan Term	36 months

Tranche	Risk	LTV	Loan Amount	Gross Interest	Net Interest	Interest Cover
B	Medium	51-65%	£99,500	9.21%	8.29%	1.32x
A	Low	0-50%	£375,000	7.83%	7.05%	1.74x

PROPERTY			
Market Value	£750,000	Passing Income	£51,000
Vacant Possession Value	£765,000	Estimated Rental Value	£58,000
Tenure	Freehold	Asset Class	Mixed Use (Residential)
EPC Rating (min. E)	E	Planning Use	E, C3

Property Details

183 to 185 Lea Bridge Road is formed of two buildings which are located mid-terrace within a 1930s row of semi-commercial buildings. They are of solid brickwork construction.

The Properties are semi-commercial with ground floor retail units (Class E). 183 is currently operated as a café while 185 is operated as a social club, both under a single commercial lease.

The ground floor retail units are accessed from both the front pavement and also via a service road/footpath at the rear of the terrace. To the first floors of each building there is a one-bedroom flat accessed via the rear only.

183 Lea Bridge Road

This unit is currently operated as a café with a customer entrance off the pavement to the front. There is a fully glazed frontage and a principle open plan trade area. To the rear of the retail unit, there is ancillary accommodation to include WCs and a fitted commercial kitchen.

183b Lea Bridge Road

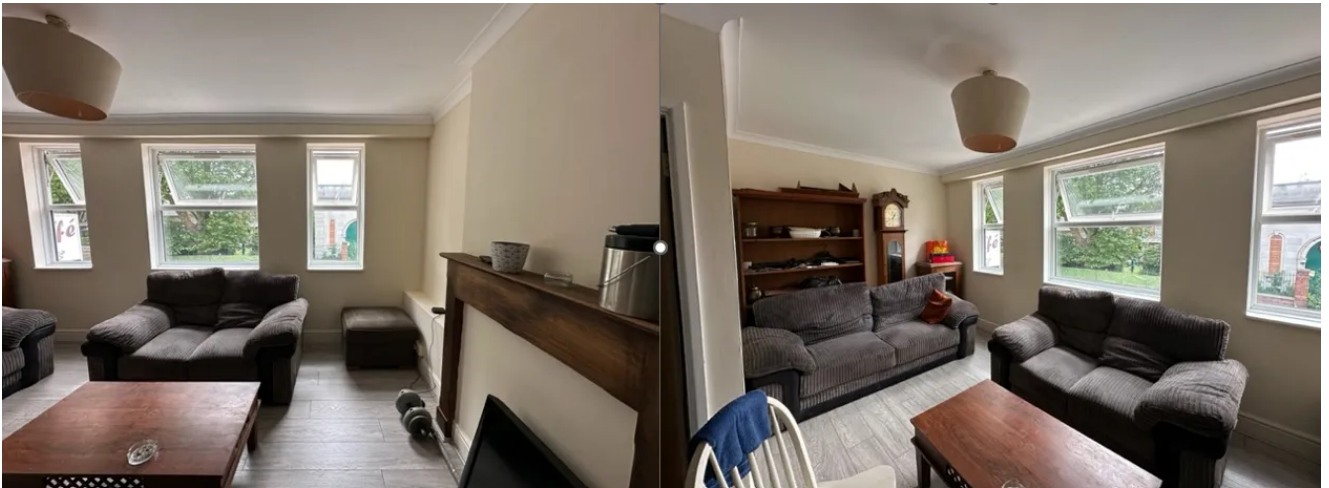
To the first floor there is a one-bedroom flat which is accessed via the rear of the terrace and a staircase which rises to the first floor. There is a bedroom, kitchen/living room as well as a small bathroom.

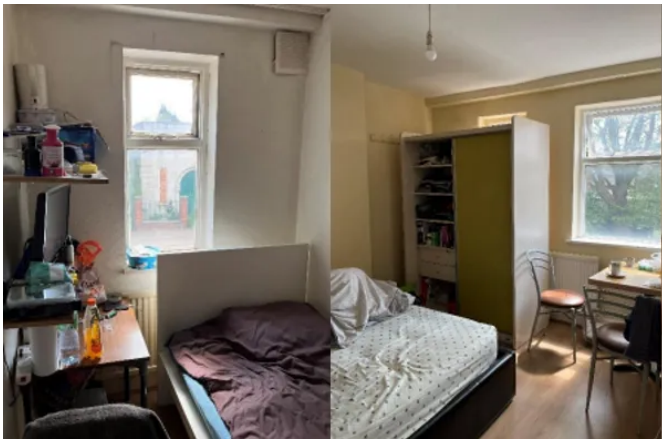
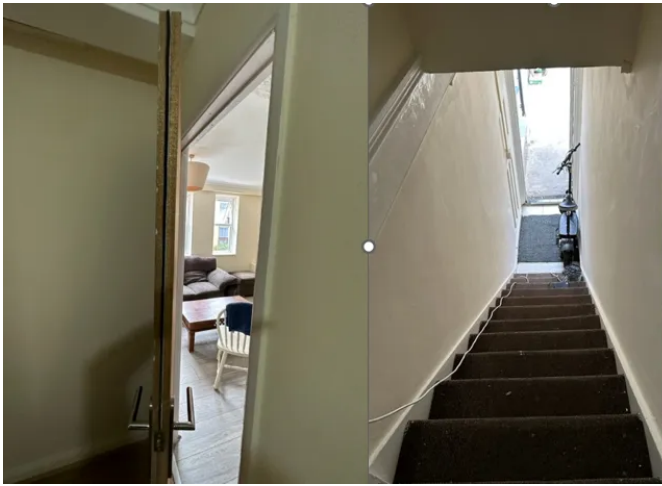
185 Lea Bridge Road

This unit has a partially glazed frontage and opens from the pavement into an open plan trade area which is currently used as a social club. There is a bar to the back of the retail area. To the rear of the unit there are WCs and an open plan storage area.

185b Lea Bridge Road

To the first floor of 185b is a one-bedroom flat accessed via the rear of the block. A staircase rises to the first floor where there is a bedroom, living room, kitchen and bathroom. The Property has a basic rental specification however is in a reasonable condition.





Location Report

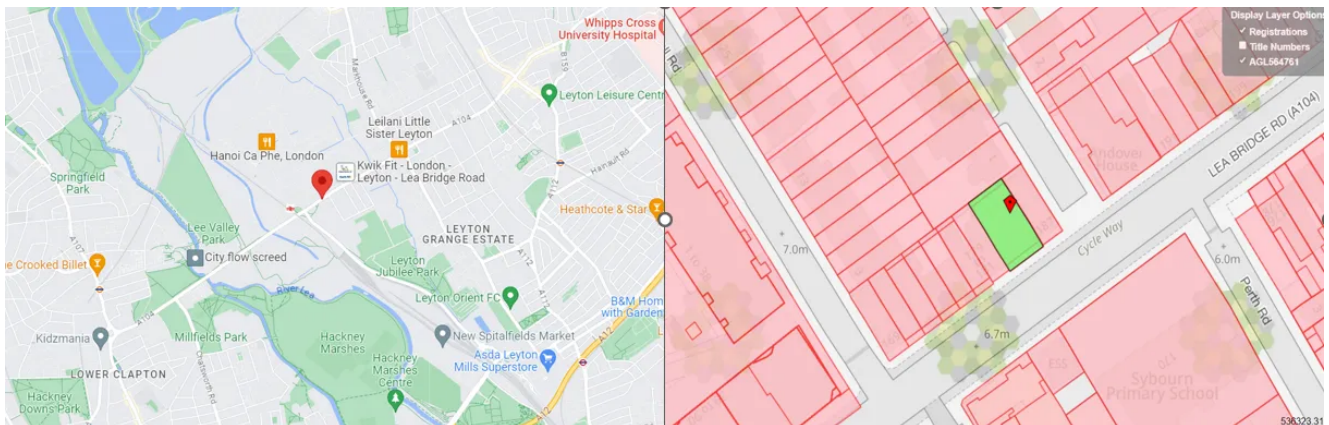
The Subject Properties are located mid-terrace to the north side of Lea Bridge Road/A104.

The Properties sit within a secondary trading location on a relatively busy A-road running east/west in East London, in the London Borough of Waltham Forest.

More established retail centres can be found approximately 600 metres to the east around the junction between Markhouse Road, Lea Bridge Road and Church Road, as well as at the junction between Lea Bridge Road and Hoe Street approximately 1.6 kilometres north-east.

In terms of access to public transport, the property sits within close proximity to Lea Bridge Railway Station. This is serviced by National Rail trains with regular services into Stratford to the south-east.

The flats are well located in terms of access to public services and amenities, however it is important to note that their location directly above retail units impacts their desirability and subsequent market value due to the issues associated with being above commercial operations and buyers issues with obtaining mortgages.



Tenant Commentary

The Subject Properties are let as a whole on a single lease to Mr Dincer Gul, a sole trader, who has been in situ at the Property since 2010.

Mr Gul is the long-term occupier of the retail units on the ground floor. He sub-lets the two one-bedroomed flats in the upper parts, which we are advised, are let on standard AST agreements.

The Borrower and the tenant have agreed a new 8-year lease that will commence prior to drawdown, and will be reported on by our lawyers. There will be no tenant break, and a rent review will occur in 4 years. The rent payable is £51,000 per annum.

Tenant Details			
Tenant	Dincer Gul	Business Activity	Turkish Cafe
Lease Type	FRI	Lease Start	July 2023
Months to Lease Break	N/A	Lease Expiry	July 2031
Passing Rent	£51,000 p.a.	Occupancy Level	100%

Valuation Commentary	
A valuation of the property was carried out by Terracotta Limited on 25th July 2023, a copy of which can be seen in the supporting documents. The valuation concludes the following: - the building is constructed with brick elevations under a flat, unseen roof - windows are provided in a combination of UPVC double glazing and older style timber framed single glazed units - to the front of each shop, there is a full width glazed frontage - the total floor area of 183 Lea Bridge Road is 1,101 sq ft (606 sq ft retail, flat 495 sq ft) - the total floor area of 185 Lea Bridge Road is 1,237 sq ft (739 sq ft retail, flat 487 sq ft) - to both the ground floor retail units and the upper floor flats, mains services are connected, including gas, electricity, water and drainage - central heating is provided by gas fired combination boilers and wall mounted wet radiators - the Property was generally found to be in sound structural condition 183b was previously found to contain evidence of leaks from the roof - we have since been provided with photographic evidence that the remedial works to the roof and façade of the building have been completed. The valuer now states that this is fit for rental - the Subject Property is considered to offer suitable loan security.	

Valuation Numbers			
Market Value	£750,000	Vacant Possession Value	£765,000
Passing Rent	£51,000	Estimated Rental Value	£58,000
Rent psf	£21.92	Reinstatement Value	£625,000

Report on Title

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

LOAN

Gross Loan	£474,500	Loan Purpose	Refinance
Loan Term	36 months		
Loan to Value (LTV)	63%	LTV Covenant	70%
Interest Cover Ratio (ICR)	1.32x	ICR Covenant	1.25x
Rate of Interest	8.12%	Interest Expense (p.a.)	£38,529

Serviceability	Rental income of £51,000 per annum will be received, with interest payments due of £37,248 p.a.
Interest Reserve	Proplend will retain £9,632 (3 months interest) from the gross loan amount which will be held on account.

Fees

Arrangement Fee	2%	Broker Fee	1%
Early Repayment	N/A	Exit Fee	1% - only incurred if the loan is not fully redeemed within the agreed 36-month loan term.

Existing Facility

Lender	Vector Business Finance Limited	Amount Outstanding	£472,000
---------------	---------------------------------	---------------------------	----------

Business Plan During Loan Term

The Borrower purchased the Property 18 months ago in a poor state of repair. The plan is to hold the Property, and to continue to nurture the landlord/tenant relationship, making further improvements as and when required, and to maximise rents.

Exit Strategy

The Property is a long-term investment. Approaching maturity, a refinance will be sought with the most competitive offer at that time.

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 E Ten Properties Limited for the sum of £118,625. Please note that the same Sponsors have provided PGs for our Leyton Mixed Use and Leyton Mixed Use 2 loans, limited to the sums of £127,562 and £81,250 respectively.
---------------------------	---

BORROWER	
Name	E Ten Properties Limited
Registration	UK Registered Limited Company
Main Business Activity	The Borrower is a property investment company, registered in the UK, with other assets. Please note that the Borrower is the same Borrower as for our Leyton Mixed Use and Leyton Mixed Use 2 loans, for the amounts of £510,250 & £308,750 respectively.
Ownership Structure	The Company is owned 50:50 by Mr Udai Patel and Mr Ali Mimoglu.

Sponsor	
Name	Mr Udai Patel and Mr Ali Mimoglu
Age	48 & 46 respectively
Relevant Experience	Udai is the Director of Fab Homes lettings agency - https://www.fabhomes.co.uk/ - and has over 20 years property experience, as an agent, developer and investor. His net assets are in excess of £10m. Ali is an insurance broker, operating under the Coversure franchise - https://www.coversure.co.uk/ - in Leyton, and property investor. His net assets are in excess of £2.2m.
Credit History	Strong - both are CreditSafe risk band 9, and Lexis Nexis checks Passed.

Term Loan Risk Rating	
Risk Category	Rating
Financial Ratios	MEDIUM
Asset Class Outlook	MEDIUM
Property Risk	MEDIUM
Tenants Leases	MEDIUM
Borrower Sponsor	MEDIUM
Risk Rating [3.5 to 10.02]	6.13
Risk Level	MEDIUM LOW

Lender Risks	Mitigant	Risk Level
The Borrower is not able to successfully execute their business plan.	The Borrower has a good relationship with a number of lenders, and a broker that covers the whole of the commercial lending market, so the proposed refinance should prove fairly straightforward, provided the numbers remain similar.	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 a reasonable 1.32x and letting demand for the Property is also reasonable. The Borrower is of sufficient means to meet our interest payments in the event of any voids. Further comfort may be found in our holding of a 3-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, the proposed refinance should not prove too troublesome provided it's economics stay the same or similar. If the Borrower performs as expected (and indeed as they have done, in the short time since the first two loans drew down), we may also wish to offer the required refinance.	Medium
The Property falls in value due to either macroeconomic or property specific reasons	The Property may fall in value during the term of our loan due to wider economic uncertainty, however, our gross loan advance is; • 63% of the OMV figure • 62% of the VPV figure • 70% of the 90-day value.	Medium

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 64% 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 Paris Smith LLP 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.