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## Full Loan Request: Finsbury Park Retail

<b>Date:</b>	16/3/2023
<b>Main Site:</b>	58 Blackstock Road, London, N4 2DW
<b>Property Description:</b>	The Property is a mid-terrace, Victorian building with a retail unit to the ground floor and self-contained residential flats to the first and second floors. The residential uppers do not form part of our security.
<b>Loan Summary:</b>	We are asked to provide a 65% LTV gross loan facility in order to refinance the current lender.



## HIGHLIGHTS

<b>Loan Type</b>	Commercial Term Loan	<b>SIPP Eligible</b>	No
<b>Property Value</b>	£380,000	<b>Passing Income</b>	£24,000
<b>Gross Loan</b>	£247,000	<b>Loan to Value (LTV)</b>	65%
<b>Blended Interest Rate</b>	7.70%	<b>Loan Term</b>	36 months

Tranche	Risk	LTV	Loan Amount	Gross Interest	Net Interest	Interest Cover
<b>B</b>	Medium	51-65%	£57,000	9.00%	8.10%	1.26x
<b>A</b>	Low	0-50%	£190,000	7.31%	6.58%	1.73x

## PROPERTY

<b>Market Value</b>	£380,000	<b>Passing Income</b>	£24,000
<b>Vacant Possession Value</b>	£355,000	<b>Estimated Rental Value</b>	£21,779
<b>Tenure</b>	Freehold	<b>Asset Class</b>	Retail
<b>EPC Rating (min. E)</b>	C	<b>Planning Use</b>	E

## Property Details

The Subject Property is a mid-terrace, Victorian building with a retail unit to the ground floor and self-contained residential flats to the first and second floors.

The residential elements of the building were not inspected and cannot be described in any detail. They do not form part of our security.

The unit has a full width shop front which provides the principal access into the customer shop floor.

The retail floor is presented as an open plan space and runs to the rear of the building where lightweight partition walls have been installed to provide a kiosk space for the business owner.

To the left hand side of the shop floor another basic stud partition has been installed to enclose the space behind a row of laundry equipment.

These various lightweight partitions could be removed to provide a larger usable floor area, if the space were to be used for alternative purposes.

Beyond the retail floor to the rear of the property there is ancillary space which is presented across three rooms which provide a staff WC, plant room and storage space.



## Location Report

The Property is mid-terrace within a row of mixed use converted Victorian buildings.

Blackstock Road is a relatively busy A-road running south-east from Seven Sisters Road and is characterised by parades of terraced retail with residential above.

Blackstock Road is a well defined retail street and makes up part of the commercial centre of Finsbury Park.

There is a large amount of similar high street retail provided in the area along Seven Sisters Road, Font Hill Road, Stroud Green Road and Wells Terrace.

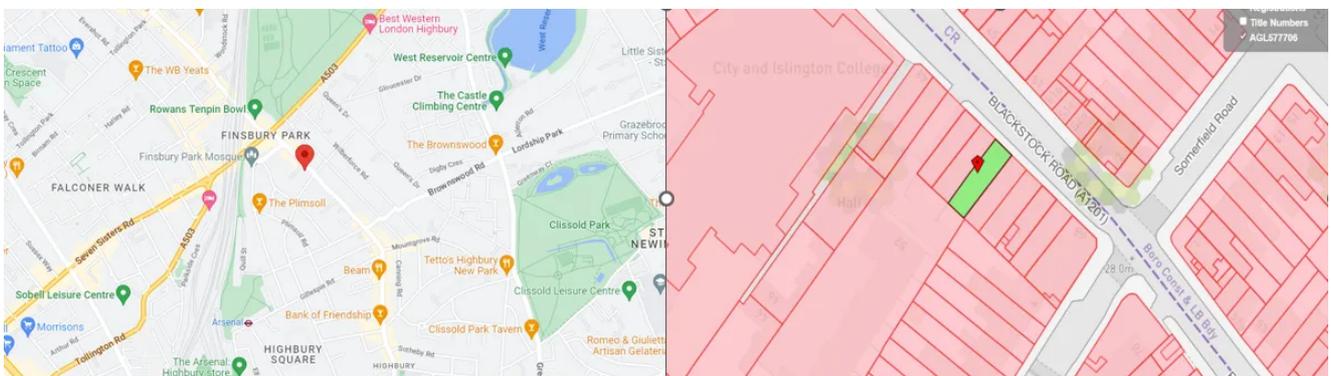
Neighbouring premises are predominantly ground floor commercial units with residential above and these properties appear to be mostly Use Class E with a variety of shops, offices, cafes and restaurants in operation.

Blackstock Road is in the area of Finsbury Park which is a busy multicultural neighbourhood in the London Borough of Islington.

The Property benefits from a consistent pedestrian footfall with a complimentary full width glazed shop front.

The Property is well located in terms of access to transport links. Finsbury Park underground, overground and National Rail station is just 0.2 miles north-west. The station is serviced by Piccadilly and Victoria Line trains, London overground, Great Northern and ThamesLink, and National Rail.

Seven Sisters Road which is just 0.1 miles north-east links to the A10 and this is a main arterial road north out of London. There are various bus links which operate along this road providing secondary means of public transport.



## Tenant Commentary

The ground floor retail unit is operating as a launderette.

A new 16-year lease was entered into on 21 September 2022, with tenant Mr Zena Neguse (non-corporate).

October and November were agreed to be rent-free, then £2,000 paid on the 1st of each month thereafter.

We have been provided with bank statements confirming the stated rental receipts since December 2022.

## Tenant Details

<b>Tenant</b>	Zena Neguse	<b>Business Activity</b>	Launderette
<b>Lease Type</b>	FRI	<b>Lease Start</b>	21/9/2022
<b>Months to Lease Break</b>	n/a	<b>Lease Expiry</b>	20/9/2038
<b>Passing Rent</b>	£24,000 p.a.	<b>Occupancy Level</b>	100%

## Valuation Commentary

A valuation of the property was carried out by Terracotta Limited on 17th February 2023, a copy of which can be seen in the supporting documents. The valuation concludes the following:

- the property appeared in a sound structural condition and has been relatively well maintained
- the local retail market appears to be busy and well used by its surrounding residents and as a result we view the subject unit to be appropriate for operating as a variety of different business types
- the generous open plan shop floor does provide a good level of flexibility to the various users and we have considered this when arriving at our opinion of rental value
- from analysing the comparables, we view the agreed passing rent to be at the higher end of what we might expect the subject unit to achieve
- the property has a very low risk of flooding from rivers and sea, and high risk from surface water
- the property is not within close proximity of a mining risk area
- the property is not located within an area of high radon levels

Valuation Numbers			
<b>Market Value</b>	£380,000	<b>Vacant Possession Value</b>	£355,000
<b>Passing Rent</b>	£24,000	<b>Estimated Rental Value</b>	£21,779
<b>Rent psf</b>	£24.29	<b>Re Instatement Value</b>	£240,000

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			
<b>Gross Loan</b>	£247,000	<b>Loan Purpose</b>	Refinance
<b>Loan Term</b>	36 months		
<b>Loan to Value (LTV)</b>	65%	<b>LTV Covenant</b>	70%
<b>Interest Cover Ratio (ICR)</b>	1.26x	<b>ICR Covenant</b>	1.25x
<b>Rate of Interest</b>	7.70%	<b>Interest Expense (p.a.)</b>	£19,019

<b>Serviceability</b>	Rental income of £24,000 per annum is being received, with interest payments due of £19,019 p.a.
<b>Interest Reserve</b>	Proplend will retain £9,510 (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>	N/A	<b>Exit Fee</b>	1% - only incurred if the loan is not fully redeemed within the agreed 36-month loan term.

Existing Facility			
<b>Lender</b>	KSEye	<b>Expiry</b>	31/3/2023
<b>Amount Outstanding</b>	£230,000	<b>Status</b>	Up-to-date

### Business Plan During Loan Term

The Subject Property was purchased as a long-term investment, and there are no plans to dispose of the Property.

The original owners were Mr L Patel and Mrs S Patel who are in their seventies. Their son Udai now has joint ownership for continuity purposes.

### Exit Strategy

Approaching maturity, the Borrower will seek to refinance with the most competitive lender available at the time.

### Security

Charge	First Legal Charge	Debenture	Debenture Not Required
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<b>Property Insurance</b>	PSL Interest to be Noted on Completion		
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### BORROWER

<b>Name</b>	Mr L D Patel, Mrs S L Patel & Mr U L Patel
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<b>Registration</b>	Personal Capacity
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<b>Main Business Activity</b>	Professional property investors
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Sponsor	
<b>Name</b>	Laxmanbhai Patel, Sumitra Patel, and Udaikumar Patel
<b>Age</b>	75, 74 & 48 respectively
<b>Relevant Experience</b>	<p>The proposed Borrower are prolific property investors, borrowing in their personal names (mother, father and son).</p> <p>Mr Laxmanbhai Dahyabhai Patel and Mrs Sumitra Laxmanbhai Patel have a portfolio consisting of 20 investment properties, with combined net assets of £6.05m.</p> <p>Their son Udai Patel has his own separate portfolio consisting of 46 properties with a combined net asset value of £11.6m.</p>
<b>Credit History</b>	Strong - Credit Safe risk band 10, and with Lexis Nexis checks Passed.
<b>Additional Information</b>	Please note that Mr Udaikumar Patel is also party to the Leyton Mixed Use loans that you may see in our Pending tab, that are expected to go into funding within the next two weeks.

Term Loan Risk Rating	
Risk Category	Rating
Financial Ratios	HIGH
Asset Class Outlook	MEDIUM
Property Risk	MEDIUM
Tenants   Leases	MEDIUM
Borrower   Sponsor	MEDIUM
Risk Rating [3.5 to 10.02]	7.43
Risk Level	MEDIUM

Lender Risks	Mitigant	Risk Level
<p><b>The Borrower is not able to successfully execute their business plan.</b></p>	<p>Providing the Subject Property is able to hold its value, the proposed refinance should prove realistic.</p>	<p>Medium</p>
<p><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>	<p>There is just one letting, to an unknown tenant, that provides no Covenant strength.</p> <p>That said, they have paid their rental obligations to date, and were they to fall into financial difficulty, expected tenant demand for the retail unit is Good.</p> <p>The Sponsors are of sufficient means to service our interest payments in the event of any rental voids or missed payments.</p> <p>Further comfort may be taken in our holding of a 6-month Interest Reserve.</p>	<p>Medium/High</p>
<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>As above, the refinance is not expected to prove troublesome, other things being equal.</p> <p>Provided the Borrower performs as expected, we may wish to offer the Borrower a second loan.</p>	<p>Medium</p>
<p><b>The Property falls in value due to either macroeconomic or property specific reasons</b></p>	<p>The Property may fall in value due to wider economic circumstances, but both the Borrower and tenant intend to make modest improvements to the Property during the term of the loan.</p>	<p>High</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
- 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.