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# Full Loan Request: Shepherd's Bush Hotel

<b>Date:</b>	18/4/2023
<b>Main Site:</b>	120 Shepherds Bush Road, London, W6 7PD
<b>Property Description:</b>	The Property comprises a Victorian mid-terraced house, converted to a hotel, constructed over lower ground, raised ground and three upper storeys.
<b>Loan Summary:</b>	We are asked to provide a 39% LTV gross loan facility, in order to refinance the bridging lender used to acquire the Property.



## HIGHLIGHTS

<b>Loan Type</b>	Commercial Term Loan	<b>SIPP Eligible</b>	Yes
<b>Property Value</b>	£2,230,000	<b>Passing Income</b>	£89,000
<b>Gross Loan</b>	£860,000	<b>Loan to Value (LTV)</b>	38.57%
<b>Blended Interest Rate</b>	7.50%	<b>Loan Term</b>	36 months

Tranche	Risk	LTV	Loan Amount	Gross Interest	Net Interest	Interest Cover
A	Low	0-50%	£860,000	7.50%	6.75%	1.38x

## PROPERTY

<b>Market Value</b>	£2,230,000	<b>Passing Income</b>	£89,000
<b>Vacant Possession Value</b>	£2,500,000	<b>Estimated Rental Value</b>	£89,000
<b>Tenure</b>	Freehold	<b>Asset Class</b>	Hotel
<b>EPC Rating (min. E)</b>	B	<b>Planning Use</b>	C1

## Property Details

The Property comprises a Victorian mid terraced house, constructed in the 1870s, which has been converted to a 17-room hotel, constructed over lower ground, raised ground and three upper storeys.

The building is constructed of painted brick elevations inset with timber framed sliding double glazed UPVC fenestration.

The gross internal floor area amounts to 3,122 sq ft on an overall site area of 0.06 acres.



Top floor room

Rear garden

Ground floor entrance

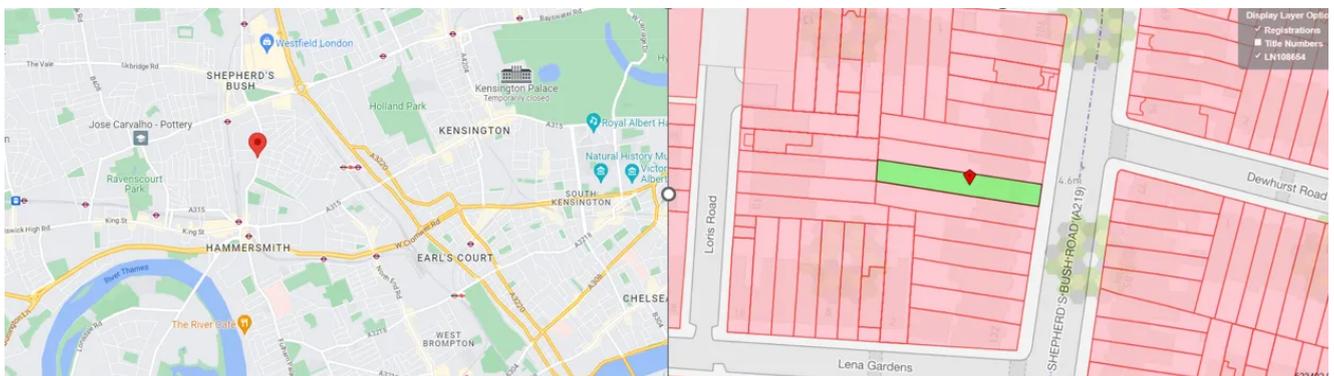
## Location Report

Shepherd's Bush is a district of West London, England, within the London Borough of Hammersmith and Fulham 4.9 miles (7.9 km) west of Charing Cross and identified as a major metropolitan centre in the London Plan. The Property lies close to Westfield London Shopping and Entertainment complex.

The Property is located between Shepherd's Bush and Brook Green on the western side of A219 Shepherd's Bush Road, between its junctions of Lena Gardens and Batoum Gardens and almost opposite its junction with Dewhurst Road.

Shepherd's Bush Road is a busy thoroughfare lined by terraced Victorian housing stock. Approximately 15 of these properties have been converted to budget hotels which provide the main competition for the hotel. The remainder of the street and surrounding area is broadly residential.

The Property is conveniently located for travel to central London and is close to numerous attractions including the Westfield shopping centre, Earls Court exhibition centre, Wembley Stadium and central London.



## Tenant Commentary

The hotel as above is held under personal ownership, and the tenant is Comfotel Hotels LLP, in which the main applicant has a financial interest.

The tenant's financial accounts to year end 30 November 2021 show a modest profit for that and the preceding year - although both years had been severely impacted by Covid restrictions. It's net worth is £1.131m as at 30 November 2021.

Comfotel Hotels LLP has a CreditSafe score of B (Low Risk).

## Tenant Details

<b>Tenant</b>	Comfotel Hotels LLP	<b>Business Activity</b>	Hotel
<b>Lease Type</b>	FRI	<b>Lease Start</b>	April 2023
<b>Months to Lease Break</b>	60	<b>Lease Expiry</b>	April 2028
<b>Passing Rent</b>	£89,000 p.a.	<b>Occupancy Level</b>	100%

## Valuation Commentary

A valuation of the property was carried out by Eightfold Professional Limited on 20th February 2023, a copy of which can be seen in the supporting documents. The valuation concludes the following:

- the Property is situated in a good location, close to retail facilities
- close proximity to Central London
- strong leisure demand locally in West London
- the property could be converted back to residential use subject to planning
- high profit margin potential due to the limited services and low running costs
- the Property could be let within a timeframe of 6 to 9 months
- the Property would require a sales period of 6 to 9 months
- the Property is suitable for secured lending purposes
- the Subject Property lends itself well for an owner operator where the best price could be achieved if available with vacant possession.

Valuation Numbers			
<b>Market Value</b>	£2,230,000	<b>Vacant Possession Value</b>	£2,500,000
<b>Passing Rent</b>	£89,000	<b>Estimated Rental Value</b>	£89,000
<b>Rent psf</b>	£28.50	<b>Re Instatement Value</b>	£950,000

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>	£860,000	<b>Loan Purpose</b>	Refinance
<b>Loan Term</b>	36 months		
<b>Loan to Value (LTV)</b>	38.57%	<b>LTV Covenant</b>	50%
<b>Interest Cover Ratio (ICR)</b>	1.38x	<b>ICR Covenant</b>	1.25x
<b>Rate of Interest</b>	7.50%	<b>Interest Expense (p.a.)</b>	£64,500

<b>Serviceability</b>	Rental income of £89,000 per annum will be received, with interest payments due of £64,500 p.a.
<b>Interest Reserve</b>	Proplend will retain £32,250 (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>	London Credit	<b>Expiry</b>	30/4/2023
<b>Amount Outstanding</b>	£850,000	<b>Status</b>	Up to Date

Business Plan During Loan Term	
<p>During the term of the loan, the Borrower intends to continue to operate as a small budget hotel, price competitively and maximise occupancy and profitability.</p>	

Business Plan During Loan Term	
<p>The Property as with the others in the Borrower's portfolio are long term investments.</p> <p>On or before maturity, the Borrower intends to refinance on to a longer term commercial mortgage product.</p>	

Security			
<b>Charge</b>	First Legal Charge	<b>Debenture</b>	Debenture Not Applicable

<b>Property Insurance</b>	PSL Interest to be Noted on Completion
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<b>BORROWER</b>	
<b>Name</b>	Taimoor Sadiq and Sadaf Sadiq
<b>Main Business Activity</b>	The Borrowers are commercial property investors, borrowing in their personal capacity.

<b>Sponsor</b>	
<b>Name</b>	Taimoor and Sadaf Sadiq
<b>Age</b>	40 and 64 respectively.
<b>Relevant Experience</b>	<p>Taimoor began acquiring properties and building a portfolio in the early 2000s with his father (now deceased).</p> <p>He first acquired an investment property in Shepherds Bush Road in 2004, which he converted into a small hotel.</p> <p>This flourished and led Taimoor to acquire more hotels over the ensuing 10 years.</p> <p>The current portfolio of budget hotels are as follows:</p> <ul style="list-style-type: none"> <li>• 31 Shepherds Bush Road (Euro Hotel)</li> <li>• 33 Shepherds Bush Road (Comfotel PRPL)</li> <li>• 53 Shepherds Bush Road W6 7LU (Plaza Hotel)</li> <li>• 114 Shepherds Bush Road, London, W6 7PD (Comfotel BLU)</li> <li>• 120 Shepherds Bush Road (Comfotel GRN) - the Subject Property.</li> </ul> <p>The hotels range from 15 rooms to 21 rooms, and have a consistent occupancy rate of around 85%.</p> <p>The Borrower intends to acquire further hotels in the W4 to W12 area in the medium term, not least as it is the entrance to the Western Corridor and has easy access to Heathrow Airport, West Country and South of England.</p>
<b>Credit History</b>	Both Clear and with Lexis Nexis checks Passed.

Term Loan Risk Rating	
Risk Category	Rating
Financial Ratios	MEDIUM
Asset Class Outlook	HIGH
Property Risk	MEDIUM
Tenants   Leases	MEDIUM
Borrower   Sponsor	MEDIUM
Risk Rating [3.5 to 10.02]	6.50
Risk Level	MEDIUM LOW

Lender Risks	Mitigant	Risk Level
<b>The Borrower is not able to successfully execute their business plan.</b>	The Borrower is an experienced hotelier. At 40% LTV, the Borrower's plan to refinance should not prove too problematic providing the tenant continues to perform.	Medium/Low
<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>	The Borrower has owned the Subject Property since 2014 and has a good knowledge and understanding of the local market.  Further comfort may be taken in our holding of a 6-month Interest Reserve.	Medium
<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>	As above, the Borrower's intended plan to refinance is not unrealistic.  If for any reason the Borrower is unable to source a longer-term refinance, we may consider offering a second loan, provided the Borrower performs as expected.	Medium/Low

Lender Risks	Mitigant	Risk Level
<b>The Property falls in value due to either macroeconomic or property specific reasons</b>	<p>The Property's value is generally expected to hold up, given it's location, although external macro-economic factors may cause the Property to fall in value in the short term.</p> <p>However the gross loan advance is at a modest 39%, and the valuer also notes that the Property is suitable for its current guest house use with the ability to be readily converted to an HMO, flats, or a single dwelling house.</p>	High

## 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 39% 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.