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Full Loan Request: Woolwich Mixed Use

Date:	26/10/2023
Main Site:	12 Beresford Square, Woolwich, London, SE18 6BA
Property Description:	The subject property comprises a halal convenience store, small storage unit and two self contained apartments.
Loan Summary:	We have been asked to provide a 65% LTV gross loan in order to refinance the property from the current lender and provide a small capital raise.



HIGHLIGHTS

Loan Type	Commercial Term Loan	SIPP Eligible	No
Property Value	£1,025,000	Passing Income	£79,800
Gross Loan	£670,000	Loan to Value (LTV)	65.37%
Blended Interest Rate	8.45%	Loan Term	36 months

Tranche	Risk	LTV	Loan Amount	Gross Interest	Net Interest	Interest Cover
C	High	66-75%	£3,750	10.50%	9.45%	1.41x
B	Medium	51-65%	£153,750	9.90%	8.91%	1.42x
A	Low	0-50%	£512,500	8.00%	7.20%	1.95x

PROPERTY

Market Value	£1,025,000	Passing Income	£79,800
Vacant Possession Value	£940,000	Estimated Rental Value	£62,000
Tenure	Freehold	Asset Class	Mixed Use (Commercial)
EPC Rating (min. E)	D	Planning Use	A1 (E use class) and Residential

Property Details

The property comprises of a ground floor and basement commercial unit with two residential flats above. It is constructed of masonry elevations with a tiled pitched roof with a dormer window.

The shop has an open frontage onto Beresford Square with a security shutter and an awning. Internally the shop is occupied by and fitted out as a butchers, whilst the basement contains 2 large walk in fridges, a WC unit and space for storage. There is a staircase leading to another small storage cupboard, which also has a door leading outside the property to the back. The property is fitted out with ceiling tiles, inset lighting, and the floor is tiled.

There is a small lock up to the other side of the residential entrance, which has no independent WC facilities.

The residential units are accessed by a staircase via a door to the in-between the retail unit and small lock up on Beresford Square. There is an internal staircase which both flats are accessed off. The property has uPVC double glazed windows and gas fired central heating facilitated by a wall hung boilers.

The first-floor flat is entered via a tiled hallway leading to a kitchen. The flat contains two bedrooms which have laminate flooring and a bathroom containing a panelled bath and WC unit and being fully tiled.

The second flat is accessed via a carpeted staircase and comprises of three bedrooms with laminate flooring, shower room containing shower with handheld attachment, WC unit and basin and being fully tiled. The shower room is accessed at the back of the kitchen. The living room contains a washing machine unit.

The net internal area of the commercial unit totals to 1,034 sq ft and the net internal area of the the two flats totals to 1,009 sq ft.



Location Report

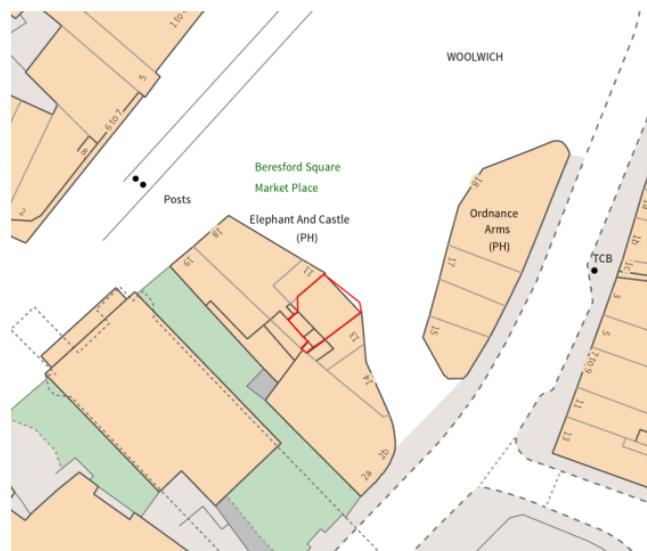
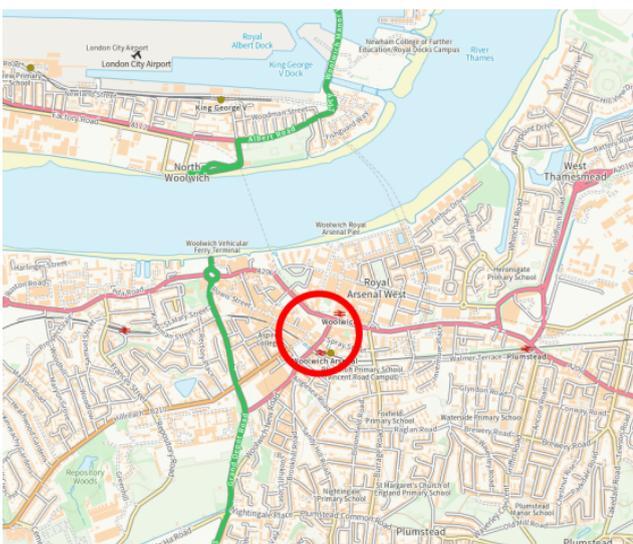
The Property is located in the Royal Borough of Greenwich, approximately 9 miles to the east of central London. It is specifically located on Beresford Square a commercial location to the centre of Woolwich Town Centre.

The area of Woolwich benefits from excellent transportation infrastructure, including the Docklands Light Railway and the Elizabeth line, which make it easily accessible to Docklands, the City, and the West End. The subject Property has a Public Transport Access Level (PTAL) rating of 6b. This is a measure undertaken by TfL, which rates a selected place based on how close it is to public transport and how frequent services are in the area. The PTAL ratings range from 0 (worst) to 6 (best) where the highest value represents the best connectivity.

The M25 which encircles almost all of Greater London is located approximately 9 miles to the southeast of the Property.

The closest station to the subject property is Woolwich Arsenal Station, which is situated approximately 80 metres to the south of the Property and provides DLR and railway services. The DLR provides direct access to London City Airport (5 mins), Stratford (19 mins) and Bank (26 mins). The railway station provides direct access to London Bridge (24 mins), London Blackfriars (29 mins) and London St Pancras (38 mins).

Woolwich station, serviced by the Elizabeth Line, is situated approximately 170 metres to the northeast of the Property and provides direct access to Canary Wharf (8 mins), London Liverpool Street (15 mins), London Paddington (26 mins), Heathrow Terminal 4 and 5 (1 hour).



Tenant Commentary

The commercial ground floor unit is currently let to Mr Torpekai Shahab under a 12 year fully repairing and insuring lease with 6 years remaining. The current rent is £48,000 per annum with the next rent review due in February 2027. There are no breaks left for the remaining length of the lease.

Both flats are let under the terms of an Assured Shorthold Tenancies. The first let to Mr Roberto Marius Birla & Ms Raluca Andreea Encea for a period of one year from 22 November 2022 and thereafter from month to month at a rent of £1,200 per calendar month. The second is let to Mr Gheorghe Encea for a period of one year from 20 March 2023 and thereafter from month to month at a rent of £1,450 per calendar month. Both the tenants are therefore holding over on a periodic tenancy.

Tenant Details

Tenant	Torpekai Shahab	Business Activity	Halal butchers
Lease Type	FRI	Lease Start	28 February 2017
Months to Lease Break	N/A	Lease Expiry	28 February 2029
Passing Rent (£ p.a.)	£48,000 p.a.	Occupancy Level (%)	100%

Valuation Commentary

A valuation of the property was carried out by Grant Stanley Chartered Surveyors & Property Consultants on 19th July 2023, a copy of which can be seen in the supporting documents. The valuation concludes the following:

- in general, the unit is in a fair condition and decoration
- all main services including gas, water, electricity and drainage are connected to the property
- the property is considered to have a life expectancy in excess of 30 years subject to reasonable maintenance
- the subject property is in a desirable location, in area that has recently had significant infrastructure and transport investment
- the Subject Property is considered to offer suitable loan security.

Valuation Numbers			
Market Value	£1,025,000	Vacant Possession Value	£940,000
Passing Rent	£79,800	Estimated Rental Value	£62,000
Rent psf	£38.51	Re Instatement Value	£690,000

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	£670,000	Loan Purpose	Refinance
Loan Term	36 months		
Loan to Value (LTV)	65.37%	LTV Covenant	70%
Interest Cover Ratio (ICR)	1.41x	ICR Covenant	1.25
Rate of Interest	8.45%	Interest Expense (p.a.)	£56,615

Serviceability	Rental income of £79,800 per annum is being received, with interest payments due of £56,615 p.a.
Interest Reserve	Proplend will retain £28,308 (6 months interest) from the gross loan amount which will be held on account.

Fees			
Arrangement Fee	2%	Broker Fee	1%
Early Repayment	1% in year 1, 1% in year 2, not applicable in year 3.	Exit Fee	1% - only incurred if the loan is not fully redeemed within the agreed 36-month loan term.

Existing Facility			
Lender	Together	Amount Outstanding	£577,000

Business Plan During Loan Term	
The Borrower's plan is to hold the Property. They intend to continue to nurture the landlord/tenant relationship and 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 Not Required

Property Insurance	PSL Interest to be Noted on Completion
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BORROWER

Name	Rajanikant Patel
Registration	Personal Capacity
Main Business Activity	Property Investor

Sponsor

Name	Rajanikant Patel
Age	47
Relevant Experience	The proposed Borrower is an experienced property investor and developer and has over 10 years expertise as a portfolio landlord.
Credit History	The borrower's Creditsafe check came back to show that he has some adverse credit, by way of two active CCJ's. However a meeting with the sponser was undertaken and the sponser has confirmed that he will satisfy both of these charges within two weeks of drawdown and his solicitor will provide a legal undertaking for this. On balance as these are not business related, I believe a legal undertaking to clear these would be sufficient.

Lender Risks	Mitigant	Risk Level
<p>The Borrower is not able to successfully execute their business plan.</p>	<p>The property is in a well let and commercially sought out area, therefore maintaining the properties rental income and keeping good relationships with the tenants is achievable.</p>	<p>Medium</p>
<p>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.</p>	<p>The ICR is a reasonable 1.41x and letting demand for the Property is also reasonable.</p> <p>The Borrower is of sufficient means to meet our interest payments in the event of any voids.</p> <p>Further comfort may be found in our holding of a 6-month Interest Reserve.</p>	<p>Medium</p>
<p>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.</p>	<p>Providing the Subject Property is able to hold its value, the proposed refinance should prove realistic.</p>	<p>Medium</p>
<p>The Property falls in value due to either macroeconomic or property specific reasons</p>	<p>The Property may fall in value due to wider economic circumstances, but the Borrower has stated he intends to make modest improvements to the Property during the term of the loan.</p>	<p>Medium</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 66% 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:

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