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## Full Loan Request: Carshalton Offices

<b>Date:</b>	23/08/2023
<b>Main Site:</b>	7 Beeches Avenue, Carshalton SM5 3LB
<b>Property Description:</b>	The subject property is a two storey semi-detached office property with forecourt car parking.
<b>Loan Summary:</b>	We are asked to provide a 65% LTV gross loan facility in order to assist with the purchase of the Subject Property.



## HIGHLIGHTS

<b>Loan Type</b>	Commercial Term Loan	<b>SIPP Eligible</b>	Yes
<b>Property Value</b>	£525,000	<b>Passing Income</b>	£48,000
<b>Gross Loan</b>	£340,000	<b>Loan to Value (LTV)</b>	64.76%
<b>Blended Interest Rate</b>	8.60%	<b>Loan Term</b>	36 months

Tranche	Risk	LTV	Loan Amount	Gross Interest	Net Interest	Interest Cover
<b>B</b>	Medium	51-65%	£77,500	10.45%	9.41%	1.64x
<b>A</b>	Low	0-50%	£262,500	8.05%	7.25%	2.27x

## PROPERTY

<b>Market Value</b>	£525,000	<b>Passing Income</b>	£48,000
<b>Vacant Possession Value</b>	£525,000	<b>Estimated Rental Value</b>	£48,000
<b>Purchase Price</b>	£525,000	<b>Purchase Type</b>	Open Market
<b>Tenure</b>	Freehold	<b>Asset Class</b>	Office
<b>EPC Rating (min. E)</b>	D	<b>Planning Use</b>	Class E

## Property Details

The subject property is a two storey semi-detached office property with forecourt car parking space for two cars.

There is a shared driveway which leads to a private rear garden. The office accommodation is on ground and first floor with basement storage.

The property comprises of brick wall construction, pitched tiled roof and part rendered elevations, it is considered to have been constructed circa 1930's.

The site totals 294 square metres, with a gross internal area of 184.50 square metres.

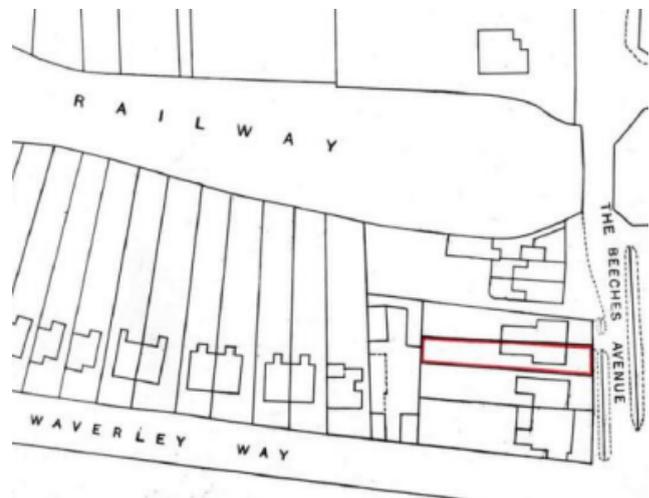
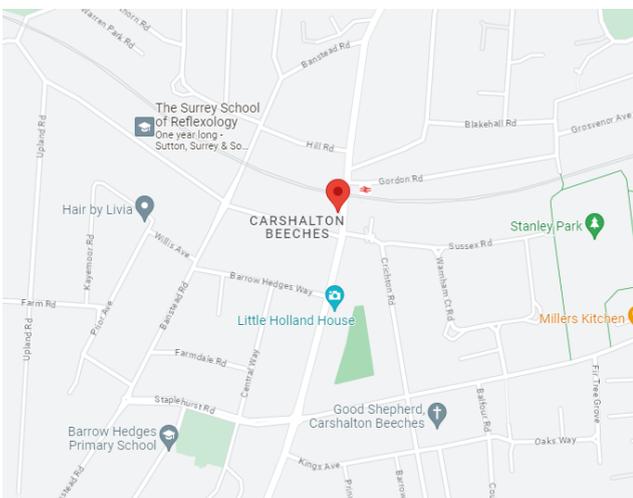


## Location Report

The property is located within the London Borough of Sutton, approximately 11 miles south of the City of London.

The subject property can be reached by road via junction 8 of the M23, which connects to the M25 which is approximately 6 miles south. Carshalton Beeches train station is a 1 minute walk north of the subject property, which operates the Southern railway service.

The surrounding properties are a mix between residential and commercial. The approximate population of Carshalton is 11,500., whilst London possesses around 8.8 million residents, both according to the most recent census.



## Tenant Commentary

A new 5-year FRI lease to be put in place prior to completion between our Borrower and Dr Ponnampalam Arumugaraasah and Dr Arumugaraasah Parthipun at a rental of £48,000 per annum. There will be no tenant break.

Tenant Details			
<b>Tenant</b>	Dr Ponnampalam Arumugaraasah & Dr Arumugaraasah Parthipun	<b>Business Activity</b>	Medical offices
<b>Lease Type</b>	FRI	<b>Lease Start</b>	TBC
<b>Months to Lease Break</b>	N/A	<b>Lease Expiry</b>	5 years from date of signing
<b>Passing Rent (£ p.a.)</b>	£48,000	<b>Occupancy Level (%)</b>	100%

Valuation Commentary	
<p>A valuation of the property was carried out by Barnsdales Valuations Limited on 3rd August 2023, a copy of which can be seen in the supporting documents. The valuation concludes the following:</p> <ul style="list-style-type: none"> <li>• The property is considered suitable security for lending purposes</li> <li>• the property is considered marketable and should perform in line with its peers, a reasonable marketing period in which to achieve the market value of the property is 6-12 months</li> <li>• the building has an estimated economic life of 25 to 50 years, assuming appropriate maintenance is undertaken on the property</li> <li>• the electrical and mechanical components and fittings within the property would appear to be in reasonable condition</li> <li>• the potential occupational demand for this type of property is currently good</li> <li>• there is scope for the change of use to residential.</li> </ul>	

Valuation Numbers			
<b>Market Value</b>	£525,000	<b>Vacant Possession Value</b>	£525,000
<b>Passing Rent</b>	£48,000	<b>Estimated Rental Value</b>	£48,000
<b>Rent psf</b>	£24.18	<b>Re Instatement Value</b>	£500,000

## Report on Title

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

## LOAN

<b>Gross Loan</b>	£340,000	<b>Loan Purpose</b>	Purchase
<b>Loan Term</b>	36 months		
<b>Loan to Value (LTV)</b>	64.76%	<b>LTV Covenant</b>	70%
<b>Interest Cover Ratio (ICR)</b>	1.64x	<b>ICR Covenant</b>	1.25x
<b>Rate of Interest</b>	8.60%	<b>Interest Expense (p.a.)</b>	£29,240

**Serviceability** Rental income of £48,000 per annum will be received, with interest payments due of £29,240 p.a.

**Interest Reserve** Proplend will retain £7,310 (3 months interest) from the gross loan amount which will be held on account.

## Fees

<b>Arrangement Fee</b>	2%	<b>Broker Fee</b>	N/A
<b>Early Repayment</b>	1% year 1, 1% year 2, no fee thereafter	<b>Exit Fee</b>	1% - only incurred if the loan is not fully redeemed within the agreed 36-month loan term.

## Business Plan During Loan Term

The borrower intends to purchase the Subject property as a long-term investment and potentially re-develop the property into a residential scheme in the future.

## Exit Strategy

The borrower will seek a refinance approaching maturity of the loan with the most competitive lender 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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<b>Personal Guarantee</b>	Joint Guarantee from the Directors and Shareholders of San Assets Ltd for the sum of £170,000
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## BORROWER

<b>Name</b>	San Assets Ltd
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<b>Registration</b>	UK Registered Limited Company
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<b>Main Business Activity</b>	The Borrower is a property investment company, registered in the UK, with other assets. The main business activity is for the buying and selling of own real estate.
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<b>Ownership Structure</b>	The Borrowing entity is owned solely by Aiyadurai Navaratna-Rajah.
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## Sponsor

<b>Name</b>	Aiyadurai Navaratna-Rajah, Susantha Navaratna-Rajah and Abita Navaratna-Rajah
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Sponsor	
<b>Age</b>	55, 52, 21
<b>Relevant Experience</b>	Aiyadurai Navaratna-Rajah is an existing sponsor of ours. He owns several commercial and residential properties under personal name, Ltd companies, and partnerships. He owns an IT company and runs a bespoke private nuclear medicine imaging and scanning centre with doctors which provide private facilities for patients from NHS and private sector. His net worth is currently approximately £3m. Both Susantha and Abita have managed the wider buy-to-let portfolio for many years.
<b>Credit History</b>	All have clear CreditSafe searches and LexisNexis searches Passed.

Lender Risks	Mitigant	Risk Level
<b>The Borrower is not able to successfully execute their business plan.</b>	The borrowers are experienced property investors and prior to our loan have accomplished many similar projects. Their business model is to invest in properties where they see potential for either planning gain or residential redevelopment, which shows they are well versed in this.	Medium
<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 ICR is good at 1.64x and will be on a strong tenancy agreement upon completion.  Further comfort may be taken in our holding of a 3-month Interest Reserve.	Medium

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>There is already planning permission in place for the conversion of two residential flats, which means that the property is already more attractive to long term lenders and future investors.</p> <p>The valuer notes that both lettings and sales for the Subject Property should require a marketing period of no longer than 6-12 months, assuming the pricing is competitive. It is also noted that the Subject property is also suitable for sale via auction which would further reduce timescales for sale.</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 during the term of our loan due to wider economic uncertainty, however, our gross loan advance is 65% of the VPV figure. The borrower also intends to make modest improvements to the Property during the loan term.</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 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 Paris Smith 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.