

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: Hackney Mixed Use

Date:	18/10/2023
Main Site:	299 Mare Street, London, E8 1EJ
Property Description:	A three-storey, end of terrace property in mixed use, comprising of a retail unit at ground floor level, and two self-contained flats at first and second floor levels.
Loan Summary:	We are asked to provide a gross loan facility of 65% LTV in order to raise capital to purchase a new investment Property in the Borrower's name.



HIGHLIGHTS

Loan Type	Commercial Term Loan	SIPP Eligible	No
Property Value	£1,075,000	Passing Income	£81,000
Gross Loan	£698,750	Loan to Value (LTV)	65%
Blended Interest Rate	8.75%	Loan Term	36 months

Tranche	Risk	LTV	Loan Amount	Gross Interest	Net Interest	Interest Cover
B	Medium	51-65%	£161,250	10.25%	9.23%	1.32x
A	Low	0-50%	£537,500	8.30%	7.47%	1.82x

PROPERTY

Market Value	£1,075,000	Passing Income	£81,000
Vacant Possession Value	£950,000	Estimated Rental Value	£81,000
Tenure	Freehold	Asset Class	Mixed Use (Residential)
EPC Rating (min. E)	D/E	Planning Use	E, C3

Property Details

Originally built around 1900, the Subject Property is a three-storey end of terrace building in mixed use.

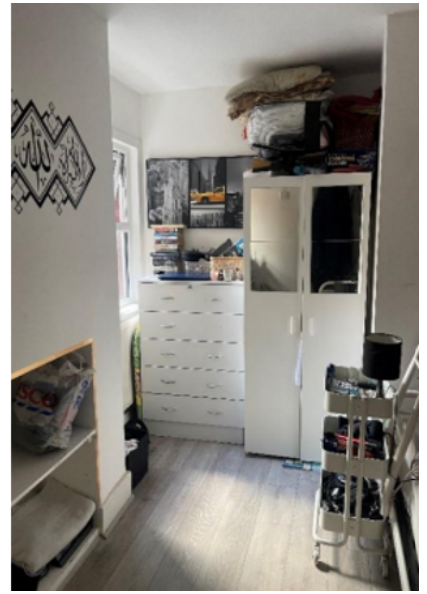
At ground floor level is a retail premises operating as a 26-cover Turkish restaurant and takeaway, and there are two self-contained flats above - one two-bedroomed, and the other three-bedroomed - let on guaranteed rent agreements.

The external walls are of conventional solid brickwork design, beneath a double pitched main roof, the covering over which could not be seen.

The three storey and single storey rear additions both have flat roofs thought to be covered in felt.

There are PVC and iron rain and waste water goods, replacement double glazed windows, some protected by iron bars, and floors internally are a mixture of suspended timber and solid design.

Access to the flats is over what appears to be a communal use walkway to the left-hand side of the property that leads to The Ship Public House & Hotel.



Location Report

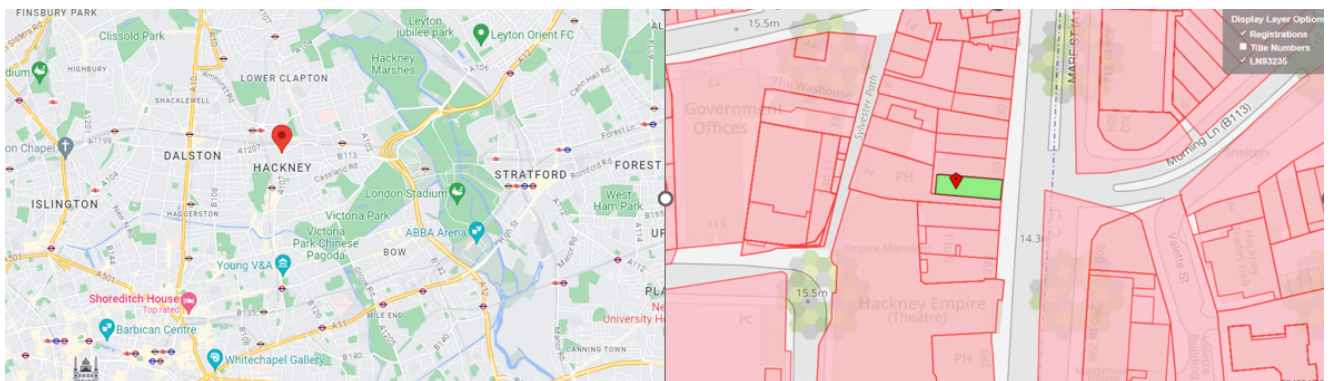
Hackney is an inner London borough laying approximately 4km to the north-east of the City of London.

Mare Street (A107) supports one of Hackney's principal commercial locations, with the area's primary retail pitches situated to the north of the Subject Property, within the part-pedestrianised section known as Narrow Way, and on adjoining Amhurst Road.

The Subject Property is located to the western side of Mare Street, opposite its junction with Morning Lane, just north of the Hackney Empire theatre and within a good secondary retail trading position.

The Property forms part of a terrace of similar buildings, with the subject parade being predominantly made up of local occupiers and service providers.

Mare Street is within relatively easy reach of the local trunk road network (A10 and A12), and public transport to and from Hackney is reasonable. Hackney Central Station is located 160m north of the Property, offering services on the London Overground. Numerous bus routes also operate along the length of Mare Street.



Tenant Commentary

The ground floor retail premises is let under the terms of a FRI lease dated 13 July 2023 to Huseyin Ullah Durmaz and Kazin Sari, trading as Britannia Fish and Kebab, for a term of 20 years without a tenant break option. The agreed passing rental is £39,000 per annum, and the first review is due on 13 July 2027.

299a (the first floor flat), is let under the terms of a guaranteed rent agreement to Filey Properties Ltd from 13 March 2023 until 12 March 2024 at £1,500 pcm, £18,000 p.a.

299b (the second floor flat) is also now let under the terms of a guaranteed rent agreement to Filey Properties Ltd from 20 March 2023 to 19 March 2024, at £2,000 pcm, £24,000 p.a.

Valuation Commentary

A valuation of the property was carried out by Method on 15 August 2023, a copy of which can be seen in the supporting documents. The valuation concludes the following:

- the condition of the Property is consistent with its age and use
- the residential flats make up just over 58% of the overall floor area
- the Subject Property should prove reasonably popular with investor purchasers, and tenants, it became available for sale or rental
- a likely timeframe to sell the Property is 9-12 months
- a likely timeframe to re-let the Property is 3-6 months
- the Property is considered suitable security for secured lending purposes.

Valuation Numbers

Market Value	£1,075,000	Vacant Possession Value	£950,000
Passing Rent	£81,000	Estimated Rental Value	£81,000
Rent psf	£40.37	Re Instatement Value	£750,000

Report on Title

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

LOAN			
Gross Loan	£698,750	Loan Purpose	Capital Raise
Loan Term	36 months		
Loan to Value (LTV)	65%	LTV Covenant	70%
Interest Cover Ratio (ICR)	1.32x	ICR Covenant	1.25x
Rate of Interest	8.75%	Interest Expense (p.a.)	£61,140

Serviceability	Rental income of £81,000 per annum will be received, with interest payments due of £61,140 p.a.
Interest Reserve	Proplend will retain £30,570 (6 months interest) from the gross loan amount which will be held on account.

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

Business Plan During Loan Term
<p>The Subject Property is currently unencumbered. Capital is being raised to be put towards the purchase of a mixed use property in Camden, also in the Borrower's name.</p> <p>The Subject Property will continue to be run as a long-term investment.</p>

Business Plan During Loan Term
<p>The client will seek to refinance, ideally with a longer-term lender, with the most commercial viable offer approaching maturity.</p>

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 Aysal Mare Ltd for the sum of £174,687
---------------------------	---

BORROWER

Name	Aysal Mare Ltd
-------------	----------------

Registration	UK Registered Limited Company
---------------------	-------------------------------

Main Business Activity	The proposed Borrower is a special purpose Limited Company, registered in the UK. It has no assets other than the Subject Property.
-------------------------------	---

Ownership Structure	The Company is 100% owned by Mr Alaettin Aysal.
----------------------------	---

Sponsor	
Name	Alaettin Aysal
Age	55
Relevant Experience	<p>Alaettin is a British citizen of Turkish descent, and has lived in the UK since 1994.</p> <p>He has owned multiple convenience/off licence stores over recent years but since 2016, has focused more on property investment and has let out his two other convenience stores, both on a long lease of 20 years each.</p> <p>Over the last 20 years, he has built up a modest property investment portfolio, typically freehold mixed use properties in and around East & North London, where there is potential to add value - for example, by converting the upper parts and/or adding another floor.</p> <p>He has undertaken various refurbishment/conversion projects which have all been completed on time, within budget and then either sold, refinanced and/or retained. His personal net worth is in excess of £4m.</p>
Credit History	Strong - CreditSafe risk band 10, and Lexis Nexis checks Passed.
Additional Information	Please note that the Sponsor is the same here as that for the Hackney Retail loan - also in Pending.

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]	6.88
Risk Level	MEDIUM

Lender Risks	Mitigant	Risk Level
<p>The Borrower is not able to successfully execute their business plan.</p>	<p>The Borrower's plan to refinance is not unrealistic, given the gearing, his experience, and that he has borrowed from primary and secondary lenders in the past.</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 reasonable at 1.32x and can 'afford' to lose the tenant in 299a (though not either of the other two), however, there is sufficient cash surplus elsewhere in the portfolio to make up any shortfall here.</p> <p>Comfort may be taken in our holding of a 6-month Interest Reserve, in case of any rental voids or missed payments.</p> <p>The valuer notes that letting demand should prove popular, and that a likely re-letting timeframe is 3-6 months.</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>The Borrower's plan to refinance is not unrealistic as above, and provided the Borrower performs as expected, we may ultimately wish to offer a second loan in order to refinance the first.</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 at any time during the term of our loan due to macroeconomic reasons, however, our gross loan advance is;</p> <ul style="list-style-type: none"> • 65% of the OMV figure • 73.5% of the VPV figure • 80% of the 90-day value. 	<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

Notwithstanding the security documentation (Mortgage Deed (part 3 clause 4.1(a) and the Debenture (clause 6.7(a)(i)), upon review of the various Geographic and Sector underwriting factors we have determined that specific insurance against terrorist acts is to be waived for this loan.

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 Brecher 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.