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# Full Loan Request: Redditch Commercial Mixed Use Refinance

<b>Date:</b>	19/09/2023
<b>Main Site:</b>	56 Washford Industrial Estate, Heming Road, Redditch, B98 0EA
<b>Property Description:</b>	<p>Situated in Redditch, the property is a two bay industrial unit with integrated office accommodation to front and side. There is a large secure storage yard suitable for this size of unit with approximately 40% site coverage.</p> <p>The property was constructed in the 1980s and has two up and over doors and one roller shutter, measuring 5.96m x 5m and 3.65m x 4.47m respectively.</p> <p>The unit is occupied by the prospective borrower.</p>
<b>Loan Summary:</b>	We are asked to provide a loan facility of 47% LTV gross, in order to refinance the existing Redditch Commercial Mixed Use loan.



## HIGHLIGHTS

<b>Loan Type</b>	Commercial Term Loan	<b>SIPP Eligible</b>	Yes
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## HIGHLIGHTS

<b>Property Value</b>	£3,000,000	<b>Passing Income</b>	£180,000
<b>Gross Loan</b>	£1,400,000	<b>Loan to Value (LTV)</b>	46.67%
<b>Blended Interest Rate</b>	9.29%	<b>Loan Term</b>	36 months

Tranche	Risk	LTV	Loan Amount	Gross Interest	Net Interest	Interest Cover
A	Low	0-50%	£1,400,000	9.29%	8.36%	1.38x

## PROPERTY

<b>Market Value</b>	£3,000,000	<b>Passing Income</b>	£180,000
<b>Vacant Possession Value</b>	£3,000,000	<b>Estimated Rental Value</b>	£280,000
<b>Tenure</b>	Freehold	<b>Asset Class</b>	Mixed Use (Commercial)
<b>EPC Rating (min. E)</b>	D	<b>Planning Use</b>	

## Property Details

The subject property is a detached two bay warehouse, made of steel portal frame construction made with profile clad roof and sides. This specification includes concrete floor, sodium lighting, translucent roof lights, WC facilities and a staff room. There are also two 5 tonne cranes within the unit.

To the front of the warehouse is a two-storey brick built office building with flat roof and upvc double glazed windows. This provides a reception area, meeting rooms and partitioned offices and includes painted and plastered walls, carpet covered floors, central heating, WC and kitchen facilities.

Externally, the property is accessed via manually operated gates. There is parking for circa 40 cars and a large yard area. The property has a site coverage of approximately 40%.



## Location Report

The subject property is located in Redditch which is approximately 15 miles south of Birmingham and 15 miles north of Evesham.

The motorway can be accessed via Junction 2 of the M42, which is 5 miles distance along the A441 Birmingham Road. The M5 can also be accessed within 10 miles of the subject site at Junction 4 or 5 via the A448.

The subject site is located to the south east of Redditch Town Centre within the Mappleborough Green area. Lakeside area is accessed from the A435 linking it to the ring road system.

The area surrounding the site is a mixture of commercial properties, predominantly industrial in use.



### Tenant Commentary

The property is owner occupied, therefore a new 7 year fully repairing and insuring lease will be entered into between the Opc, AE Oscroft and Sons Ltd and the Propco, our borrower, at £180,000 per annum.

### Tenant Details

<b>Tenant</b>	AE Oscroft & Sons Ltd	<b>Business Activity</b>	Manufacturing
<b>Lease Type</b>	FRI	<b>Lease Start</b>	29th September 2023
<b>Months to Lease Break</b>	N/A	<b>Lease Expiry</b>	30th September 2030
<b>Contracted Rent (£ p.a.)</b>	£180,000	<b>Occupancy Level (%)</b>	100%

### Valuation Commentary

A valuation of the property was carried out by Bruton Knowles on 4th August 2023, a copy of which can be seen in the supporting documents. The valuation concludes the following:

Valuation Numbers			
<b>Market Value</b>	£3,000,000	<b>Vacant Possession Value</b>	£3,000,000
<b>Passing Rent</b>	£180,000	<b>Estimated Rental Value</b>	£280,000
<b>Rent psf</b>	£3.54	<b>Re Instatement Value</b>	£6,500,000

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>	£1,400,000	<b>Loan Purpose</b>	Refinance
<b>Loan Term</b>	36 months		
<b>Loan to Value (LTV)</b>	46.67%	<b>LTV Covenant</b>	55%
<b>Interest Cover Ratio (ICR)</b>	1.38x	<b>ICR Covenant</b>	1.25x
<b>Rate of Interest</b>	9.29%	<b>Interest Expense (p.a.)</b>	£130,060

<b>Serviceability</b>	Rental income of £180,000 per annum will pass, with interest payments due of £130,060 p.a.
<b>Interest Reserve</b>	Proplend will retain £32,515 (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

**Fees**

<b>Early Repayment</b>	1% years 1-2, 0% year 3	<b>Exit Fee</b>	1% - only if the loan redeems past maturity
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**Existing Facility**

<b>Lender</b>	Proplend	<b>Expiry</b>	29/09/2023
<b>Amount Outstanding</b>	£1,325,000	<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.

## 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 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 Oscroft & Sons Group Ltd for the sum of £280,000		
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## BORROWER

<b>Name</b>	Oscroft & Sons Group Ltd
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<b>Registration</b>	UK Registered Limited Company
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<b>Main Business Activity</b>	A family run manufacturing business founded in 1947, they specialise in presswork as well as prototypes, welding, tooling, and also provide bespoke solutions for their client base ( <a href="http://www.aescroft.co.uk">www.aescroft.co.uk</a> ).
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<b>Ownership Structure</b>	Equally owned by: Christopher Oscroft & Timothy Ian Oscroft.
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## Sponsor

<b>Name</b>	Timothy Ian Oscroft and Christopher Oscroft
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Sponsor	
<b>Age</b>	62 and 52 respectively
<b>Relevant Experience</b>	As 3rd generation family members, both Timothy and Christopher have been involved in the business for at least three decades. Timothy joined in the early 1980s after studying an engineering degree, whilst Christopher followed in the early 1990s.
<b>Credit History</b>	CreditSafe Clear, LexisNexis Passed

Lender Risks	Mitigant	Risk Level
<b>The Borrower is not able to successfully execute their business plan.</b>	There is always some inherent risk, however over the course of our previous loan it has been evident that the drive to make the make the business more efficient and maximise profitability has been very evident. Therefore, allowing the business to execute its business plan. The business has been running for over seven decades, which provides us additional comfort.	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>	Given the property is owner occupied, the risk of external tenants not being able to pay rent does not arise. It is therefore in the borrower's interests, as a family business, to ensure interest is paid on time to continue growing the business.	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>The borrower does not intend selling the property and intend continue trading as evidenced by them being in existence for over 70 years.</p> <p>The three year term will allow the borrower sufficient time to execute their business plan and redeem in a timely manner.</p> <p>If refinance was not achieved, in this scenario, we would take full control and appoint Receivers.</p> <p>Our protection is the modest 46% LtVPV so even in a 'fire sale' this risk is considered low.</p>	<p>Low</p>
<p><b>The Property falls in value due to either macroeconomic or property specific reasons</b></p>	<p>We have structured the loan building in this potential risk hence, a conservative day 1 LTV.</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:

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