

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: Wembley Park Residential

Date:	23/8/2023
Main Site:	47 Elliott Close, Wembley, HA9 8BY
Property Description:	The Subject Property is comprised of newly built 2 x two-bedroomed flats and 1 x one-bedroomed flat.
Loan Summary:	We are asked to provide a 55% LTV gross loan facility in order to assist with the purchase of the Subject Property. Please note that the Property Value and LTV below are based on the Purchase Price of £1.25m. The valuer has stated the Market Value as being £1.37m.



HIGHLIGHTS

Loan Type	Commercial Term Loan	SIPP Eligible	No
Property Value	£1,250,000	Passing Income	£68,000
Gross Loan	£687,500	Loan to Value (LTV)	55%
Blended Interest Rate	8.18%	Loan Term	36 months

Tranche	Risk	LTV	Loan Amount	Gross Interest	Net Interest	Interest Cover
B	Medium	51-65%	£62,500	9.98%	8.98%	1.21x
A	Low	0-50%	£625,000	8.00%	7.20%	1.36x

PROPERTY			
Market Value	£1,370,000	Passing Income	£68,000
Vacant Possession Value	£1,370,000	Estimated Rental Value	£71,200
Purchase Price	£1,250,000	Purchase Type	Open Market
Tenure	Freehold	Asset Class	HMO
EPC Rating (min. E)	C	Planning Use	C3

Property Details

The Subject Property is comprised of a new build residential property, with two 2 bedroom apartments on the ground and first floors and one 1 bedroom apartment on the second floor.

We are not aware of any significant development or change of use potential of the Property or properties in the locality which would materially affect the valuation.

The Property is a 2-storey building of brick wall and pitched tiled roof. The site is approximately 30 metres (100 feet) in length by 12 metres (40 feet) in width. The combined floor area totals 2,093 sq ft.



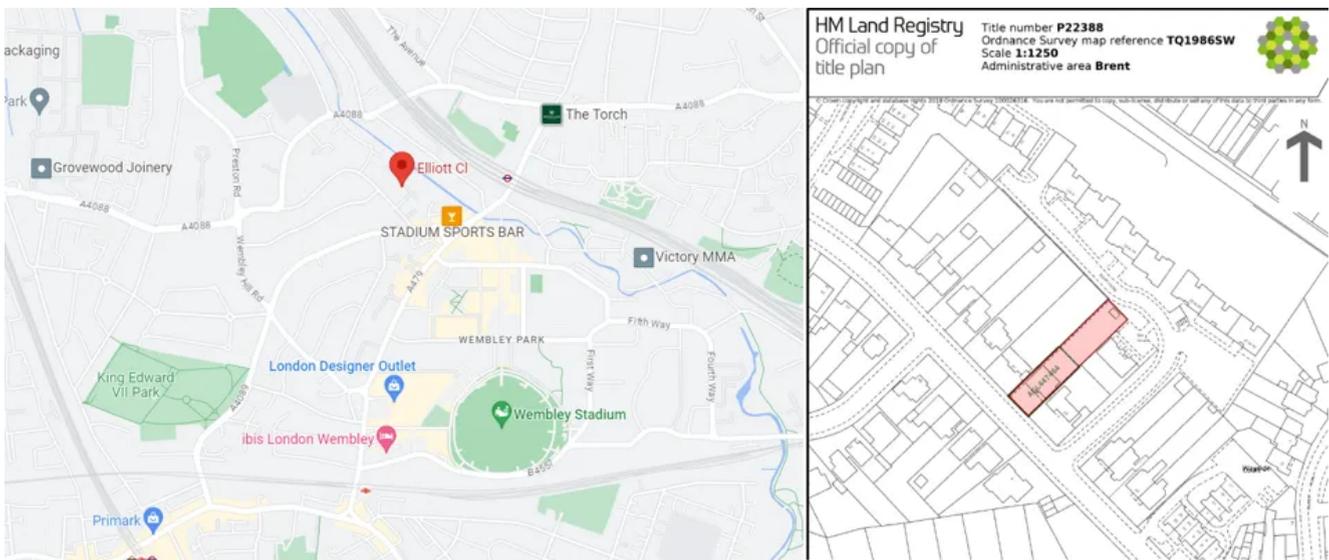
Location Report

The Property is located on Elliott Close in the London Borough of Brent, approximately 8 miles north west of London City centre.

Junction 1 of the M1 which connects to the A406 is approximately 2.5 miles east of the Subject Property.

The surrounding properties are predominantly residential. Wembley Park tube station is a short 7-minute walk east of the Subject Property and Wembley Stadium, a 15-minute walk to the south.

The London Borough of Brent has an approximate population of 339,800, whilst London possesses around 8.8 million residents, both according to the most recent census.



Tenant Commentary

The Borrower's solicitor is in the throes of drafting a new 5 year commercial lease, with no breaks.

The associated company entering into the lease agreement is Yellow Associates Ltd, Co No. 14960178.

Yellow Associates will then in turn sub-let the Property to private tenants on ASTs. Letting Agents have been appointed.

Tenant Details			
Tenant	Yellow Associates Ltd	Business Activity	Real Estate
Lease Type	FRI	Lease Start	October 2023
Months to Lease Break	60	Lease Expiry	October 2028
Passing Rent	£68,000 p.a.	Occupancy Level	100%

Valuation Commentary	
<p>A valuation of the property was carried out by Barnsdales Valuations Limited on 4th 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"> • the Property is well located, being close to Wembley Stadium and Wembley Park station • each flat has its own parking space • the bedrooms are all en suite • the Property has the relevant planning consents • the Property is in a low flood risk zone • the Property is suitable for the purposes of secured lending • the Property is marketable and should perform in line with its peers • there is no higher alternative use value • there is no hope value or synergistic value associated with adjoining buildings • a reasonable marketing period to achieve the Market Value is 6-12 months • a reasonable letting period on an AST basis, is 1-3 months • the potential occupational demand for this type of property is Good. 	

Valuation Numbers			
Market Value	£1,250,000	Vacant Possession Value	£1,370,000
Passing Rent	£68,000	Estimated Rental Value	£71,200
Rent psf	£32.48	Reinstatement Value	£670,000

Report on Title	
<p>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.</p>	

LOAN			
Gross Loan	£687,500	Loan Purpose	Purchase
Loan Term	36 months		
Loan to Value (LTV)	55%	LTV Covenant	60%
Interest Cover Ratio (ICR)	1.21x	ICR Covenant	1.15x
Rate of Interest	8.18%	Interest Expense (p.a.)	£56,237

Serviceability	Rental income of £68,000 per annum will be received, with interest payments due of £56,237 p.a.
Interest Reserve	Proplend will retain £14,059 (3 months interest) from the gross loan amount which will be held on account.

Fees			
Arrangement Fee	2%	Broker Fee	N/A
Early Repayment	N/A	Exit Fee	1% - only incurred if the loan is not fully redeemed within the agreed 36-month loan term.

Business Plan During Loan Term	
The business plan is to retain the Subject Property for long term investment, and build a portfolio of HMOs/Residential Blocks in their local area/Borough and to extract capital and rental growth.	

Exit Strategy

The first option for a refinance would most likely be given to ourselves as the Borrower is a Limited Company, subject to rates, and the performance of the Borrower.

Otherwise, the Borrower will go to the market for an external refinance.

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 Dark Assets Limited for the sum of £137,500
---------------------------	--

BORROWER

Name	Dark Assets Limited
-------------	---------------------

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 Properties.
-------------------------------	---

Ownership Structure	The Company is 100% owned by Mr Dayal Halai.
----------------------------	--

Sponsor	
Name	Dayal Halai and Chandrika Halai
Age	25 and 55
Relevant Experience	<p>Dayal has an academic background, having two degrees, in Mathematics BSc and Masters of Finance MSc.</p> <p>He is a trustee and beneficiary of an onshore trust, which manages a mixed-use property comprising of a commercial premises leased to Starbucks, and also two flats above, which are fully let and managed by Dayal.</p> <p>He is in the throes of renegotiating the current lease with Starbucks as it is expiring in January 2024. He is well versed in the legality of renting, arranges the AST's, manages tenant deposits and issues all the relevant legal documentation.</p> <p>He is also a member of The National Residential Landlords Association (NRLA).</p> <p>Chandrika (Dayal's mother) has ability to manage all aspects of property management, including leasing, maintenance, and tenant relations.</p> <p>She has an investment property in Edgware, which is fully managed by her (including seeking and vetting all suitable tenants, and being responsible for liaising with the leaseholders and tenants to ensure smooth running of the property).</p> <p>Dayal has a personal net worth of £60.3k, and Chandrika has a personal net worth of £1.746m.</p>
Credit History	Both have clear CreditSafe searches and LexisNexis searches Passed.

Lender Risks	Mitigant	Risk Level
<p>The Borrower is not able to successfully execute their business plan.</p>	<p>Being a new build, there is very little to do now other than to collect the rental income from the commercial lease.</p> <p>The valuation report states that the local rental market is good, with potential growth in rents and re-letting that should be achieved within 1-3 months.</p> <p>This is considered a 'dry' investment.</p>	<p>Low</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 ERV is higher than the contracted rent.</p> <p>The valuation provides a element of comfort suggesting the location is favourably and re-lettings can be achieved inside a couple of months of any of the flats becoming vacant.</p> <p>If the Borrower stopped making interest payments, as a first step, we could formally apply to take control of the rental income.</p> <p>Further comfort may be found in our holding of a 3-month Interest Reserve.</p>	<p>Medium</p>

Lender Risks	Mitigant	Risk Level
<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>This is a long term investment and once the AST income has stabilised, a refinance via a buy to let mortgage would be explored.</p> <p>If a sale or refinance was not achieved, in this scenario, we would take full control and appoint Receivers.</p> <p>Our protection is the modest 50% LtVPV so even in a 'fire sale' this risk is considered low.</p>	<p>Low</p>
<p>The Property falls in value due to either macroeconomic or property specific reasons</p>	<p>We have structured the loan building in this potential risk hence, a conservative day 1 LTV.</p> <p>Furthermore, c10% debt yield is also a positive mitigant.</p>	<p>Low</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 55% 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.