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## Full Loan Request: Park Royal Cafe

<b>Date:</b>	26/10/23
<b>Main Site:</b>	6 Standard Road, London, NW10 6EU
<b>Property Description:</b>	The property is an overall light industrial unit, of which 3,121 sq ft of the space is being utilised as a cafe.
<b>Loan Summary:</b>	We are asked to provide a 65% LTV gross loan facility in order to refinance the current lender and provide funds to refinance the current lenders on Acton Light Industrial.



## HIGHLIGHTS

<b>Loan Type</b>	Commercial Term Loan	<b>SIPP Eligible</b>	Yes
<b>Property Value</b>	£640,000	<b>Passing Income</b>	£48,000
<b>Gross Loan</b>	£416,000	<b>Loan to Value (LTV)</b>	65%
<b>Blended Interest Rate</b>	8.40%	<b>Loan Term</b>	36 months

Tranche	Risk	LTV	Loan Amount	Gross Interest	Net Interest	Interest Cover
<b>B</b>	Medium	51-65%	£96,000	9.70%	8.73%	1.37x
<b>A</b>	Low	0-50%	£320,000	8.01%	7.21%	1.87x

## PROPERTY

<b>Market Value</b>	£640,000	<b>Passing Income</b>	£48,000
<b>Vacant Possession Value</b>	£750,000	<b>Estimated Rental Value</b>	£53,000
<b>Tenure</b>	Freehold	<b>Asset Class</b>	Storage or distribution
<b>EPC Rating (min. E)</b>	D	<b>Planning Use</b>	B8

## Property Details

The property comprises a ground floor industrial unit constructed of masonry elevation. The roof is pitched with asbestos covering. There is no dropped kerb providing access to the unit however there is a delineated public car parking space to the front of the property.

Internally the unit is occupied and fitted out as a large café with the front dedicated as a seating area and the rear being the sales section and a kitchen. Contained in the kitchen is an installed fridge, metal worktops, underhung sink, a rear door, oven, hob with extractor above, a TV monitor, and an electric water tank. The seating area contains four TV monitors and a speaker system. There are also two fully tiled WC units containing a basin and an electric hand dryer.

The property has glass door frontage onto Standard Road surrounded by tiling on the wall front. Above the glass doors there is a wood decoration. The property has a security shutter on the front and side as well as an awning.

The seating area and kitchen are tiled flooring, and the seating area has high wall mounted heaters. There are electric shutter windows the whole length of the seating area.



## Location Report

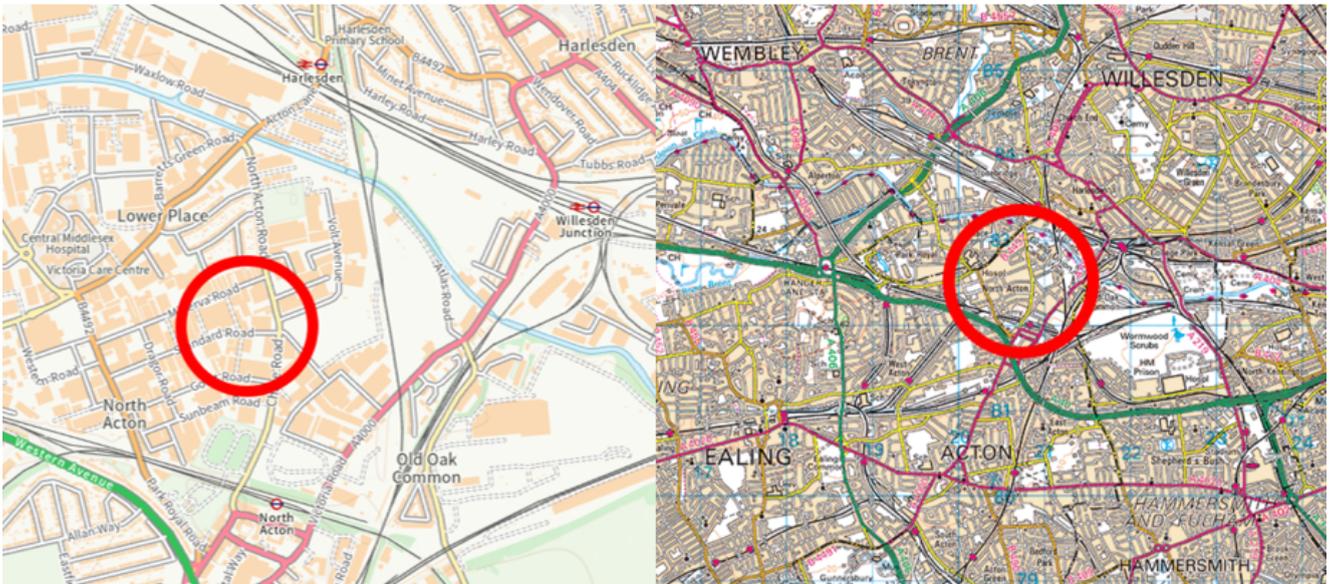
The Property is located in the London Borough of Ealing, approximately 6 miles to the west of central London. It is located on Standard Road in the Park Royal industrial area.

The subject Property has a Public Transport Access Level (PTAL) rating of 4. The PTAL ratings range from 0 (worst) to 6 (best) where the highest value represents the best connectivity.

The M1 motorway, which connects London with Leeds, is located approximately 3.4 miles to the north of the Property. By road, the Property is located approximately 31 miles south of Luton, 38 miles east of Reading, 93 miles southeast of Coventry, 103 miles southeast of Leicester and 114 miles southeast of Birmingham.

North Acton underground station, serviced by the Central Line, is situated approximately 0.4 miles to the south of the Property and provides direct access to Bond Street (18 mins), Oxford Circus (19 mins), Tottenham Court Road (21 mins), Bank (28 mins), Liverpool Street (30 mins) and Stratford (39 mins).

Harlesden station is situated approximately 0.5 miles to the north of the Property and provides London Underground and London Overground services. The underground station is serviced by the Bakerloo Line and provides direct access to Paddington (16 mins), Baker Street (20 mins), Oxford Circus (24 mins) and Waterloo (31 mins). The London Overground station provides direct access to London Euston (25 mins) and Watford High Street (27 mins).



## Tenant Commentary

There is currently a 20 year lease in place which commenced in August 2016 and will expire on in August 2036. The current tenant - Shanashiel Basra Ltd - has been in situ since 2016. The original tenant has recently been given permission by our borrower to assign the lease, which grants permission for the lease to be assigned to another third party. The new assignee will be SWFYM Ltd at an increased rent of £48,000 per annum. This increase in rent will come into effect in November 2023, therefore our ICR until then will be 1x, however will increase to 1.37x as stated on this paper within the month.

As this lease is longer than 7 years this will also be registered at Land Registry post completion.

## Tenant Details

<b>Tenant</b>	Shanashiel Basra Ltd	<b>Business Activity</b>	Operating restaurants and cafes
<b>Lease Type</b>	FRI	<b>Lease Start</b>	August 2016
<b>Months to Lease Break</b>	N/A	<b>Lease Expiry</b>	August 2036
<b>Passing Rent (£ p.a.)</b>	£48,000	<b>Occupancy Level (%)</b>	100%

## Valuation Commentary

A valuation of the property was carried out by Grant Stanley on 23rd August 2023, a copy of which can be seen in the supporting documents. The valuation concludes the following:

- The subject property is in an affluent location
- it is of a size likely to be in demand by owner occupiers
- it appears that the current use of the property is in contravention with the properties B8 clause
- the property has been valued considering it in the B8 user clause
- it has been assumed that the cost of putting the property back into its original condition is shouldered by the tenant in respect of the market value valuation
- in respect of the vacant possession value we have assumed that £50,000 worth of works are required to put the property back into a format that could be used as a warehouse
- this property is suitable as security for bank lending purposes.

Valuation Numbers			
<b>Market Value</b>	£640,000	<b>Vacant Possession Value</b>	£750,000
<b>Passing Rent</b>	£48,000	<b>Estimated Rental Value</b>	£53,000
<b>Rent psf</b>	£13.17	<b>Re Instatement Value</b>	£980,000

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>	£416,000	<b>Loan Purpose</b>	Refinance
<b>Loan Term</b>	36 months		
<b>Loan to Value (LTV)</b>	65%	<b>LTV Covenant</b>	70%
<b>Interest Cover Ratio (ICR)</b>	1.37x	<b>ICR Covenant</b>	1.25x
<b>Rate of Interest</b>	8.40%	<b>Interest Expense (p.a.)</b>	£34,944

<b>Serviceability</b>	Rental income of £48,000 per annum will pass, with interest payments due of £34,944 p.a.
<b>Interest Reserve</b>	Proplend will retain £11,648 (4 months interest) from the gross loan amount which will be held on account.

Fees			
<b>Arrangement Fee</b>	2%	<b>Broker Fee</b>	1%
<b>Early Repayment</b>	2% 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.

Existing Facility			
<b>Lender</b>	Santander	<b>Expiry</b>	TBC
<b>Amount Outstanding</b>	£84,194.70	<b>Status</b>	Up to date

## Business Plan During Loan Term

The property will be held long term and the new tenant will continue to run the property as a café.

## Exit Strategy

Approaching maturity, the Borrower will seek to refinance with the most competitive commercial term lender available at the time.

## Security

<b>Charge</b>	First Legal Charge	<b>Debenture</b>	Debenture Not Required
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<b>Property Insurance</b>	PSL Interest to be Noted on Completion
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## BORROWER

<b>Name</b>	Damian Teevan
<b>Registration</b>	Personal Capacity
<b>Main Business Activity</b>	The Borrower owns and runs a machinery hire business which operates from the Acton Light Industrial site.

## Sponsor

<b>Name</b>	Damian Teevan
<b>Age</b>	45
<b>Relevant Experience</b>	The borrower is an experienced property investor and owns a modest property portfolio of 70% residential property and 30% commercial property, including out security, all owned in personal capacity.
<b>Credit History</b>	Strong - Credit Safe risk band 9, and with Lexis Nexis checks Passed.

<b>Term Loan Risk Rating</b>	
<b>Risk Category</b>	<b>Rating</b>
Financial Ratios	MEDIUM
Asset Class Outlook	MEDIUM
Property Risk	HIGH
Tenants   Leases	MEDIUM
Borrower   Sponsor	MEDIUM
Risk Rating [3.5 to 10.02]	7.51
Risk Level	MEDIUM

Lender Risks	Mitigant	Risk Level
<p><b>The Borrower is not able to successfully execute their business plan.</b></p>	<p>The property has been successfully running as a café for the last 6 years.</p> <p>In a doomsday scenario the asset can be returned to its original use and re-leased as a warehouse unit at a higher rental income, as stated in the valuation report.</p>	<p>High</p>
<p><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></p>	<p>The ICR from November 2023 is a perfectly adequate 1.37x and letting demand for the asset in it's industrial/warehouse use will be strong.</p> <p>The property is also well located and connected and the valuation states that Enfield, Ealing and Heathrow, which have been the busiest areas from a leasing perspective in recent years, should continue to outperform.</p>	<p>High</p>
<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 always a element of risk in this situation however the general pattern across the UK is that industrial/warehouse assets remain stable across all regions, especially in a location such a London. It has also coped well during the macroeconomic headwinds.</p> <p>There is scope for the property to be converted into residential, upon planning permission. The property is also to be in good demand by owner occupiers.</p>	<p>Medium</p>

Lender Risks	Mitigant	Risk Level
<b>The Property falls in value due to either macroeconomic or property specific reasons</b>	<p>At the time of writing, the industrial / warehouse investment market is currently strong – if sentiment in the market shifts the values could fall.</p> <p>We consider the set LTV covenant to provide an early warning trigger should values fall.</p>	Medium

## 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 70% 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.